

**OCEANSIDE UNIFIED SCHOOL DISTRICT  
SAN DIEGO COUNTY  
AUDIT REPORT  
For the Fiscal Year Ended  
June 30, 2021**



**NIGRO & NIGRO<sup>PC</sup>**



**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*For the Fiscal Year Ended June 30, 2021*  
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*Financial Section*

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Oceanside Unified School District  
Oceanside, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oceanside Unified School District, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oceanside Unified School District, as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the beginning net position on the Statement of Activities and the beginning fund balance on the Statement of Revenues, Expenditures, and Changes in Fund Balances have been restated to adopt this standard. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 61 to 65 and the schedule of expenditures of federal awards on page 67 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on pages 60 and 66 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

*Nigro + Nigro, PC*

Murrieta, California  
January 25, 2022



**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

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This discussion and analysis of Oceanside Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's financial status increased overall as a result of this year's operations. Net position of governmental activities increased by \$1.3 million, or 1.3%.
- Governmental expenses were \$272.1 million. Revenues were \$273.4 million.
- The District acquired \$7.5 million in new capital assets during the year.
- The District increased its outstanding long-term debt other than pensions by \$14.2 million. This was primarily due to issuance of Series F Bonds from the election of 2008 (Proposition H).
- Governmental funds increased by \$28.8 million, or 28.1%.
- Reserves for the General Fund increased by \$733,575 or 6.7%. Revenues were \$237.1 million and expenditures were \$232.3 million.

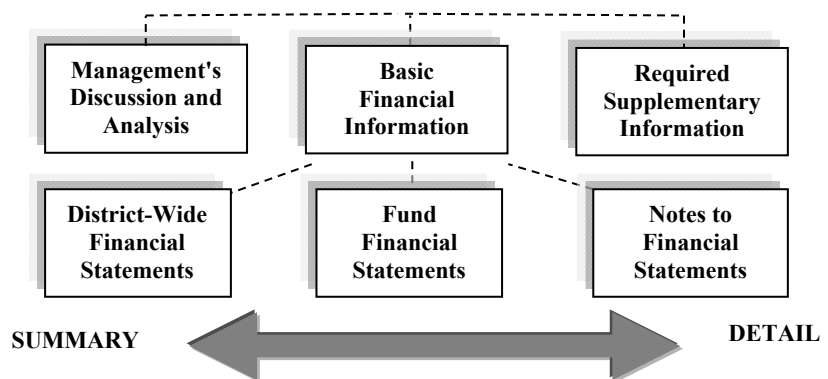
**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial* statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds* statements.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1. Organization of Oceanside Unified School District's Annual Financial Report**



**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**District-Wide Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that is properly using certain revenues.

The District has two kinds of funds:

- 1) ***Governmental funds*** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**Fund Financial Statements (continued)**

- 2) **Proprietary funds** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the District-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured programs for medical and dental claims.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's combined net position was higher on June 30, 2021, than it was the year before – increasing 1.3% to \$(94.8) million (See Table A-1).

**Table A-1: Statement of Net Position**

	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020*</b>	<b>Net Change</b>
<b>Assets</b>			
Current assets	\$ 172,523,101	\$ 126,816,858	\$ 45,706,243
Capital assets	311,639,578	315,026,513	(3,386,935)
<b>Total assets</b>	<u>484,162,679</u>	<u>441,843,371</u>	<u>42,319,308</u>
<b>Deferred outflows of resources</b>	<u>63,928,119</u>	<u>60,453,092</u>	<u>3,475,027</u>
<b>Liabilities</b>			
Current liabilities	39,414,389	23,818,228	15,596,161
Long-term liabilities	343,057,481	328,846,402	14,211,079
Net pension liability	232,120,276	214,704,447	17,415,829
<b>Total liabilities</b>	<u>614,592,146</u>	<u>567,369,077</u>	<u>47,223,069</u>
<b>Deferred inflows of resources</b>	<u>28,283,812</u>	<u>30,985,345</u>	<u>(2,701,533)</u>
<b>Net position</b>			
Net investment in capital assets	86,114,318	94,681,483	(8,567,165)
Restricted	56,183,458	36,686,684	19,496,774
Unrestricted	(237,082,936)	(227,426,126)	(9,656,810)
<b>Total net position</b>	<u>\$ (94,785,160)</u>	<u>\$ (96,057,959)</u>	<u>\$ 1,272,799</u>

\*As restated

**Changes in net position, governmental activities.** The District's total revenues increased 11.7% to \$273.4 million (See Table A-2). The increase is due primarily to funding provided by federal and state agencies in response to the pandemic.

