

2022-2023 Financial Audit Report



Ontario-Montclair School District

950 West D Street

Ontario, CA 91762

www.omsd.net

Board Approved: January 18, 2024



Financial Statements
June 30, 2023

Ontario-Montclair School District

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Independent Auditor's Report

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

Report on the 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, 2023, 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 Ontario-Montclair School District, as of June 30, 2023, 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 Notes 1 and 16 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position and General Fund balance as of July 1, 2022, to restate beginning net position and fund balance. 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 - CalSTRS, schedule of the District's proportionate share of the net pension liability - CalPERS, schedule of the District's contributions - CalSTRS, and schedule of the District's contributions - CalPERS, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023 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.

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

Rancho Cucamonga, California
December 7, 2023

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, 2023, with comparative information from the fiscal year ending June 30, 2022. 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 of the District (including capital assets, right-to-use leased assets, and right-to-use subscription IT assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements 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 \$164,744,340 for the fiscal year ended June 30, 2023. Of this amount, \$(168,727,577) 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.

Table 1

	Governmental Activities	
	2023	2022 as restated
Assets		
Current and other assets	\$ 365,527,053	\$ 253,656,608
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	286,122,372	286,076,199
Total assets	651,649,425	539,732,807
Deferred outflows of resources	96,619,572	62,280,950
Liabilities		
Current liabilities	53,141,865	65,130,807
Long-term liabilities other than OPEB and Pension	158,295,356	127,651,518
Net other postemployment benefits (OPEB) liability	57,032,315	54,400,619
Aggregate net pension liability	273,667,446	162,501,239
Total liabilities	542,136,982	409,684,183
Deferred inflows of resources	41,387,675	137,675,590
Net Position		
Net investment in capital assets	170,563,573	173,376,825
Restricted	162,908,344	76,544,962
Unrestricted (deficit)	(168,727,577)	(195,267,803)
Total net position	\$ 164,744,340	\$ 54,653,984

The \$(168,727,577) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

Changes in Net Position

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

Table 2

	Governmental Activities	
	2023	2022 *
Revenues		
Program revenues		
Charges for services and sales	\$ 2,355,559	\$ 1,990,241
Operating grants and contributions	223,755,592	100,491,706
Capital grants and contributions	3,489,586	-
General revenues		
Federal and State aid not restricted	238,781,089	212,181,898
Property taxes	40,126,673	35,683,873
Other general revenues	19,781,914	7,957,527
Total revenues	<u>528,290,413</u>	<u>358,305,245</u>
Expenses		
Instruction-related	301,672,214	222,108,284
Pupil services	54,504,444	41,662,000
Administration	23,122,594	20,337,532
Plant services	31,471,514	27,891,704
All other services	7,429,291	7,386,477
Total expenses	<u>418,200,057</u>	<u>319,385,997</u>
Change in net position	<u>\$ 110,090,356</u>	<u>\$ 38,919,248</u>

* The revenues and expenses for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

Governmental Activities

As reported in the Statement of Activities on page 15, the cost of all of our governmental activities this year was \$418,200,057. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$40,126,673, because the cost was paid by those who benefited from the programs (\$2,355,559) or by other governments and organizations who subsidized certain programs with grants and contributions (\$227,245,178). We paid for the remaining "public benefit" portion of our governmental activities with \$258,563,003 in Federal and State funds and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related, including special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	2023		2022*	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction-related	\$ 301,672,214	\$ (163,806,079)	\$ 222,108,284	\$ (156,458,527)
Pupil services	54,504,444	7,167,235	41,662,000	(20,058,861)
Administration	23,122,594	(13,112,939)	20,337,532	(10,762,053)
Plant services	31,471,514	(15,817,907)	27,891,704	(24,951,545)
All other services	7,429,291	(3,029,630)	7,386,477	(4,673,064)
Total	<u>\$ 418,200,057</u>	<u>\$ (188,599,320)</u>	<u>\$ 319,385,997</u>	<u>\$ (216,904,050)</u>

* The total and net cost of services for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$293,223,607, which is an increase of \$122,907,362, or 72.2% from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2022 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General Fund	\$ 122,564,668	\$ 483,326,060	\$ 399,798,291	\$ 206,092,437
Student Activity Fund	412,961	1,092,246	1,048,744	456,463
Child Development Fund	354,548	5,077,525	4,876,388	555,685
Cafeteria Fund	5,036,674	20,081,187	18,583,323	6,534,538
Deferred Maintenance Fund	254	5	-	259
Building Fund	1,895,540	29,502,316	2,715,781	28,682,075
Capital Facilities Fund	3,012,148	2,015,143	1,062,892	3,964,399
County School Facilities Fund	5,300,045	3,489,587	262,863	8,526,769
Special Reserve Fund for Capital Outlay Projects	23,032,156	5,523,348	2,067,764	26,487,740
Bond Interest and Redemption Fund	8,707,251	11,145,072	7,929,081	11,923,242
Total	<u>\$ 170,316,245</u>	<u>\$ 561,252,489</u>	<u>\$ 438,345,127</u>	<u>\$ 293,223,607</u>

Over the course of the year, the District revises its Budget as it attempts to deal with unexpected changes in revenues and expenditures. The final revision to the Budget was posted as of June 30, 2023. (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 72.)

As is typical of any fiscal year, revisions were made to the 2022-2023 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 ASSETS, RIGHT-TO-USE LEASED ASSETS, RIGHT-TO-USE SUBSCRIPTION IT ASSETS, AND LONG-TERM LIABILITIES

Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

At June 30, 2023, the District had a carrying value of \$286,122,372 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization), including land and construction in progress, buildings and improvements, equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation and amortization) of \$46,173 or 0.02%, from last year.

Table 5

	Governmental Activities	
	2023	2022 as restated
Land and construction in progress	\$ 13,556,984	\$ 38,062,118
Buildings and improvements	264,003,232	241,575,909
Equipment	5,150,790	4,602,484
Right-to-use leased assets	1,086,515	952,373
Right-to-use subscription IT assets	2,324,851	883,315
Total	\$ 286,122,372	\$ 286,076,199

Several capital projects were planned for the 2022-2023 year. We present more detailed information about our capital assets, right-to-use leased assets, and right-to-use subscription IT assets in Note 5 to the financial statements.

Long-Term Liabilities other than OPEB and Pension

At the end of this year, the District had \$158,295,356 in long-term liabilities other than OPEB and pension outstanding versus \$127,651,518 last year, resulting in an increase of \$30,643,838, or 24.0%, from last year. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2023	2022 as restated
General obligation bonds - net (financed with property taxes)	\$ 150,772,526	\$ 121,370,245
Compensated absences	3,884,918	3,367,844
Leases	1,146,508	971,332
Subscription-based IT arrangements	1,558,807	606,257
Claims liability	932,597	775,790
SELF workers' compensation assessment	-	25,515
SELF Assembly Bill 218 (AB 218) assessment	-	534,535
Total	\$ 158,295,356	\$ 127,651,518

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

OPEB and Pension Liabilities

At year-end, the District had a net OPEB liability of \$57,032,315 versus \$54,400,619 last year, resulting in an increase of \$2,631,696, or 4.8%, from last year.

In addition, at year end, the District had an aggregate net pension liability \$273,667,446 versus \$162,501,239 last year, resulting in an increase of \$111,166,207, or 68.4%, from last year.

We present more detailed information regarding our OPEB and pension liabilities in Note 10 and Note 13 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget, for the 2023-2024 year, which was adopted on June 15, 2023, 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 2023-2024:
 - a. 2023-2024: 17,124 Estimated P-2 (Estimates will be revised at 1st Interim Budget based on actual enrollment)
 - b. 2022-2023: 17,299 Actual P-2 2021-2022: 17,633 Actual P-2

B. Revenue Assumptions

1. Local Control Funding Formula (LCFF) is budgeted to increase to \$271.2 million:
 - a. Cost of Living Adjustment (COLA) of 8.22%.
 - b. A three-year rolling average unduplicated pupil percentage of 88.41%, the count of pupils who are English Learner students, Free or Reduced-Price Meal students, and/or Foster Youth.
 - c. Local property taxes of \$28,058,800.

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 2023-2024 Ending Fund Balance is based on the District's 2022-2023 General Fund Estimated Actuals Report and 2023-2024 General Fund Adopted Budget Report. This balance is estimated to be \$152.1 million, which includes but not limited to, Nonspendable balances of \$1.7 million, Committed balances of \$58.7 million, Restricted balances of \$77.9 million, and an Economic Uncertainties balance of \$13.8 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 (2023-2024) and two subsequent fiscal years (2024-2025 and 2025-2026).

F. Subsequent Budget Revisions

After the 2023-2024 Budget Adoption, the District submitted budget revisions at 1st Interim Budget reflecting the changes in LCFF revenue due to changes in projected enrollment, Unduplicated Pupil Count and changes in the funded ADA calculation.

Lastly, budget revisions reflecting the 2023-2024 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.