The total cost of all programs and services increased 8.4% to \$272.1 million. The District's expenses are predominantly related to educating and caring for students, 73.1%. The purely administrative activities of the District accounted for just 5.3% of total costs. A significant contributor to the increase in costs was the District response and preparation for COVID-19.

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**

**Table A-2: Statement of Activities**

	Governmental Activities		
	2021	2020	Net Change
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 3,450,559	\$ 4,690,103	\$ (1,239,544)
Operating grants and contributions	61,488,970	32,867,265	28,621,705
General Revenues:			
Property taxes	96,834,500	88,632,543	8,201,957
Federal and state aid not restricted	104,048,106	115,622,009	(11,573,903)
Other general revenues	7,535,868	2,866,879	4,668,989
<b>Total Revenues</b>	<b>273,358,003</b>	<b>244,678,799</b>	<b>28,679,204</b>
<b>Expenses</b>			
Instruction-related	169,281,508	158,562,103	10,719,405
Pupil services	29,674,801	29,983,801	(309,000)
Administration	14,451,179	12,482,051	1,969,128
Plant services	27,336,609	23,098,103	4,238,506
All other activities	31,341,107	26,812,864	4,528,243
<b>Total Expenses</b>	<b>272,085,204</b>	<b>250,938,922</b>	<b>21,146,282</b>
Increase (decrease) in net position	\$ 1,272,799	\$ (6,260,123)	\$ 7,532,922
<b>Total Net Position</b>	<b>\$ (94,785,160)</b>	<b>\$ (96,057,959)</b>	

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$131.2 million, which is above last year's ending fund balance of \$102.4 million. The primary cause of the increased fund balance is bond proceeds from Measure H.

**Table A-3: The District's Fund Balances**

Fund	Fund Balances				
	July 1, 2020*	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2021
General Fund	\$ 37,105,274	\$ 237,103,349	\$ 232,319,174	\$ (3,541)	\$ 41,885,908
Student Activity Fund	917,280	289,284	336,642	-	869,922
Child Development Fund	197,783	1,098,608	1,029,070	-	267,321
Cafeteria Fund	2,106,018	12,864,949	8,757,751	3,541	6,216,757
Building Fund	25,642,361	600,802	5,935,812	25,000,000	45,307,351
Capital Facilities Fund	12,627,108	2,553,593	203,493	-	14,977,208
Special Reserve Fund (Capital Outlay)	-	7,622	-	1,825,384	1,833,006
Bond Interest and Redemption Fund	23,821,924	20,781,803	21,158,085	(3,566,407)	19,879,235
	<b>\$ 102,417,748</b>	<b>\$ 275,300,010</b>	<b>\$ 269,740,027</b>	<b>\$ 23,258,977</b>	<b>\$ 131,236,708</b>

\*As restated

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$29.0 million primarily to reflect changes in federal, state, and local categorical funding.
- Salaries and Benefits – decreased approximately \$3.8 million due to revised cost estimates.
- Other Non-Capital Expenditures – increased approximately \$27.6 million to re-budget carryover funds and revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$6.6 million, the actual results for the year show that revenues exceeded expenditures by roughly \$4.8 million. Actual revenues were \$10.2 million less than anticipated, and expenditures were \$21.6 million less than budgeted.

That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2021, that will be carried over into the 2021-22 budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2020-21 the District had invested \$7.5 million in new capital assets, related to building improvements and equipment. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was approximately \$10.6 million.

**Table A-4: Capital Assets at Year End, Net of Depreciation**

	Governmental Activities		
	2021	2020	Net Change
Land	\$ 16,662,847	\$ 16,837,847	\$ (175,000)
Improvement of sites	4,507,135	4,828,066	(320,931)
Buildings	284,824,460	287,568,889	(2,744,429)
Equipment	3,644,827	2,804,039	840,788
Construction in progress	2,000,309	2,987,672	(987,363)
Total	<u>\$ 311,639,578</u>	<u>\$ 315,026,513</u>	<u>\$ (3,386,935)</u>

**Long-Term Debt**

At year-end the District had \$343.1 million in long term debt other than pensions – an increase of 4.3% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements).