Ontario-Montclair School District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Deposits and investments	\$ 300,695,212
Restricted assets - pension trust	6,375,849
Receivables	57,302,149
Prepaid expense	443,907
Stores inventories	709,936
Capital assets not depreciated	13,556,984
Capital assets, net of accumulated depreciation	269,154,022
Right-to-use leased assets, net of accumulated amortization	1,086,515
Right-to-use subscription IT assets, net of accumulated amortization	2,324,851
Total assets	651,649,425
Deferred Outflows of Resources	
Deferred charge on refunding	608,697
Deferred outflows of resources related to OPEB	5,471,607
Deferred outflows of resources related to pensions	90,539,268
Total deferred outflows of resources	96,619,572
Liabilities	
Accounts payable	39,327,705
Accrued interest payable	1,877,343
Unearned revenue	11,936,817
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	5,368,912
Long-term liabilities other than OPEB and pensions due in more than one year	152,926,444
Net other postemployment benefits (OPEB) liability	57,032,315
Aggregate net pension liabilities	273,667,446
Total liabilities	542,136,982
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	8,809,962
Deferred inflows of resources related to pensions	32,577,713
Total deferred inflows of resources	41,387,675
Net Position	
Net investment in capital assets	170,563,573
Restricted for	
Debt service	10,045,899
Capital projects	12,491,168
Educational programs	107,210,993
Self-insurance	20,106,327
Cafeteria	6,118,610
Other activities	559,498
Other restrictions - pension trust	6,375,849
Unrestricted (deficit)	(168,727,577)
Total net position	\$ 164,744,340

Ontario-Montclair School District

Statement of Activities Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 267,186,257	\$ 482,425	\$ 122,816,832	\$ 3,489,586	\$ (140,397,414)
Instruction-related activities					
Supervision of instruction	8,489,869	55,928	4,080,597	-	(4,353,344)
Instructional library, media, and technology	1,440,741	-	523,290	-	(917,451)
School site administration	24,555,347	6,193	6,411,284	-	(18,137,870)
Pupil services					
Home-to-school transportation	6,335,262	-	1,085,677	-	(5,249,585)
Food services	17,964,924	45,010	18,304,419	-	384,505
All other pupil services	30,204,258	291,870	41,944,703	-	12,032,315
Administration					
Data processing	8,432,752	-	1,221,983	-	(7,210,769)
All other administration	14,689,842	54,395	8,733,277	-	(5,902,170)
Plant services	31,471,514	44,694	15,608,913	-	(15,817,907)
Ancillary services	1,273,143	-	1,118,814	-	(154,329)
Community services	900	-	-	-	(900)
Enterprise services	447,285	-	851	-	(446,434)
Interest on long-term liabilities	5,237,494	-	-	-	(5,237,494)
Other outgo	470,469	1,375,044	1,904,952	-	2,809,527
Total governmental activities	<u>\$ 418,200,057</u>	<u>\$ 2,355,559</u>	<u>\$ 223,755,592</u>	<u>\$ 3,489,586</u>	<u>(188,599,320)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					29,742,432
Property taxes, levied for debt service					8,381,727
Taxes levied for other specific purposes					2,002,514
Federal and State aid not restricted to specific purposes					238,781,089
Interest, investment earnings and change in fair market valuations					857,811
Miscellaneous					18,924,103
Total general revenues and subventions					<u>298,689,676</u>
Change in Net Position					110,090,356
Net Position - Beginning, as restated					<u>54,653,984</u>
Net Position - Ending					<u>\$ 164,744,340</u>

Ontario-Montclair School District

Balance Sheet – Governmental Funds

June 30, 2023

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 197,348,373	\$ 29,695,457	\$ 54,118,206	\$ 281,162,036
Restricted assets - pension trust	6,375,849	-	-	6,375,849
Receivables	51,600,577	34,188	5,418,836	57,053,601
Due from other funds	3,749,309	-	2,165,427	5,914,736
Prepaid expenditures	443,907	-	-	443,907
Stores inventories	330,559	-	379,377	709,936
Total assets	\$ 259,848,574	\$ 29,729,645	\$ 62,081,846	\$ 351,660,065
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 35,732,624	\$ 1,047,570	\$ 1,533,633	\$ 38,313,827
Due to other funds	6,148,784	-	2,037,030	8,185,814
Unearned revenue	11,874,729	-	62,088	11,936,817
Total liabilities	53,756,137	1,047,570	3,632,751	58,436,458
Fund balances				
Nonspendable	874,466	-	415,928	1,290,394
Restricted	113,586,842	28,682,075	31,092,518	173,361,435
Committed	-	-	259	259
Assigned	79,637,180	-	26,940,390	106,577,570
Unassigned	11,993,949	-	-	11,993,949
Total fund balances	206,092,437	28,682,075	58,449,095	293,223,607
Total liabilities and fund balances	\$ 259,848,574	\$ 29,729,645	\$ 62,081,846	\$ 351,660,065

Ontario-Montclair School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balance - Governmental Funds \$ 293,223,607

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	\$ 472,151,905
Accumulated depreciation is	<u>(189,440,899)</u>

Net capital assets	282,711,006
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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	2,285,193
Accumulated amortization is	<u>(1,198,678)</u>

Net right-to-use leased assets	1,086,515
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Right-to-use subscription IT 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 subscription IT assets is	3,390,216
Accumulated amortization is	<u>(1,065,365)</u>

Net right-to-use subscription IT assets	2,324,851
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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.	(1,877,343)
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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.	20,106,327
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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

Deferred charge on refunding	608,697
Net other postemployment benefits (OPEB) liability	5,471,607
Aggregate net pension liability	<u>90,539,268</u>

Total deferred outflows of resources	96,619,572
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Ontario-Montclair School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

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	\$ (8,809,962)
Aggregate net pension liability	<u>(32,577,713)</u>

Total deferred inflows of resources	\$ (41,387,675)
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Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	(273,667,446)
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The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.	(57,032,315)
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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	(132,180,015)
Unamortized premium	(9,964,241)
Compensated absences (vacations)	(3,884,918)
Leases	(1,146,508)
Subscription-based IT arrangements	(1,558,807)

In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest on the general obligation bonds to date is	<u>(8,628,270)</u>
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Total long-term liabilities	<u>(157,362,759)</u>
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Total net position - governmental activities	<u><u>\$ 164,744,340</u></u>
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Ontario-Montclair School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local control funding formula	\$ 261,227,338	\$ -	\$ -	\$ 261,227,338
Federal sources	40,682,908	-	14,813,288	55,496,196
Other State sources	167,826,860	-	13,494,235	181,321,095
Other local sources	11,275,734	(497,684)	12,335,463	23,113,513
Total revenues	481,012,840	(497,684)	40,642,986	521,158,142
Expenditures				
Current				
Instruction	258,873,890	-	3,993,259	262,867,149
Instruction-related activities				
Supervision of instruction	8,384,424	-	358,047	8,742,471
Instructional library, media, and technology	1,482,075	-	-	1,482,075
School site administration	24,964,623	-	217,446	25,182,069
Pupil services				
Home-to-school transportation	6,873,918	-	-	6,873,918
Food services	203,217	-	16,957,045	17,160,262
All other pupil services	30,807,925	-	23,368	30,831,293
Administration				
Data processing	9,272,345	-	-	9,272,345
All other administration	13,579,230	-	827,428	14,406,658
Plant services	31,085,591	-	1,434,684	32,520,275
Ancillary services	224,615	-	1,048,744	1,273,359
Community services	900	-	-	900
Other outgo	470,469	-	-	470,469
Facility acquisition and construction	4,836,499	2,445,781	3,040,807	10,323,087
Debt service				
Principal	1,184,392	-	3,716,102	4,900,494
Interest and other	81,266	270,000	4,214,125	4,565,391
Total expenditures	392,325,379	2,715,781	35,831,055	430,872,215
Excess (Deficiency) of Revenues over Expenditures	88,687,461	(3,213,465)	4,811,931	90,285,927
Other Financing Sources (Uses)				
Transfers in	-	-	5,147,963	5,147,963
Other sources - proceeds from issuance of general obligation bonds	-	30,000,000	-	30,000,000
Other sources - premium on issuance of general obligation bonds	-	-	2,633,164	2,633,164
Other sources - leases	813,929	-	-	813,929
Other sources - SBITAs	1,499,291	-	-	1,499,291
Transfers out	(7,472,912)	-	-	(7,472,912)
Net Financing Sources (Uses)	(5,159,692)	30,000,000	7,781,127	32,621,435
Net Change in Fund Balances	83,527,769	26,786,535	12,593,058	122,907,362
Fund Balances - Beginning, as Restated	122,564,668	1,895,540	45,856,037	170,316,245
Fund Balances - Ending	\$ 206,092,437	\$ 28,682,075	\$ 58,449,095	\$ 293,223,607

Ontario-Montclair School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2023

Total Net Change in Fund Balances - Governmental Funds	\$ 122,907,362
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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

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

Capital outlay	\$ 14,133,110
Depreciation and amortization expense	<u>(14,078,735)</u>

Net expense adjustment	54,375
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Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.	(8,202)
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Right-to-use leased 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.	(813,929)
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Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.	(1,499,291)
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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.	(517,074)
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In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.	20,290,879
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Ontario-Montclair School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2023

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.

\$ (3,370,724)

Proceeds received from the sale of General Obligation Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

(30,000,000)

Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium on issuance recognized

(2,633,164)

Premium amortization

491,451

Deferred charge on refunding amortization

(91,521)

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

2,155,000

Private placement debt issuances

1,560,000

Leases

638,753

Subscription-based IT arrangements

546,741

Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the net result of two factors. First, accrued interest on the general obligation bonds increased by \$96,465, and second, \$975,568 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

(1,072,033)

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.

1,451,733

Change in net position of governmental activities

\$ 110,090,356

Ontario-Montclair School District
Statement of Net Position – Proprietary Funds
June 30, 2023

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 19,533,176
Receivables	248,548
Due from other funds	<u>3,983,357</u>
Total current assets	<u>23,765,081</u>
Liabilities	
Current liabilities	
Accounts payable	1,013,878
Due to other funds	1,712,279
Current portion of claims liability	<u>120,533</u>
Total current liabilities	<u>2,846,690</u>
Noncurrent liabilities	
Noncurrent portion of claims liability	<u>812,064</u>
Total liabilities	<u>3,658,754</u>
Net Position	
Restricted	<u><u>\$ 20,106,327</u></u>

Ontario-Montclair School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2023

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges to other funds and miscellaneous revenues	\$ 5,368,081
Operating Expenses	
Payroll costs	84,316
Supplies and materials	157,797
Facility rental	323,165
Other operating cost	5,936,188
Total operating expenses	6,501,466
Operating loss	(1,133,385)
Non-Operating Revenues	
Fair market value adjustments	(143,590)
Interest income	403,759
Total non-operating revenues	260,169
Transfers in	2,324,949
Change in Net Position	1,451,733
Total Net Position - Beginning	18,654,594
Total Net Position - Ending	\$ 20,106,327

Ontario-Montclair School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2023

	<u>Governmental Activities - Internal Service Fund</u>
Operating Activities	
Cash received from assessments made to other funds	\$ 6,033,167
Cash payments to employees for services	(84,316)
Other operating cash payments	(480,962)
Cash payments for claims	<u>(5,355,677)</u>
Net Cash From Operating Activities	<u>112,212</u>
Investing Activities	
Fair market value adjustments	(143,590)
Interest on investments	<u>298,569</u>
Net Cash From Investing Activities	<u>154,979</u>
Transfers	
Transfer in from other funds	<u>2,324,949</u>
Net Change in Cash and Cash Equivalents	2,592,140
Cash and Cash Equivalents - Beginning	<u>16,941,036</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 19,533,176</u></u>
Reconciliation of Operating Loss to Net Cash From Operating Activities	
Operating loss	\$ (1,133,385)
Changes in assets and liabilities	
Receivables	(83,289)
Due from other funds	986,229
Accounts payable	983,754
Due to other funds	(237,854)
Claims liability and SELF assessments	<u>(403,243)</u>
Net Cash From Operating Activities	<u><u>\$ 112,212</u></u>

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The Ontario-Montclair School District (the District) was organized in 1894 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K-8 as mandated by the State. The District operates 26 elementary schools, six middle schools, a community day school, an independent study program, and a 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 an increase in fund balance of \$25,614,576.

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

Non-Major Governmental Funds

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

- **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).

- **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 and subscription IT assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that

are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the 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, 2023, the balance of the trust was \$6,375,849.

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, Depreciation, and Amortization

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, 2023.

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 or useful life of the underlying asset.

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities 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 charge 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. At commencement of the lease term, 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 or useful life of the underlying asset.

Subscriptions

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

Fund Balances - Governmental Funds

As of June 30, 2023, 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 \$162,908,344 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. 96**

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position and fund balance is disclosed in Note 16 and the additional disclosures required by this standard are included in Notes 5 and 9.

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

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental activities	<u>\$ 300,695,212</u>
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Deposits and investments as of June 30, 2023, consisted of the following:

Cash on hand and in banks	\$ 1,389,812
Cash in revolving	136,550
Investments	<u>299,168,850</u>
Total deposits and investments	<u>\$ 300,695,212</u>

Policies and Practices

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

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Weighted Average Maturity in Days/ Maturity Date</u>
San Bernardino County Treasury Investment Pool	<u>\$ 299,168,850</u>	539

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 AA+/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, 2023, \$28,479 of the District's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized and \$1,061,188 was collateralized by securities held by the pledging financial institution, but not in the name of the District.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

As of June 30, 2023, the District's investment of \$299,168,850 in the San Bernardino County Treasurer Investment Pool is uncategorized.

Note 4 - Receivables

Receivables at June 30, 2023, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government					
Categorical aid	\$ 9,363,565	\$ -	\$ 3,046,338	\$ -	\$ 12,409,903
State Government					
Categorical aid	38,892,140	-	2,046,686	-	40,938,826
Special education	467,211	-	-	-	467,211
Lottery	1,006,772	-	-	-	1,006,772
Local Government					
Interest	1,222,216	34,188	313,213	142,178	1,711,795
Other Local Sources					
Other	648,673	-	12,599	106,370	767,642
Total	<u>\$ 51,600,577</u>	<u>\$ 34,188</u>	<u>\$ 5,418,836</u>	<u>\$ 248,548</u>	<u>\$ 57,302,149</u>

Note 5 - Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

Capital assets, right-to-use leased assets, and right-to-use subscription IT assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 6,160,798	\$ -	\$ -	\$ 6,160,798
Construction in progress	31,901,320	8,071,690	(32,576,824)	7,396,186
Total capital assets not being depreciated	38,062,118	8,071,690	(32,576,824)	13,556,984
Capital assets being depreciated				
Buildings and improvements	373,985,446	3,035,345	-	377,020,791
Site improvements	25,791,091	30,884,635	-	56,675,726
Furniture and equipment	23,573,278	1,397,434	(72,308)	24,898,404
Total capital assets being depreciated	423,349,815	35,317,414	(72,308)	458,594,921
Total capital assets	461,411,933	43,389,104	(32,649,132)	472,151,905
Less accumulated depreciation				
Buildings and improvements	(144,308,123)	(880,758)	-	(145,188,881)
Site improvements	(13,892,505)	(10,611,899)	-	(24,504,404)
Furniture and equipment	(18,970,794)	(840,926)	64,106	(19,747,614)
Total accumulated depreciation	(177,171,422)	(12,333,583)	64,106	(189,440,899)
Net depreciable capital assets	246,178,393	22,983,831	(8,202)	269,154,022
Right-to-use leased assets being amortized				
Buildings and improvements	380,511	813,929	-	1,194,440
Furniture and equipment	1,090,753	-	-	1,090,753
Total right-to-use leased assets being amortized	1,471,264	813,929	-	2,285,193
Accumulated amortization				
Buildings and improvements	(138,368)	(307,936)	-	(446,304)
Furniture and equipment	(380,523)	(371,851)	-	(752,374)
Total accumulated amortization	(518,891)	(679,787)	-	(1,198,678)
Net right-to-use leased assets	952,373	134,142	-	1,086,515
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	883,315	2,506,901	-	3,390,216
Accumulated amortization	-	(1,065,365)	-	(1,065,365)
Net right-to-use subscription IT assets	883,315	1,441,536	-	2,324,851
Governmental activities capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	\$ 286,076,199	\$ 32,631,199	\$ (32,585,026)	\$ 286,122,372

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

Instruction	\$ 11,026,223
Supervision of instruction	16,872
School site administration	2,481
Home-to-school transportation	1,520
Food services	1,083,112
All other pupil services	234,803
Data processing	409,624
All other administration	862,892
Plant services	441,208
	<u>\$ 14,078,735</u>
Total depreciation and amortization expense, governmental activities	<u>\$ 14,078,735</u>

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds, and the internal service fund are as follows:

Due To	Due From			Total
	General Fund	Non-Major Governmental Funds	Internal Service Fund	
General Fund	\$ -	\$ 2,037,030	\$ 1,712,279	\$ 3,749,309
Non-Major Governmental Funds	2,165,427	-	-	2,165,427
Internal Service Fund	3,983,357	-	-	3,983,357
Total	<u>\$ 6,148,784</u>	<u>\$ 2,037,030</u>	<u>\$ 1,712,279</u>	<u>\$ 9,898,093</u>

A balance of \$796,247 is due to the General Fund from the Child Development Non-Major Governmental Fund for the reimbursement of payroll and indirect costs.

A balance of \$1,235,607 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for the reimbursement of payroll and indirect costs.

The balance of \$1,712,279 is due to the General Fund from the Internal Service Fund for the reimbursement of operating costs.

A balance of \$1,918,900 is due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the General Fund for capital projects and technology reserve.

A balance of \$226,953 is due to the Cafeteria Non-Major Governmental Fund from the General Fund for reimbursement of operating costs.

The balance of \$3,983,357 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.

All other balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Transfer To	Transfers From General Fund
Non-Major Governmental Funds	\$ 5,147,963
Internal Service Fund	2,324,949
Total	<u>\$ 7,472,912</u>
The General Fund transferred to the Child Development Non-Major Governmental Fund to reimburse for operating costs.	\$ 19,574
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.	5,128,389
The General Fund transferred to the Internal Service Fund for property and liability claims.	<u>2,324,949</u>
Total	<u>\$ 7,472,912</u>

Note 7 - Accounts Payable

Accounts payable at June 30, 2023, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries and benefits	\$ 19,610,620	\$ -	\$ 289,130	\$ 392	\$ 19,900,142
LCFF apportionment	1,755,757	-	-	-	1,755,757
Due to CDE	5,597,666	-	-	-	5,597,666
Other vendor payables	8,768,581	1,047,570	1,244,503	1,013,486	12,074,140
Total	<u>\$ 35,732,624</u>	<u>\$ 1,047,570</u>	<u>\$ 1,533,633</u>	<u>\$ 1,013,878</u>	<u>\$ 39,327,705</u>

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2023, consisted of the following:

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal financial assistance	\$ 4,235,668	\$ 62,088	\$ 4,297,756
State categorical aid	7,639,061	-	7,639,061
Total	<u>\$ 11,874,729</u>	<u>\$ 62,088</u>	<u>\$ 11,936,817</u>

Note 9 - 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, 2022 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
General obligation bonds	\$ 102,157,717	\$ 30,975,568	\$ (2,155,000)	\$ 130,978,285	\$ 2,485,000
Unamortized premium	7,822,528	2,633,164	(491,451)	9,964,241	-
Private placement debt -					
General obligation bonds	11,390,000	-	(1,560,000)	9,830,000	1,685,000
Compensated absences	3,367,844	517,074	-	3,884,918	-
Leases	971,332	813,929	(638,753)	1,146,508	510,006
Subscription-based IT arrangements	606,257	1,499,291	(546,741)	1,558,807	568,373
Claims liability	775,790	252,782	(95,975)	932,597	120,533
SELF excess workers' compensation assessment	25,515	-	(25,515)	-	-
SELF excess liability assessment	534,535	-	(534,535)	-	-
Total	\$ 127,651,518	\$ 36,691,808	\$ (6,047,970)	\$ 158,295,356	\$ 5,368,912