**Table A-5: Outstanding Long-Term Debt at Year-End**

	Governmental Activities		
	2021	2020*	Net Change
General obligation bonds	\$ 316,309,911	\$ 300,439,351	\$ 15,870,560
Supplemental Early Retirement Plan	4,976,880	7,465,320	(2,488,440)
Compensated Absences	1,793,536	1,475,261	318,275
Other Postemployment Benefits	19,977,154	19,466,470	510,684
Total	<u>\$ 343,057,481</u>	<u>\$ 328,846,402</u>	<u>\$ 14,211,079</u>

\*As restated

The net pension liability increased by \$17.4 million.

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

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**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The State Legislature Passed a Final Budget Package on June 28, 2021. The final budget package largely reflected the Legislature's approach on State Appropriations Limit (SAL)-related choices and choices to use funding from the American Rescue Plan (ARP) to offset General Fund costs. The budget package assumes that 2021-22 will end with nearly \$21 billion in total reserves. This consists of: (1) \$15.8 billion in the Budget Stabilization Account (BSA), (2) \$4 billion in Special Fund for Economic Uncertainties, and (3) \$900 million in the Safety Net Reserve, which is available for spending on the state's safety net programs, like Medi-Cal. In addition, the Proposition 98 Reserve (dedicated to school and community college spending) would reach \$4.5 billion under the spending plan.

**Budget Also Commits \$27 Billion in ARP Fiscal Relief Funds**

The ARP included \$350 billion in flexible funding to state and local governments for fiscal recovery in the Coronavirus State Fiscal Recovery Fund. Of this total, California's state government received about \$27 billion. The state has until December 31, 2024 to use the funds for any of the following purposes: (1) to respond to the public health emergency or negative economic impacts associated with the emergency; (2) to support essential work; (3) to backfill a reduction in total revenues that have occurred relative to the pre-pandemic trajectory; or (4) for water, sewer, or broadband infrastructure.

**Significant Increase in School and Community College Funding**

Proposition 98 (1988) established the minimum annual funding level for schools and community colleges. This funding requirement depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2020-21, the minimum requirement is up \$22.5 billion (31.8 percent) compared with the estimates made in June 2020. This increase represents the largest upward revision since the passage of Proposition 98 and is due to higher General Fund revenue estimates. For 2021-22, the minimum requirement increases by an additional \$309 million (0.3 percent) relative to the revised 2020-21 level.

**Makes Required Reserve Deposit, Pays Down Deferrals, and Funds New Programs**

When the minimum funding requirement is growing quickly, the Constitution requires the state to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the June 2021 budget plan, the total required deposit is \$4.5 billion—\$1.9 billion in 2020-21 and \$2.6 billion in 2021-22. The largest discretionary allocation of Proposition 98 funding is \$12.5 billion to pay down the deferrals the state adopted as part of the June 2020 budget plan. Beginning in 2021-22, schools and community colleges will receive all of their funding according to the regular monthly payment schedule. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, these augmentations focus on providing academic support for disadvantaged students, reopening schools and addressing learning loss, enhancing the education workforce, and implementing new curriculum or instructional practices in certain subjects. The community college augmentations focus on increasing the number of full-time faculty, addressing deferred maintenance at campus facilities, and funding basic student needs (including mental health services). The budget also provides a 5.07 percent baseline increase for the primary school and community college funding formulas.

**Eliminates Supplemental Payments but Establishes Multiyear Plan to Fund Universal Transitional Kindergarten**

Trailer legislation adopted in June 2020 would have required the state to make payments to schools and community colleges on top of the minimum funding requirement beginning in 2021-22. These supplemental payments were intended to accelerate the recovery of school funding from the decline the state anticipated last June. In recognition of the significant revenue increases (and ensuing increases in the guarantee) that have occurred since that time, the June 2021 budget plan repeals these payments. The budget, however, makes another commitment that will increase funding for schools—above the existing minimum requirement—on an ongoing basis. Specifically, it establishes a plan to make all four-year olds eligible for Transitional Kindergarten by 2025-26. (Currently, only children born between September 2 and December 2 are eligible.) The Legislature and the Governor have reached an agreement to cover the associated costs—approximately \$2.7 billion at full implementation—by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools.