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. The subscription-based IT arrangements are paid by the General 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, 2022	Issued	Accreted Interest	Redeemed	June 30, 2023
Series B	2006	8/1/2030	4.50-5.00%	\$ 9,999,646	\$ 2,551,665	\$ -	\$ 208,221	\$ -	\$ 2,759,886
Series C	2008	8/1/2032	4.50-8.90%	7,999,994	3,108,005	-	206,374	-	3,314,379
Series D	2009	8/1/2030	2.00-6.56%	4,100,263	6,268,047	-	560,973	-	6,829,020
2016 Refunding Series A	2016	8/1/2027	3.00-5.00%	4,280,000	2,985,000	-	-	(400,000)	2,585,000
2016 Refunding Series B	2016	8/1/2034	2.50-5.00%	18,770,000	17,540,000	-	-	(775,000)	16,765,000
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	44,200,000	-	-	(980,000)	43,220,000
Series 2023C	2023	8/1/2052	5.00%	30,000,000	-	30,000,000	-	-	30,000,000
2013 Refunding	2013	8/1/2027	3.25%	19,835,000	11,390,000	-	-	(1,560,000)	9,830,000
					\$ 113,547,717	\$ 30,000,000	\$ 975,568	\$ (3,715,000)	\$ 140,808,285

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, 2023, the principal balance outstanding of the 2002 General Obligation Bonds, Series B was \$2,759,886 and unamortized premium on issuance was \$61,826.

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, 2023, the principal balance outstanding of the 2002 General Obligation Bonds, Series C was \$3,314,379.

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, 2023, the principal balance outstanding of the 2002 General Obligation Bonds, Series D was \$6,829,020 and unamortized premium on issuance was \$383,557.

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, 2023, the principal balance outstanding of the 2016 General Obligation Refunding Bonds, Series A was \$2,585,000 and unamortized premium on issuance and deferred charge on refunding were \$240,428 and \$315,896, 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, 2023, the principal balance outstanding of the 2016 General Obligation Refunding Bonds, Series B was \$16,765,000 and unamortized premium on issuance and deferred charge on refunding were \$1,460,693 and \$63,713, 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, 2023, the principal balance outstanding of the 2016 General Obligation Bonds, Series 2017A was \$25,505,000 and unamortized premium on issuance was \$1,977,743.

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, 2023, the principal balance outstanding of the 2016 General Obligation Bonds, Series 2017A was \$43,220,000 and unamortized premium on issuance was \$3,214,397.

2016 General Obligation Bonds, Series 2023C

In May 2023, the District issued the \$30,000,000 Election of 2016 General Obligation Bonds, Series 2023C. The Series 2023C bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2052, with an interest rate of 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, 2023, the principal balance outstanding of the 2016 General Obligation Bonds, Series 2023C was \$30,000,000 and unamortized premium on issuance was \$2,625,597.

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, 2023, the principal balance outstanding of the 2013 General Obligation Refunding Bonds was \$9,830,000 and deferred charge on refunding was \$229,088.

Debt Service Requirements to Maturity – Includes Private Placement Debt

The General Obligation Bonds mature through 2053 as follows:

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest to Date</u>	<u>Current Interest to Maturity</u>	<u>Accreted Interest</u>	<u>Total</u>
2024	\$ 4,170,000	\$ 5,035,803	\$ -	\$ 9,205,803
2025	4,680,000	5,383,344	-	10,063,344
2026	3,045,000	5,234,219	-	8,279,219
2027	3,870,666	5,125,388	333,930	9,329,984
2028	4,295,404	5,017,331	1,094,861	10,407,596
2029-2033	22,262,215	24,151,844	6,757,925	53,171,984
2034-2038	17,975,000	20,521,822	-	38,496,822
2039-2043	16,960,000	16,872,750	-	33,832,750
2044-2048	19,985,000	10,681,600	-	30,666,600
2049-2053	43,565,000	3,583,838	-	47,148,838
Total	<u>\$ 140,808,285</u>	<u>\$ 101,607,939</u>	<u>\$ 8,186,716</u>	<u>\$ 250,602,940</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to \$3,884,918.

Leases

The District has entered into agreements to lease various equipment and two warehouses. As of June 30, 2023, the District recognized right-to-use assets totaling \$1,086,515 and lease liabilities totaling \$1,146,508 related to these agreements. The District is required to make principal and interest payments through March 2027 and the lease agreements have a discount rate of 5.0%.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 510,006	\$ 43,981	\$ 553,987
2025	322,705	24,315	347,020
2026	267,487	9,562	277,049
2027	46,310	319	46,629
Total	<u>\$ 1,146,508</u>	<u>\$ 78,177</u>	<u>\$ 1,224,685</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into SBITAs for the use of instructional, data management, video communication, and student information software. At June 30, 2023, the District has recognized total right-to-use subscription IT assets of \$2,324,851 and total SBITA liabilities of \$1,558,807 related to these agreements. During the fiscal year, the District recorded \$1,065,365 in amortization expense related to these agreements. The District is required to make annual principal and interest payments through June 2028. The subscriptions have an interest rate of 4.0%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 568,373	\$ 60,017	\$ 628,390
2025	477,757	39,326	517,083
2026	276,168	20,509	296,677
2027	114,855	9,460	124,315
2028	121,654	4,866	126,520
Total	<u>\$ 1,558,807</u>	<u>\$ 134,178</u>	<u>\$ 1,692,985</u>

Claims Liability

The District is self-insured against claims for workers' compensation injuries, and property and liability claims. The liability as of June 30, 2023, totaling \$932,597 is made of \$581,487 for the claims obligation for the workers' compensation program as established by an actuarial study performed by a third party and \$351,110 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, 2023, the District's outstanding obligation for its pro-rata share of assessed equity was paid in its entirety.

Note 10 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, 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	\$ 55,905,013	\$ 5,471,607	\$ 8,809,962	\$ 5,770,939
Medicare Premium Payment (MPP) Program	1,127,302	-	-	(174,771)
Total	<u>\$ 57,032,315</u>	<u>\$ 5,471,607</u>	<u>\$ 8,809,962</u>	<u>\$ 5,596,168</u>

The details of each plan are as follows:

District Plans

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
General Trust	\$ 55,009,178	\$ 5,416,818	\$ 8,801,159	\$ 5,705,649
Grantor Trust	857,019	54,789	8,803	64,397
Board of Trustees	38,816	-	-	893
Total	<u>\$ 55,905,013</u>	<u>\$ 5,471,607</u>	<u>\$ 8,809,962</u>	<u>\$ 5,770,939</u>

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	<u>2,372</u>
	<u>2,531</u>

Benefits Provided

The Plans provide medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plans. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of the Plans members and the District are established and may be amended by the District, the Ontario-Montclair Teachers Association (OMTA), the local California Service Employees Association (CSEA), and unrepresented groups. The 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, 2023, the District contributed \$2,223,578 to the Plans, all of which was used for current benefits.

Net OPEB Liability of the District

The District's net OPEB liability of \$55,905,013 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The components of the net OPEB liability of the District at June 30, 2023, were as follows:

Total OPEB liability	\$ 67,544,845
Plan fiduciary net position	<u>(11,639,832)</u>
District's net OPEB liability	<u>\$ 55,905,013</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>17.23%</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total OPEB liability to June 30, 2023. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

<u>General Trust</u>	
Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	4.57%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	4.00% for 2023

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.

<u>Grantor Trust</u>	
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 2023

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.

<u>Board of Trustees</u>	
Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	3.65%
Health care cost trend rates	4.00% for 2023

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, 2022	\$ 64,014,252	\$ 10,915,706	\$ 53,098,546
Service cost	3,776,929	-	3,776,929
Interest	2,854,926	-	2,854,926
Contributions-employer	-	2,223,578	(2,223,578)
Net investment income	-	808,478	(808,478)
Changes of assumptions	(875,818)	-	(875,818)
Benefit payments	(2,225,444)	(2,223,578)	(1,866)
Administrative expense	-	(84,352)	84,352
Net change in total OPEB liability	3,530,593	724,126	2,806,467
Balance at June 30, 2023	<u>\$ 67,544,845</u>	<u>\$ 11,639,832</u>	<u>\$ 55,905,013</u>

Changes of assumptions and other inputs reflect the following:

- The General Trust plan discount rate changed from 4.40% to 4.57% since the previous valuation.
- The Board of Trustees plan discount rate changed from 3.54% to 3.65% since the previous valuation.

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

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

<u>General Trust - Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.57%)	\$ 59,927,605
Current discount rate (4.57%)	55,009,178
1% increase (5.57%)	50,518,098
<u>Grantor Trust - Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.75%)	\$ 972,659
Current discount rate (4.75%)	857,019
1% increase (5.75%)	757,088
<u>Board of Trustees - Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.65%)	\$ 43,340
Current discount rate (3.65%)	38,816
1% increase (4.65%)	35,038

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

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

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (3.00%)	\$ 48,297,148
Current healthcare cost trend rate (4.00%)	55,905,013
1% increase (5.00%)	64,747,713

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$5,770,939. At June 30, 2023, 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	\$ 3,228,981	\$ 1,544,177
Changes of assumptions	748,098	6,347,803
Net difference between projected and actual earnings on OPEB plan investments	1,439,739	909,179
Total	<u>\$ 5,416,818</u>	<u>\$ 8,801,159</u>

	Grantor Trust	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	<u>\$ 54,789</u>	<u>\$ 8,803</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (265,712)
2025	(350,716)
2026	29,566
2027	(437,844)
2028	(400,313)
Thereafter	<u>(1,913,336)</u>
	<u>\$ (3,338,355)</u>

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

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 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, 2023, the District reported a liability of \$1,127,302 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability 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, 2021. 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, 2022 and June 30, 2021, respectively, was 0.3422%, and 0.3264 %, resulting in a net increase in the proportionate share of 0.0158%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(174,771).