## **OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2021*

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### **FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)**

#### **Eliminates Supplemental Payments but Establishes Multiyear Plan to Fund Universal Transitional Kindergarten (continued)**

Meanwhile, the new COVID variants continue to wreak havoc on school re-openings throughout California, as infection rates are on the rise. Complicating matters more is the new requirement that quarantined students no longer have the option of distance learning, but must instead be enrolled in independent study. All independent study programs have to demonstrate satisfactory educational progress, provide a plan for synchronous instruction, reflect grade-level standards, develop procedures for re-engaging students who are having trouble participating and provide a plan to transition students back to in-person instruction when their families wish to do so. The trailer bill language also addressed communication with students and families, the requirements of written independent study agreements and resources that must be provided to students. Districts can seek a waiver but only if certain conditions are met.

All of these factors were considered in preparing the Oceanside Unified School District budget for the 2021-22 fiscal year.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District Business Office at 2111 Mission Avenue, Oceanside, California 92054-2326.

**OCEANSIDE UNIFIED SCHOOL DISTRICT***Statement of Net Position**June 30, 2021*

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	Governmental Activities
<b>ASSETS</b>	
Deposits and investments	\$ 120,676,140
Accounts receivable	47,869,268
Inventories	497,140
Prepaid expenses	3,480,553
Capital assets:	
Non-depreciable capital assets	18,663,156
Depreciable capital assets	455,258,262
Less accumulated depreciation	<u>(162,281,840)</u>
Total assets	<u>484,162,679</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	54,226,940
Deferred outflows related to OPEB	1,741,468
Deferred amounts on refunding	<u>7,959,711</u>
Total deferred outflows of resources	<u>63,928,119</u>
<b>LIABILITIES</b>	
Accounts payable	19,178,789
Notes payable	15,000,000
Unearned revenue	5,235,600
Long-term liabilities other than pensions:	
Portion due or payable within one year	12,900,239
Portion due or payable after one year	330,157,242
Net pension liability	<u>232,120,276</u>
Total liabilities	<u>614,592,146</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	25,714,724
Deferred inflows related to OPEB	1,908,993
Deferred amounts on refunding	<u>660,095</u>
Total deferred inflows of resources	<u>28,283,812</u>
<b>NET POSITION</b>	
Net investment in capital assets	86,114,318
Restricted for:	
Capital projects	16,810,214
Debt service	19,879,235
Categorical programs	13,543,018
Student activity	769,589
Self insurance	5,181,402
Unrestricted	<u>(237,082,936)</u>
Total net position	<u>\$ (94,785,160)</u>



**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2021*

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
Instruction	\$ 143,905,987	\$ 929,170	\$ 32,094,831	\$ (110,881,986)
Instruction-Related Services:				
Supervision of instruction	7,938,617	94,950	3,150,196	(4,693,471)
Instructional library, media and technology	4,050,627	104	803,317	(3,247,206)
School site administration	13,386,277	5,418	804,488	(12,576,371)
Pupil Support Services:				
Home-to-school transportation	5,290,698	5	19,725	(5,270,968)
Food services	8,568,659	21,239	12,115,068	3,567,648
All other pupil services	15,815,444	179	3,055,124	(12,760,141)
General Administration Services:				
Data processing services	3,971,197	-	1,898,332	(2,072,865)
Other general administration	10,479,982	27,126	1,209,992	(9,242,864)
Plant services	27,336,609	2,040,096	5,791,188	(19,505,325)
Ancillary services	343,188	282,828	6,479	(53,881)
Community services	6,426	-	2	(6,424)
Interest on long-term debt	15,380,033	-	-	(15,380,033)
Other outgo	5,492,191	49,444	540,228	(4,902,519)
Depreciation (unallocated)	10,624,815	-	-	(10,624,815)
Total Governmental Activities	\$ 272,085,204	\$ 3,450,559	\$ 61,488,970	(207,145,675)
<b>General Revenues:</b>				
Property taxes				96,834,500
Federal and state aid not restricted to specific purpose				104,048,106
Interest and investment earnings				724,227
Miscellaneous				6,811,641
Subtotal general revenues				208,418,474
Change in net position				1,272,799
Net position - July 1, 2020, as originally stated				(93,091,733)
Adjustments for restatements (Note 13)				(2,966,226)
Net position - July 1, 2020, as restated				(96,057,959)
Net position - June 30, 2021				\$ (94,785,160)

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Building Fund	Bond Interest Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Deposits and investments	\$ 28,658,243	\$ 45,812,380	\$ 19,879,235	\$ 21,565,979	\$ 115,915,837
Accounts receivable	44,614,145	80,508	-	2,753,516	47,448,169
Due from other funds	282,293	-	-	47,159	329,452
Stores inventories	70,032	-	-	427,108	497,140
Prepaid expenditures	3,480,553	-	-	-	3,480,553
Total Assets	<u>\$ 77,105,266</u>	<u>\$ 45,892,888</u>	<u>\$ 19,879,235</u>	<u>\$ 24,793,762</u>	<u>\$ 167,671,151</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 14,943,043	\$ 582,896	\$ -	\$ 343,452	\$ 15,869,391
Due to other funds	47,159	2,641	-	279,652	329,452
Unearned revenue	5,229,156	-	-	6,444	5,235,600
Notes payable	15,000,000	-	-	-	15,000,000
Total Liabilities	<u>35,219,358</u>	<u>585,537</u>	<u>-</u>	<u>629,548</u>	<u>36,434,443</u>
<b>Fund Balances</b>					
Nonspendable	3,840,585	-	-	437,108	4,277,693
Restricted	7,058,940	45,307,351	19,879,235	23,727,106	95,972,632
Committed	512,500	-	-	-	512,500
Assigned	18,858,101	-	-	-	18,858,101
Unassigned	11,615,782	-	-	-	11,615,782
Total Fund Balances	<u>41,885,908</u>	<u>45,307,351</u>	<u>19,879,235</u>	<u>24,164,214</u>	<u>131,236,708</u>
Total Liabilities and Fund Balances	<u>\$ 77,105,266</u>	<u>\$ 45,892,888</u>	<u>\$ 19,879,235</u>	<u>\$ 24,793,762</u>	<u>\$ 167,671,151</u>

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2021

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<b>Total fund balances - governmental funds</b>		\$	131,236,708
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.			
	Capital assets at historical cost:	473,921,418	
	Accumulated depreciation:	<u>(162,281,840)</u>	
	Net		311,639,578
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			
			(3,309,398)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow or inflow. The remaining deferred amounts on refunding at the end of the period were:			
			7,299,616
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
	General obligation bonds payable	316,309,911	
	Compensated absences payable	1,793,536	
	Supplemental Early Retirement	4,976,880	
	Other postemployment benefits	<u>19,977,154</u>	
	Total		(343,057,481)
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.			
			(232,120,276)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:			
			5,181,402
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred outflows and inflows relating to pensions for the period were:			
	Deferred outflows of resources	54,226,940	
	Deferred inflows of resources	<u>(25,714,724)</u>	
	Total		28,512,216
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported. Deferred outflows and inflows relating to OPEB for the period were:			
	Deferred outflows of resources	1,741,468	
	Deferred inflows of resources	<u>(1,908,993)</u>	
	Total		<u>(167,525)</u>
<b>Total net position - governmental activities</b>		\$	<u><u>(94,785,160)</u></u>