Actuarial Methods and Assumptions

The June 30, 2022 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Measurement Date	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2021	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.54%	2.16%
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, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population (145,282).

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, 2022, 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, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	\$ 1,228,976
Current discount rate (3.54%)	1,127,302
1% increase (4.54%)	1,039,265

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)	\$ 1,034,341
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,127,302
1% increase (5.50% Part A and 6.40% Part B)	1,232,678

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 100,000	\$ -	\$ 36,550	\$ 136,550
Stores inventories	330,559	-	379,378	709,937
Prepaid expenditures	443,907	-	-	443,907
Total nonspendable	874,466	-	415,928	1,290,394
Restricted				
Legally restricted programs	107,210,993	-	6,678,108	113,889,101
Other restrictions - pension trust	6,375,849	-	-	6,375,849
Capital projects	-	28,682,075	12,491,168	41,173,243
Debt service	-	-	11,923,242	11,923,242
Total restricted	113,586,842	28,682,075	31,092,518	173,361,435
Committed				
Deferred maintenance program	-	-	259	259
Assigned				
Board policy reserve	51,924,487	-	-	51,924,487
Classified professional growth	6,244	-	-	6,244
Site discretionary carryover	6,744,991	-	-	6,744,991
Site donations	633,766	-	-	633,766
Supplemental and concentration carryover	1,011,086	-	-	1,011,086
Certificated teacher initiation funds	77,879	-	-	77,879
Common Core and textbook adoptions	4,894,725	-	-	4,894,725
Retiree benefits	2,725,416	-	-	2,725,416
Pension reserve	3,011,027	-	-	3,011,027
Facilities and deferred maintenance	8,117	-	-	8,117
Post employment benefits liability	8,599,442	-	-	8,599,442
Preschool reserve	-	-	452,650	452,650
Capital projects	-	-	26,487,740	26,487,740
Total assigned	79,637,180	-	26,940,390	106,577,570
Unassigned				
Reserve for economic uncertainties	11,960,398	-	-	11,960,398
Remaining unassigned	33,551	-	-	33,551
Total unassigned	11,993,949	-	-	11,993,949
Total	\$ 206,092,437	\$ 28,682,075	\$ 58,449,095	\$ 293,223,607

Note 12 - Risk Management**Property and Liability**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. 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, 2023, 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, 2021 to June 30, 2023:

	Workers' Compensation	Property and Liability	Total
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, July 1, 2022	610,754	165,036	775,790
Claims and changes in estimates	(29,242)	282,025	252,783
Claims payments	(25)	(95,951)	(95,976)
Liability Balance, June 30, 2023	<u>\$ 581,487</u>	<u>\$ 351,110</u>	<u>\$ 932,597</u>
Assets available to pay claims at June 30, 2023	<u>\$ 3,076,752</u>	<u>\$ 599,964</u>	<u>\$ 3,676,716</u>

Note 13 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2023, 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	\$ 158,444,625	\$ 46,298,118	\$ 28,237,035	\$ 11,694,063
CalPERS	115,222,821	44,241,150	4,340,678	14,553,751
Total	<u>\$ 273,667,446</u>	<u>\$ 90,539,268</u>	<u>\$ 32,577,713</u>	<u>\$ 26,247,814</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, 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, 2023, are summarized as follows:

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$29,725,361.

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

At June 30, 2023, 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	\$ 158,444,625
State's proportionate share of the net pension liability associated with the District	<u>79,348,449</u>
Total	<u><u>\$ 237,793,074</u></u>

The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, respectively, was 0.2280% and 0.2172%, resulting in a net increase in the proportionate share of 0.0108%.

For the year ended June 30, 2023, the District recognized pension expense of \$11,694,063. In addition, the District recognized pension expense and revenue of \$6,399,400 for support provided by the State. At June 30, 2023, 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	\$ 29,725,361	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	8,585,083	8,608,747
Differences between projected and actual earnings on pension plan investments	-	7,748,248
Differences between expected and actual experience in the measurement of the total pension liability	129,974	11,880,040
Changes of assumptions	7,857,700	-
Total	<u>\$ 46,298,118</u>	<u>\$ 28,237,035</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (5,691,663)
2024	(6,165,954)
2025	(9,262,518)
2026	13,371,887
Total	<u>\$ (7,748,248)</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (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
2024	\$ 3,213,213
2025	(2,114,761)
2026	(1,703,727)
2027	(1,511,260)
2028	(2,101,987)
Thereafter	302,492
Total	<u>\$ (3,916,030)</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
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, 2022, 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%)	\$ 269,097,739
Current discount rate (7.10%)	158,444,625
1% increase (8.10%)	66,569,271

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, 2021 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, 2023, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.370%	25.370%

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, 2023, are presented above and the total District contributions were \$16,813,332.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$115,222,821. The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, respectively, was 0.3349% and 0.3131%, resulting in a net increase in the proportionate share of 0.0218%.

For the year ended June 30, 2023, the District recognized pension expense of \$14,553,751. At June 30, 2023, 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	\$ 16,813,332	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,778,868	1,473,787
Differences between projected and actual earnings on pension plan investments	13,604,681	-
Differences between expected and actual experience in the measurement of the total pension liability	520,740	2,866,891
Changes of assumptions	8,523,529	-
Total	<u>\$ 44,241,150</u>	<u>\$ 4,340,678</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 2,268,828
2025	2,012,294
2026	1,027,904
2027	8,295,655
Total	<u>\$ 13,604,681</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 2,805,508
2025	3,333,824
2026	3,277,997
2027	65,130
Total	<u>\$ 9,482,459</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (5.90%)	\$ 166,445,199
Current discount rate (6.90%)	115,222,821
1% increase (7.90%)	72,889,408

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 \$210,448.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$12,729,140 (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 14 - Commitments and Contingencies**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

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, 2023.

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Arroyo Portable Classroom	\$ 560,000	6/30/2025
Berlyn HVAC	41,520	6/30/2025
Berlyn Portable Classroom	540,000	6/30/2025
Berlyn HVAC Replacement at Building B	532,851	6/30/2024
Bon View Two Portable Classrooms & Shade Structure	900,177	6/30/2025
Buena Vista Playground - Primary and Upper	453,834	6/30/2025
Buena Vista Portable Classroom	412,741	6/30/2025
Buena Vista Shade Structure at Playground	273,834	6/30/2025
Central Portable Classroom	357,572	6/30/2024
De Anza Portable Classroom	560,000	6/30/2025
District Wide CCTV Cameras	880,043	12/30/2023
Edison Playground - Primary	384,878	6/30/2025
Edison Portable Classrooms	530,520	6/30/2025
Edison Shade Structure at Playground	300,000	6/30/2025
El Camino Portable Classroom	490,000	6/30/2025
Elderberry Portable Classroom	580,000	6/30/2025
Euclid Portable Classroom	560,000	6/30/2025
Hawthorne Portable Classroom	505,000	6/30/2025
Haynes Portable Restroom	401,327	6/30/2024
Haynes Portable Classroom	480,000	06/30/2025
Howard Portable Classroom	510,000	06/30/2025
Kingsley Playground - Kinder	292,500	06/30/2025
Kingsley Shade Structure	371,721	06/30/2025
Lehigh HVAC Wall Unit Replacement	1,745,291	06/30/2024
Lincoln Playground - Kinder & Upper	535,186	06/30/2024
Lincoln Three Portables and Basketball Court	1,832,744	06/30/2024
Mariposa Playground - Kinder	331,112	06/30/2024
Monte Vista Portable Classroom/Parking Lot Renovation	920,000	06/30/2025
Montera Two Portable Classrooms	710,000	06/30/2025
Moreno Portable Classrooms - Three Buildings	556,032	06/30/2025
Moreno HVAC and Roof Replacement Buildings A, B, C & D	1,472,018	06/30/2024
Moreno Shade Structure - MPR	295,026	06/30/2024
Nutrition Freezer Replacement	6,130,143	06/30/2024
Ramona Shade Structure - Playground	198,505	06/30/2024
Ramona HVAC Closeout	41,520	06/30/2024
Ramona Portable Classroom	540,000	06/30/2025
Serrano Portable Classroom	550,000	06/30/2025
Various Projector Replacements	784,720	06/30/2024
Vernon Portable Classroom	570,000	06/30/2025
Vina Danks Interim Housing	5,750,441	06/30/2024
Vina Danks Modernization	8,446,468	06/30/2024
Vina Danks Wellness, Arts & Technology Center (WATC), Locker Room, Site Restoration	22,142,498	06/30/2026
Vina Danks Buildings A HVAC Replacement/Modernization	16,268,812	06/30/2024
Vineyard Two Portable Classrooms	601,455	06/30/2025
Vista Grande Shade Structure	180,692	06/30/2024
	<u>\$ 81,521,181</u>	

Note 15 - 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, 2023, the District made payments of \$5,609,668 and \$34,196,794 to ASCIP and SCSEBA, respectively.