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 168,287,513	\$ -	\$ -	\$ -	\$ 168,287,513
Federal sources	30,881,790	-	-	11,692,347	42,574,137
Other state sources	24,041,400	-	115,262	2,118,275	26,274,937
Other local sources	13,892,646	600,802	20,666,541	3,003,434	38,163,423
Total Revenues	237,103,349	600,802	20,781,803	16,814,056	275,300,010
<b>EXPENDITURES</b>					
Current:					
Instruction	144,871,226	-	-	813,703	145,684,929
Instruction-Related Services:					
Supervision of instruction	8,029,225	-	-	134,660	8,163,885
Instructional library, media and technology	3,617,017	-	-	-	3,617,017
School site administration	13,059,155	-	-	-	13,059,155
Pupil Support Services:					
Home-to-school transportation	5,370,616	-	-	-	5,370,616
Food services	111,491	-	-	8,547,850	8,659,341
All other pupil services	15,494,454	-	-	-	15,494,454
Ancillary services	6,370	-	-	336,642	343,012
Community services	6,304	-	-	-	6,304
General Administration Services:					
Data processing services	4,081,736	-	-	-	4,081,736
Other general administration	9,838,674	-	-	32,882	9,871,556
Transfers of indirect costs	(252,208)	-	-	252,208	-
Plant services	26,752,260	-	-	50,857	26,803,117
Capital outlay	75,852	5,784,505	-	158,154	6,018,511
Intergovernmental transfers	1,215,925	-	-	-	1,215,925
Debt service:					
Issuance costs	41,077	151,307	507,063	-	699,447
Principal	-	-	12,372,792	-	12,372,792
Interest	-	-	8,278,230	-	8,278,230
Total Expenditures	232,319,174	5,935,812	21,158,085	10,326,956	269,740,027
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,784,175	(5,335,010)	(376,282)	6,487,100	5,559,983
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund transfers in	-	-	-	3,541	3,541
Interfund transfers out	(3,541)	-	-	-	(3,541)
Issuance of debt - proceeds from GO bonds	-	25,000,000	-	-	25,000,000
Issuance of debt - proceeds from refunding bonds	-	-	25,974,497	-	25,974,497
Premium on debt issuance	-	-	5,324,975	-	5,324,975
Deposit with escrow agent from refunding bonds	-	-	(27,087,627)	-	(27,087,627)
Defeasance of Proposition G and H	-	-	(7,778,252)	-	(7,778,252)
Proceeds from property sale	-	-	-	1,825,384	1,825,384
Total Other Financing Sources and Uses	(3,541)	25,000,000	(3,566,407)	1,828,925	23,258,977
Net Change in Fund Balances	4,780,634	19,664,990	(3,942,689)	8,316,025	28,818,960
Fund Balances, July 1, 2020, as originally stated	37,105,274	25,642,361	23,821,924	14,930,909	101,500,468
Adjustments for restatements (Note 13)	-	-	-	917,280	917,280
Fund Balances, July 1, 2020, as restated	37,105,274	25,642,361	23,821,924	15,848,189	102,417,748
Fund Balances, June 30, 2021	\$ 41,885,908	\$ 45,307,351	\$ 19,879,235	\$ 24,164,214	\$ 131,236,708

# OCEANSIDE UNIFIED SCHOOL DISTRICT

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

**Total net change in fund balances - governmental funds** \$ 28,818,960

Amounts reported for governmental *activities* in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period was:

Expenditures for capital outlay	7,454,004	
Depreciation expense	<u>(10,624,815)</u>	(3,170,811)

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

34,902,279

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(216,124)

In governmental funds, issuances of debt are recognized as other financing sources. In the government-wide statements, issuances from debt are reported as increases to liabilities. Amounts recognized in governmental funds, net of issue premium were:

(56,299,472)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these charges are recognized as an expenditure. However, in the statement of activities these amounts are amortized over the shorter of the life of the refunded bonds or the refunding bonds. The difference between current year amounts and the current year amortization was:

(936,362)

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. Accreted interest additions less accreted interest paid during the year was:

3,671,675

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or an other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premiums or discount for the period was:

1,854,958

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

785,577

In the statement of activities, compensated absences 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).

(318,275)

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, including early retirement incentives. This year, expenses incurred for such obligations were:

2,488,440

In government funds, OPEB costs are recognized when employer contributions are made in the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was:

(429,016)

The internal service fund is used by management to charge the cost of self-insurance activities. The net revenue (expense) of the internal service fund is reported with governmental activities.