Note 16 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position and fund balance were restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2022	\$ 54,733,360
Prepaid expense	(356,434)
Right-to-use subscription IT assets, net of amortization	883,315
Subscription liabilities	<u>(606,257)</u>
Net Position - Beginning, as restated on July 1, 2022	<u>\$ 54,653,984</u>
General Fund	
Fund Balance - Beginning, as previously reported on June 30, 2022	\$ 122,921,102
Prepaid expenditures	<u>(356,434)</u>
Fund Balance - Beginning, as restated on July 1, 2022	<u>\$ 122,564,668</u>



Required Supplementary Information
June 30, 2023

Ontario-Montclair School District

Ontario-Montclair School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances -
	Original	Final	(GAAP Basis)	Positive (Negative) Final to Actual
Revenues				
Local Control Funding Formula	\$ 251,748,812	\$ 260,401,766	\$ 261,227,338	\$ 825,572
Federal sources	56,547,268	46,202,590	40,682,908	(5,519,682)
Other State sources	58,468,309	154,000,136	167,826,860	13,826,724
Other local sources	6,295,407	8,231,198	11,275,734	3,044,536
Total revenues ¹	373,059,796	468,835,690	481,012,840	12,177,150
Expenditures				
Current				
Certificated salaries	141,746,196	164,696,248	167,169,755	(2,473,507)
Classified salaries	55,046,355	65,859,603	67,832,312	(1,972,709)
Employee benefits	96,003,240	101,090,763	102,087,519	(996,756)
Books and supplies	18,154,976	13,674,648	13,194,198	480,450
Services and operating expenditures	55,707,302	37,690,390	33,578,916	4,111,474
Other outgo	(191,702)	(507,509)	(332,545)	(174,964)
Capital outlay	10,464,287	6,516,940	7,529,566	(1,012,626)
Debt Service - Principal	-	-	1,184,392	(1,184,392)
Debt Service - Interest	-	-	81,266	(81,266)
Total expenditures ¹	376,930,654	389,021,083	392,325,379	(3,304,296)
Excess (Deficiency) of Revenues over Expenditures	(3,870,858)	79,814,607	88,687,461	8,872,854
Other Financing Sources (Uses)				
Transfers in	131,694	131,694	-	(131,694)
Other sources - leases	-	-	813,929	813,929
Other sources - SBITAs	-	-	1,499,291	1,499,291
Transfers out	(3,883,537)	(5,553,113)	(7,472,912)	(1,919,799)
Net Financing Sources (Uses)	(3,751,843)	(5,421,419)	(5,159,692)	261,727
Net Change in Fund Balance	(7,622,701)	74,393,188	83,527,769	9,134,581
Fund Balance - Beginning, as restated	122,564,668	122,564,668	122,564,668	-
Fund Balance - Ending	\$ 114,941,967	\$ 196,957,856	\$ 206,092,437	\$ 9,134,581

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.

Ontario-Montclair School District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2023

	2023	2022	2021
Total OPEB Liability			
Service cost	\$ 3,776,929	\$ 3,042,231	\$ 3,475,995
Interest	2,854,926	2,516,526	2,027,086
Difference between expected and actual experience	-	3,696,824	-
Changes of assumptions	(875,818)	(188,578)	(4,362,884)
Benefit payments	(2,225,444)	(2,307,774)	(2,354,303)
Net change in total OPEB liability	3,530,593	6,759,229	(1,214,106)
Total OPEB Liability - Beginning	64,014,252	57,255,023	58,469,129
Total OPEB Liability - Ending (a)	\$ 67,544,845	\$ 64,014,252	\$ 57,255,023
Plan Fiduciary Net Position			
Contributions - employer	\$ 2,223,578	\$ 2,304,744	\$ 2,351,312
Net investment income	808,478	(1,618,500)	2,507,038
Benefit payments	(2,223,578)	(2,304,744)	(2,351,312)
Administrative expense	(84,352)	(96,191)	(89,667)
Net change in plan fiduciary net position	724,126	(1,714,691)	2,417,371
Plan Fiduciary Net Position - Beginning	10,915,706	12,630,397	10,213,026
Plan Fiduciary Net Position - Ending (b)	\$ 11,639,832	\$ 10,915,706	\$ 12,630,397
District's Net OPEB Liability - Ending (a) - (b)	\$ 55,905,013	\$ 53,098,546	\$ 44,624,626
Plan Fiduciary Net Position As A Percentage Of The Total OPEB Liability	17.23%	17.05%	22.06%
Covered payroll	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
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

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.

Ontario-Montclair School District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2023

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

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

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

Ontario-Montclair School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2023

Year ended June 30,	2023	2022	2021
Proportion of the net OPEB liability	0.3422%	0.3264%	0.3390%
Proportionate share of the net OPEB liability	\$ 1,127,302	\$ 1,302,073	\$ 1,651,998
Covered payroll	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020
Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.3842%	0.3831%	0.3925%
Proportionate share of the net OPEB liability	\$ 1,430,902	\$ 1,466,503	\$ 1,651,288
Covered payroll	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Ontario-Montclair School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2023

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.2280%	0.2172%	0.2237%	0.2172%	0.2135%
Proportionate share of the net pension liability	\$ 158,444,625	\$ 98,830,806	\$ 216,803,431	\$ 196,172,158	\$ 196,180,406
State's proportionate share of the net pension liability	79,348,449	49,727,828	111,762,194	107,025,009	112,322,458
Total	<u>\$ 237,793,074</u>	<u>\$ 148,558,634</u>	<u>\$ 328,565,625</u>	<u>\$ 303,197,167</u>	<u>\$ 308,502,864</u>
Covered Payroll	<u>\$ 133,172,465</u>	<u>\$ 116,864,180</u>	<u>\$ 119,092,556</u>	<u>\$ 115,381,413</u>	<u>\$ 115,359,369</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	119%	85%	182%	170%	170%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		2018	2017	2016	2015
Proportion of the net pension liability		0.2168%	0.2289%	0.2340%	0.2068%
Proportionate share of the net pension liability		\$ 200,497,590	\$ 185,121,927	\$ 157,517,723	\$ 120,833,772
State's proportionate share of the net pension liability		118,612,680	105,386,611	83,309,511	72,964,648
Total		<u>\$ 319,110,270</u>	<u>\$ 290,508,538</u>	<u>\$ 240,827,234</u>	<u>\$ 193,798,420</u>
Covered Payroll		<u>\$ 111,330,723</u>	<u>\$ 109,833,607</u>	<u>\$ 109,831,644</u>	<u>\$ 102,526,352</u>
Proportionate share of the net pension liability as a percentage of its covered payroll		180%	169%	143%	118%
Plan fiduciary net position as a percentage of the total pension liability		69%	70%	74%	77%
Measurement Date		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.

Ontario-Montclair School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2023

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.3349%	0.3131%	0.3154%	0.3218%	0.3299%
Proportionate share of the net pension liability	\$ 115,222,821	\$ 63,670,433	\$ 96,764,918	\$ 93,775,316	\$ 87,957,904
Covered payroll	\$ 52,734,251	\$ 45,354,879	\$ 45,758,146	\$ 41,740,643	\$ 43,384,805
Proportionate share of the net pension liability as a percentage of its covered payroll	218%	140%	211%	225%	203%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		2018	2017	2016	2015
Proportion of the net pension liability		0.3225%	0.3175%	0.3255%	0.2986%
Proportionate share of the net pension liability		\$ 76,990,174	\$ 62,713,529	\$ 47,986,310	\$ 33,902,574
Covered payroll		\$ 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		186%	167%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability		72%	74%	79%	83%
Measurement Date		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.

Ontario-Montclair School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2023

CalSTRS	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 29,725,361	\$ 22,532,781	\$ 18,873,565	\$ 20,364,827	\$ 18,784,094
Contributions in relation to the contractually required contribution	<u>29,725,361</u>	<u>22,532,781</u>	<u>18,873,565</u>	<u>20,364,827</u>	<u>18,784,094</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's payroll	<u>\$ 155,630,162</u>	<u>\$ 133,172,465</u>	<u>\$ 116,864,180</u>	<u>\$ 119,092,556</u>	<u>\$ 115,381,413</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution		\$ 16,646,357	\$ 14,005,405	\$ 11,785,146	\$ 9,753,050
Contributions in relation to the contractually required contribution		<u>16,646,357</u>	<u>14,005,405</u>	<u>11,785,146</u>	<u>9,753,050</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's payroll		<u>\$ 115,359,369</u>	<u>\$ 111,330,723</u>	<u>\$ 109,833,607</u>	<u>\$ 109,831,644</u>
Contributions as a percentage of covered payroll		<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

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

Ontario-Montclair School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2023

CalPERS	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 16,813,332	\$ 12,081,417	\$ 9,388,460	\$ 9,023,964	\$ 7,539,195
Contributions in relation to the contractually required contribution	<u>16,813,332</u>	<u>12,081,417</u>	<u>9,388,460</u>	<u>9,023,964</u>	<u>7,539,195</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's payroll	<u>\$ 66,272,495</u>	<u>\$ 52,734,251</u>	<u>\$ 45,354,879</u>	<u>\$ 45,758,146</u>	<u>\$ 41,740,643</u>
Contributions as a percentage of covered payroll	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution		\$ 6,738,094	\$ 5,744,448	\$ 4,461,903	\$ 4,242,128
Contributions in relation to the contractually required contribution		<u>6,738,094</u>	<u>5,744,448</u>	<u>4,461,903</u>	<u>4,242,128</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's payroll		<u>\$ 43,384,805</u>	<u>\$ 41,362,673</u>	<u>\$ 37,662,725</u>	<u>\$ 36,038,807</u>
Contributions as a percentage of covered payroll		<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

At June 30, 2023, the District major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	<u>\$ 394,574,196</u>	<u>\$ 399,798,291</u>	<u>\$ 5,224,095</u>

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

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

- *Change in Benefit Terms* – There were no changes in benefit terms.
- *Changes of Assumptions*
 - The General Trust plan discount rate changed from 4.40% to 4.57% since the previous valuation.
 - The Board of Trustees plan discount rate changed from 3.54% to 3.65% 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 2.16% to 3.54% since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

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, 2023

Ontario-Montclair School District

Ontario-Montclair School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Communications Commission			
COVID-19 Emergency Connectivity Fund Program	32.009	[1]	\$ 320,569
Total Federal Communications Commission			320,569
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	8,956,310
School Improvement Funding for LEAs	84.010	15438	674,896
Subtotal			9,631,206
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	5,011,685
COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	874,271
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	226,767
Subtotal			6,112,723
Preschool Grants, Part B, Sec 619 (Age 3-4-5)	84.173	13430	100,466
COVID-19 ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	74,919
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	70,845
Subtotal			246,230
Total Special Education (IDEA) Cluster			6,358,953
Early Intervention Grants	84.181	23761	31,105
COVID-19 ARP IDEA Part C, Early Education Program	84.181X	25657	48,422
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	126,328
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	242,921
Title III, English Learner Student Program	84.365	14346	773,078
Title II, Part A, Supporting Effective Instruction	84.367	14341	1,149,594
Title IV, Part A, Student Support and Academic Enrichment Grant	84.424	15396	851,435
COVID-19 Education Stabilization Fund			
COVID-19 Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	550,167
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) California Community Schools Partnership Program	84.425D	15537	825,539
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	10,616,970
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	2,396,253
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	4,349,445
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	1,562,662
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	720,058

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

Ontario-Montclair School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
COVID-19 Education Stabilization Fund, continued			
COVID-19 21st Century Community Learning Centers (CCLC) Rate			
Increase: ESSER III State Reserve Afterschool Programs	84.425U	15651	\$ 41,204
COVID-19 American Rescue Plan-Homeless Children and			
Youth (ARP-HCY) Program	84.425W	15564	49,768
COVID-19 American Rescue Plan - Homeless Children and Youth II	84.425W	15566	<u>37,231</u>
Subtotal			<u>21,149,297</u>
Total U.S. Department of Education			<u>40,362,339</u>
U.S. Department of Health and Human Services			
Passed through San Bernardino County Superintendent of Schools			
Child Care and Development Fund Cluster			
Child Care Initiative Project/Resource & Referral Contracts	93.575	13942	<u>36,848</u>
Passed through County of San Bernardino Human Services System			
Head Start Cluster	93.600	14646	<u>203,907</u>
Total U.S. Department of Health and Human Services			<u>240,755</u>
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Basic School Breakfast	10.553	13525	941
Especially Needy Breakfast	10.553	13526	<u>1,889,740</u>
Subtotal			<u>1,890,681</u>
Child Nutrition: School Programs (NSL Sec 4)	10.555	13523	2,088,095
Child Nutrition: School Programs (NSL Sec 11)	10.555	13524	6,518,369
Commodities	10.555	13524	941,544
Supply Chain Assistance for School Meals	10.555	15655	445,130
Local Food for Schools	10.555	15708	<u>44,029</u>
Subtotal			<u>10,037,167</u>
Fresh Fruit and Vegetable Program (FFVP)	10.582	14968	<u>160,243</u>
Total Child Nutrition Cluster			<u>12,088,091</u>
Passed Through California Department of Social Services			
Child and Adult Care Food Program (CACFP)			
Center and Family Day Care Homes	10.558	13529	2,217,358
Cash in Lieu of Commodities	10.558	13534	<u>164,200</u>
Subtotal Child and Adult Care Food Program (CACFP)			<u>2,381,558</u>
Total U.S. Department of Agriculture			<u>14,469,649</u>
Total Federal Financial Assistance			<u>\$ 55,393,312</u>

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, 2023	TERM EXPIRES
Sonia Alvarado	President	2026
Elvia M. Rivas	Vice President	2026
Kristen “Kris” Brake	Clerk	2026
Flora Martinez	Member	2024
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

Ontario-Montclair School District
Schedule of Average Daily Attendance
Year Ended June 30, 2023

	Final Report		As Adjusted per Audit	
	Second Period Report 640D7626	Annual Report 5BF25B7B	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	7,514.58	7,519.38	7,491.13	7,500.17
Fourth through sixth	5,731.26	5,734.09	5,716.30	5,721.65
Seventh and eighth	3,997.42	3,981.55	3,985.43	3,971.20
Total regular ADA	17,243.26	17,235.02	17,192.86	17,193.02
Special Education, Nonpublic, Nonsectarian Schools				
Transitional kindergarten through third	25.14	25.14	25.14	25.14
Fourth through sixth	17.22	17.22	17.22	17.22
Seventh and eighth	10.65	10.65	10.65	10.65
Total special education, nonpublic, nonsectarian schools	53.01	53.01	53.01	53.01
Extended Year Special Education, Nonpublic, Nonsectarian Schools				
Fourth through sixth	3.89	-	3.89	-
Seventh and eighth	9.03	-	9.03	-
Total extended year special education, Nonpublic, nonsectarian schools	12.92	-	12.92	-
Total ADA	17,309.19	17,288.03	17,258.79	17,246.03

Ontario-Montclair School District

Schedule of Instructional Time

Year Ended June 30, 2023

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	40,740	-	40,740	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		54,770	-	54,770	180	-	180	N/A	N/A	N/A	Complied
Grade 2		54,770	-	54,770	180	-	180	N/A	N/A	N/A	Complied
Grade 3		54,770	-	54,770	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		56,705	-	56,705	180	-	180	N/A	N/A	N/A	Complied
Grade 5		56,705	-	56,705	180	-	180	N/A	N/A	N/A	Complied
Grade 6		56,705	-	56,705	180	-	180	N/A	N/A	N/A	Complied
Grade 7		56,705	-	56,705	180	-	180	N/A	N/A	N/A	Complied
Grade 8		56,705	-	56,705	180	-	180	N/A	N/A	N/A	Complied

Ontario-Montclair School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2023

Summarized below are the governmental fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>General Fund</u>
Fund Balance	
Balance, June 30, 2023, Unaudited Actuals	\$ 206,920,398
Decrease in	
Prepaid expenditures	<u>(827,961)</u>
Balance, June 30, 2023, Audited Financial Statements	<u><u>\$ 206,092,437</u></u>

Ontario-Montclair School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2023

	(Budget) 2024 ¹	2023	2022 ¹	2021 ¹
General Fund ³				
Revenues	\$ 439,914,689	\$ 480,724,356	\$ 341,889,858	\$ 316,591,486
Other sources	<u>131,694</u>	<u>2,444,914</u>	<u>219,007</u>	<u>131,694</u>
Total revenues and other sources	<u>440,046,383</u>	<u>483,169,270</u>	<u>342,108,865</u>	<u>316,723,180</u>
Expenditures	454,444,282	392,325,379	315,854,365	290,577,821
Other uses	<u>5,371,214</u>	<u>7,472,912</u>	<u>4,926,891</u>	<u>7,880,760</u>
Total expenditures and other uses	<u>459,815,496</u>	<u>399,798,291</u>	<u>320,781,256</u>	<u>298,458,581</u>
Increase (Decrease) in Fund Balance	<u>\$ (19,769,113)</u>	<u>\$ 83,370,979</u>	<u>\$ 21,327,609</u>	<u>\$ 18,264,599</u>
Ending Fund Balance	<u>\$ 160,708,748</u>	<u>\$ 180,477,861</u>	<u>\$ 97,106,882</u>	<u>\$ 75,779,273</u>
Available Reserves ²	<u>\$ 13,794,465</u>	<u>11,993,949</u>	<u>9,612,806</u>	<u>8,953,758</u>
Available Reserves as a Percentage of Total Outgo	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>
Long-Term Liabilities including OPEB and Pension, as restated	<u>N/A</u>	<u>\$ 488,995,117</u>	<u>\$ 344,553,376</u>	<u>\$ 489,263,339</u>
K-12 Average Daily Attendance at P-2	<u>17,124</u>	<u>17,309</u>	<u>17,794</u>	<u>19,390</u>

The General Fund balance has increased by \$104,698,588 over the past two years. The fiscal year 2023-2024 budget projects a decrease of \$19,769,113 (11.0%). 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 2023-2024 fiscal year. Total long-term liabilities have decreased by \$268,222 over the past two years.

Average daily attendance has decreased by 2,081 over the past two years. An additional decline of 185 ADA is anticipated during fiscal year 2023-2024.

¹ Financial information for 2024, 2022, and 2021 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

Ontario-Montclair School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2023

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
Assets					
Deposits and investments	\$ 476,878	\$ 973,839	\$ 3,274,403	\$ 257	\$ 4,318,947
Receivables	-	846,465	4,294,800	2	23,231
Due from other funds	-	19,574	226,953	-	-
Stores inventories	-	-	379,377	-	-
Total assets	\$ 476,878	\$ 1,839,878	\$ 8,175,533	\$ 259	\$ 4,342,178
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 20,415	\$ 487,946	\$ 343,300	\$ -	\$ 372,603
Due to other funds	-	796,247	1,235,607	-	5,176
Unearned revenue	-	-	62,088	-	-
Total liabilities	20,415	1,284,193	1,640,995	-	377,779
Fund balances					
Nonspendable	-	-	415,928	-	-
Restricted	456,463	103,035	6,118,610	-	3,964,399
Committed	-	-	-	259	-
Assigned	-	452,650	-	-	-
Total fund balances	456,463	555,685	6,534,538	259	3,964,399
Total liabilities and fund balances	\$ 476,878	\$ 1,839,878	\$ 8,175,533	\$ 259	\$ 4,342,178

Ontario-Montclair School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2023

	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	\$ 8,467,983	\$ 24,682,657	\$ 11,923,242	\$ 54,118,206
Receivables	58,786	195,552	-	5,418,836
Due from other funds	-	1,918,900	-	2,165,427
Stores inventories	-	-	-	379,377
Total assets	\$ 8,526,769	\$ 26,797,109	\$ 11,923,242	\$ 62,081,846
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 309,369	\$ -	\$ 1,533,633
Due to other funds	-	-	-	2,037,030
Unearned revenue	-	-	-	62,088
Total liabilities	-	309,369	-	3,632,751
Fund balances				
Nonspendable	-	-	-	415,928
Restricted	8,526,769	-	11,923,242	31,092,518
Committed	-	-	-	259
Assigned	-	26,487,740	-	26,940,390
Total fund balances	8,526,769	26,487,740	11,923,242	58,449,095
Total liabilities and fund balances	\$ 8,526,769	\$ 26,797,109	\$ 11,923,242	\$ 62,081,846

Ontario-Montclair School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds Year Ended June 30, 2023

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
Revenues					
Federal sources	\$ -	\$ 343,639	\$ 14,469,649	\$ -	\$ -
Other state sources	-	4,542,719	5,470,728	-	-
Other local sources	1,092,246	171,593	140,810	5	2,015,143
Total revenues	1,092,246	5,057,951	20,081,187	5	2,015,143
Expenditures					
Current					
Instruction	-	3,993,259	-	-	-
Instruction-related activities					
Supervision of instruction	-	358,047	-	-	-
School site administration	-	217,446	-	-	-
Pupil services					
Food services	-	-	16,957,045	-	-
All other pupil services	-	23,368	-	-	-
Administration					
All other administration	-	267,749	535,265	-	24,414
Plant services	-	895	1,089,867	-	30,290
Ancillary services	1,048,744	-	-	-	-
Facility acquisition and construction	-	15,624	-	-	1,008,188
Debt service					
Principal	-	-	1,102	-	-
Interest and other	-	-	44	-	-
Total expenditures	1,048,744	4,876,388	18,583,323	-	1,062,892
Excess (Deficiency) of Revenues over Expenditures	43,502	181,563	1,497,864	5	952,251
Other Financing Sources					
Transfers in	-	19,574	-	-	-
Other sources - premium on issuance of general obligation bonds	-	-	-	-	-
Net Financing Sources	-	19,574	-	-	-
Net Change in Fund Balances	43,502	201,137	1,497,864	5	952,251
Fund Balances - Beginning	412,961	354,548	5,036,674	254	3,012,148
Fund Balances - Ending	\$ 456,463	\$ 555,685	\$ 6,534,538	\$ 259	\$ 3,964,399

Ontario-Montclair School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds Year Ended June 30, 2023

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 14,813,288
Other state sources	3,441,469	-	39,319	13,494,235
Other local sources	48,118	394,959	8,472,589	12,335,463
Total revenues	<u>3,489,587</u>	<u>394,959</u>	<u>8,511,908</u>	<u>40,642,986</u>
Expenditures				
Current				
Instruction	-	-	-	3,993,259
Instruction-related activities				
Supervision of instruction	-	-	-	358,047
School site administration	-	-	-	217,446
Pupil services				
Food services	-	-	-	16,957,045
All other pupil services	-	-	-	23,368
Administration				
All other administration	-	-	-	827,428
Plant services	-	313,632	-	1,434,684
Ancillary services	-	-	-	1,048,744
Facility acquisition and construction	262,863	1,754,132	-	3,040,807
Debt service				
Principal	-	-	3,715,000	3,716,102
Interest and other	-	-	4,214,081	4,214,125
Total expenditures	<u>262,863</u>	<u>2,067,764</u>	<u>7,929,081</u>	<u>35,831,055</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,226,724</u>	<u>(1,672,805)</u>	<u>582,827</u>	<u>4,811,931</u>
Other Financing Sources				
Transfers in	-	5,128,389	-	5,147,963
Other sources - premium on issuance of general obligation bonds	-	-	2,633,164	2,633,164
Net Financing Sources	<u>-</u>	<u>5,128,389</u>	<u>2,633,164</u>	<u>7,781,127</u>
Net Change in Fund Balances	3,226,724	3,455,584	3,215,991	12,593,058
Fund Balances - Beginning	5,300,045	23,032,156	8,707,251	45,856,037
Fund Balances - Ending	<u>\$ 8,526,769</u>	<u>\$ 26,487,740</u>	<u>\$ 11,923,242</u>	<u>\$ 58,449,095</u>

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Ontario-Montclair School District (the District) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, or changes in net position and fund balance 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, 2023, the District did not report any commodities in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of COVID-19 ARP California State Preschool Program – Rate Supplements funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2023. These unspent balances are reported as legally restricted ending balances within the General Fund.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 55,496,196
COVID-19 ARP California State Preschool Program - Rate Supplements	93.575	<u>(102,884)</u>
Total Federal Financial Assistance		<u>\$ 55,393,312</u>

Local Education Agency Organization Structure

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

Schedule of 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, 2023

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 (*Government Auditing Standards*), 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, 2023, 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 7, 2023.

Adoption of New Accounting Standard

As discussed in Notes 1 and 16 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position and General Fund balance as of July 1, 2022, to restate beginning net position and fund balance. 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 were not 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 7, 2023.

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.

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

Rancho Cucamonga, California
December 7, 2023



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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

Rancho Cucamonga, California
December 7, 2023



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 *2022-2023 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, 2023.

Qualified Opinion on Attendance/Independent Study

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 for the year ended June 30, 2023.

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, 2023, 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 (*Government Auditing Standards*), and the *2022-2023 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. If the District has a qualified opinion, a consultation is required.

Matters Giving Rise to Qualified Opinion on Attendance/Independent Study

As described in the accompanying Schedule of Findings and Questioned Costs as Item 2023-001, the District did not comply with requirements regarding Attendance/Independent Study.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 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 *2022-2023 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 *2022-2023 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:

2022-2023 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
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
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
Transitional Kindergarten	Yes

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
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.

The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

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's Online Academy was listed on the immunization assessment reports. However, as the Online Academy provides long-term independent study instruction to all enrolled pupils, the Immunization procedures were not applicable. Therefore, we did not perform the remaining procedures related to Immunizations.

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 identified during the audit.

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

Report on Internal Control over Compliance

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

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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a material weakness.

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 finding identified in our 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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
December 7, 2023



Schedule of Findings and Questioned Costs
June 30, 2023

Ontario-Montclair School District

Ontario-Montclair School District

Summary of Auditor's Results

Year Ended June 30, 2023

Financial Statements

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

Federal Awards

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

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing Number</u>
Special Education (IDEA) Cluster	84.027, 84.027A, 84.173, 84.173A
COVID-19 Education Stabilization Fund	
COVID-19 Expanded Learning Opportunities (ELO) Grant GEER II	84.425C
COVID-19 Elementary and Secondary School Emergency Relief (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 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U
COVID-19 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	84.425W
Child Nutrition Cluster	10.553, 10.555, 10.582
CACFP - Center and Family Day Care Homes	10.558
CACFP - Cash in Lieu of Commodities	10.558
Dollar threshold used to distinguish between Type A and Type B programs:	\$1,661,799
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance programs

Material weaknesses identified

Yes

Significant deficiencies identified not

considered to be material weaknesses

None reported

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

Attendance

Independent Study

None reported.

None reported.

The following finding represents a material weakness and a material instance of noncompliance including questioned costs that is required to be reported by the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
40000	State Compliance

2023-001 10000 & 40000 – Attendance and Independent Study

Criteria or Specific Requirements

Pursuant to California *Education Code* Section 51745.6, the ratio of average daily attendance for independent study pupils 18 years of age or less to school district full-time equivalent certificated employees responsible for independent study shall not exceed the equivalent ratio of average daily attendance (ADA) to full-time equivalent (FTE) certificated employees providing instruction in other educational programs operated by the school district.

Condition

Through review of the District's independent study ratio calculation, it was noted that the District's independent study ratio exceeded the calculated comparative ratio, resulting in the District's reporting of 50.4 excess ADA on the Second Period Report of Attendance and 42.0 excess ADA on the Annual Report of Attendance.

Questioned Costs

The District has overclaimed 50.4 units of Independent Study ADA for apportionment on its Second Period Attendance Report. The penalty results in a decrease of approximately \$685,718. The estimated penalty was calculated using the California Department of Education's (CDE) LCFF Derived Value of ADA by Grade Span. However, there is no current year fiscal impact since the District was funded on ADA from fiscal year 2021-2022.

Context

The condition was identified through review of the District's independent study ratio calculation and supporting records.

Effect

The District overclaimed 50.4 ADA on its Second Period Report of Attendance, resulting in an estimated penalty as follows:

<u>Grade Span</u>	<u>Independent Study ADA Disallowed</u>	<u>Derived Value of ADA by Grade Span</u>	<u>Penalty</u>
TK-3	23.45	\$ 14,122.08	\$ 331,162.78
4-6	14.96	12,984.66	194,250.51
7-8	11.99	13,369.85	160,304.50
Total	<u>50.40</u>		<u>\$ 685,717.79</u>

Cause

The District has experienced growth in its independent study program. The District did not monitor its internal staffing requirements to maintain the required ADA to FTE ratio.

Repeat Finding

No.

Recommendation

The District should periodically monitor its independent study ratio to ensure compliance with the comparative ratio of ADA to FTE. Alternatively, the District may consider revising its current agreement with teachers to allow for an increase in the ratio specifically for the independent study program.

Corrective Action Plan and Views of Responsible Officials

The District will periodically monitor the independent study ratio and make appropriate adjustments to the excess independent study ADA at the P-2 and Annual attendance reporting. The District will also monitor staffing ratios for the Traditional Independent Study program.

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

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.

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.

Current Status

Implemented.

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.

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.

Current Status

Implemented.



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, 2023, 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 7, 2023, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Serrano Middle School

Observation

1. Based on the review of the cash receipting procedures, it was noted that one out of the four tested deposits contained collections that were not deposited in a timely manner. The delay in deposit was 115 days from the date of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.

Recommendation

1. 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.

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

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California
December 7, 2023