505,545

In government funds, pension costs are recognized when employer contributions are made in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

(10,384,575)

**Change in net position of governmental activities** \$ 1,272,799

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Statement of Net Position – Proprietary Fund*  
*June 30, 2021*

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	Governmental Activities
	Internal Service Funds
<b>CURRENT ASSETS</b>	
Deposits and investments	\$ 4,760,303
Accounts receivable	421,099
Total Assets	<u>5,181,402</u>
<b>LIABILITIES</b>	
Total liabilities	<u>-</u>
<b>NET POSITION</b>	
Restricted for insurance claims	<u>\$ 5,181,402</u>

**OCEANSIDE UNIFIED SCHOOL DISTRICT***Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund  
For the Fiscal Year Ended June 30, 2021*

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	Governmental Activities <hr/> Internal Service Funds <hr/>
<b>OPERATING REVENUES</b>	
Charges to other funds	\$ 2,068,279
Total operating revenues	<hr/> 2,068,279
<b>OPERATING EXPENSES</b>	
Services and other operating expenses	<hr/> 1,628,341
Total operating expenses	<hr/> 1,628,341
Operating Income (Loss)	439,938
<b>NON-OPERATING REVENUES</b>	
Interest income	<hr/> 65,607
Change in net position	505,545
Net position, July 1, 2020	<hr/> 4,675,857
Net position, June 30, 2021	<hr/> <hr/> \$ 5,181,402

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Statement of Cash Flows – Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2021*

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	Governmental Activities
	Internal Service Funds
	<u>                    </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from assessments made to other funds	\$ 1,848,373
Cash payments for payroll, insurance and operating costs	<u>(1,649,695)</u>
Net cash provided (used) by operating activities	198,678
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>75,564</u>
Net increase (decrease) in cash and cash equivalents	274,242
Cash, July 1, 2020	<u>4,486,061</u>
Cash, June 30, 2021	<u>\$ 4,760,303</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 439,938
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(219,906)
Increase (decrease) in accounts payable	<u>(21,354)</u>
Net cash provided (used) by operating activities	<u>\$ 198,678</u>



# OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Oceanside Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

### A. Reporting Entity

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, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

### B. Basis of Presentation, Basis of Accounting

#### 1. Basis of Presentation

##### District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

##### Fund Financial Statements

The fund financial statements provide information about the District's funds, including its proprietary funds. Separate statements for each fund category - *governmental* and *proprietary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### B. Basis of Presentation, Basis of Accounting (continued)

#### 1. Basis of Presentation (continued)

##### Major Governmental Funds

The District maintains the following major governmental funds:

**General Fund:** This is the chief operating fund for the District. 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.

**Building Fund:** This 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.

**Bond Interest and Redemption Fund:** This fund is used for the repayment of bonds issued for the District (*Education Code* sections 15125-15262).

##### Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

**Special Revenue Funds:** Special revenue funds are established 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 District maintains a separate fund for each school that operates an Associated Student Body (ASB), whether it is organized or not.

**Child Development Fund:** This fund is used to account separately for federal, state, and local revenues to operate child development programs.

**Cafeteria Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090 and 38093).

**Capital Projects Funds:** Capital projects funds are established 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:** This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.). This fund had no activity in fiscal year 2020-21 and has no balance as of June 30, 2021.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. Basis of Presentation, Basis of Accounting (continued)

##### 1. Basis of Presentation (continued)

###### Non-Major Governmental Funds (continued)

**County School Facilities Fund:** This fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

**Special Reserve Fund for Capital Outlay Projects:** This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

###### Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary funds:

**Internal Service Funds:** These funds are used to account for services rendered on a cost-reimbursement basis within the District. The District operates workers' compensation and property and liability insurance programs that are accounted for in the Internal Service Fund. In addition, the District's health and welfare benefit programs are accounted for in the Internal Service Fund.

**Self-Insurance Fund:** Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds in the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code* Section 17566).

##### 2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. Basis of Presentation, Basis of Accounting (continued)

##### 2. Measurement Focus, Basis of Accounting (continued)

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

##### 3. 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. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. 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.

#### C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

#### D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

#### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

##### 1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

#### 2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### 3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	25-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

#### 4. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

#### 5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

#### 6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

#### 7. 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 District Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize 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.

#### 8. 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 District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition 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. Investments are reported at fair value.

#### 9. Fund Balances

The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**Nonspendable:** Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

**Restricted:** Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

**Committed:** The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

**Assigned:** Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

**Unassigned:** Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 10. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

#### F. Minimum Fund Balance Policy

The District has adopted a policy to maintain a minimum economic uncertainty reserve of at least 4% of total general fund expenditures and other financing uses. The reserve may be increased from time to time in order to address specific anticipated revenue or cash flow shortfalls. In the event that the balance drops below the established minimum level, the governing board will develop a plan and time line to replenish the fund balance to established minimum level. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

#### G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

#### H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### I. New GASB Pronouncements

The following Statements have been implemented as of June 30, 2021:

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

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

2. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.



# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### J. Future Accounting Pronouncements

GASB pronouncements which will be effective in future periods, are as follows:

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

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### J. Future Accounting Pronouncements (continued)

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

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

The requirements of this Statement are effective as follows:

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

Earlier application is encouraged and is permitted by topic.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### J. Future Accounting Pronouncements (continued)

5. In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depending on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

6. In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

### NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds	\$ 115,915,837
Proprietary funds	4,760,303
Governmental activities	<u>\$ 120,676,140</u>

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

Cash on hand and in banks	\$ 784,483
Cash in revolving fund	300,000
Investments	119,591,657
Total deposits and investments	<u>\$ 120,676,140</u>

#### Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

### NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

#### Pooled Funds (continued)

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2021, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

#### Custodial Credit Risk – Deposits

Custodial credit risk 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. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2021, \$832,785 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

#### Investments - Interest Rate Risk

The District’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District’s investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Governing Board. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2021, consist of the following:

	Rating	Fair Value Amount	Maturity		Fair Value Measurement
			Less Than One Year	One Year Through Five Years	
Investment maturities:					
County Pool	N/A	\$ 119,591,657	\$ 119,591,657	-	Uncategorized

#### Investments - Credit Risk

The District’s investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2021, all investments represented governmental securities which were issued, registered and held by the District’s agent in the District’s name.

#### Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2021, the District had the following investments that represents more than five percent of the District’s net investments other than Cash in County Treasury Pool.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

### NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

#### 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 date 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.

Uncategorized – Investments in the San Diego County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

All assets have been valued using a market approach, with quoted market prices.

### NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2021, consisted of the following:

	Governmental Activities				
	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Fund
Federal Government:					
Categorical aid programs	\$ 1,977,670	\$ -	\$ -	\$ 1,977,670	\$ -
Special education	3,588,091	-	-	3,588,091	-
Child nutrition	-	-	2,476,226	2,476,226	-
State Government:					
LCFF	26,438,176	-	-	26,438,176	-
Lottery	1,126,327	-	-	1,126,327	-
Categorical aid programs	202,477	-	58,863	261,340	-
Child nutrition	-	-	125,177	125,177	-
Local:					
Interest	70,282	80,508	29,829	180,619	8,364
Interagency services	1,909,931	-	41,251	1,951,182	-
Transfers of apportionment	3,230,201	-	-	3,230,201	-
Other local	6,070,990	-	22,170	6,093,160	412,735
<b>Total</b>	<b>\$ 44,614,145</b>	<b>\$ 80,508</b>	<b>\$ 2,753,516</b>	<b>\$ 47,448,169</b>	<b>\$ 421,099</b>

**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

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**NOTE 4 – INTERFUND TRANSACTIONS**

**A. Balances Due To/From Other Funds**

Balances due to/from other funds at June 30, 2021, consisted of the following:

	Due From Other Funds		
	General Fund	Non-Major Governmental Funds	Total Governmental Funds
General Fund	\$ -	\$ 47,159	\$ 47,159
Building Fund	2,641	-	2,641
Non-Major Governmental Funds	279,652	-	279,652
Total	<u>\$ 282,293</u>	<u>\$ 47,159</u>	<u>\$ 329,452</u>

General Fund due to Cafeteria fund for Covid leave payment, payroll corrections	\$	47,159
Child Development Fund due to General Fund for reclass workers comp and salaries, indirect costs, and GASB 75		25,166
Cafeteria Fund due to General Fund for reclassing workers comp, indirect costs, and GASB 75.		221,703
Building Fund due to General Fund for reclass workers comp, clear cal card, and GASB 75.		2,641
Capital Facilities Fund due to General Fund for developer fees		32,783
<b>Total Due to/Due from Balances</b>	<u>\$</u>	<u>329,452</u>

**B. Transfers To/From Other Funds**

Transfers to/from other funds at June 30, 2021, consisted of the following:

General Fund transfer to Cafeteria Special Revenue Fund for miscellaneous purposes	<u>\$</u>	<u>3,541</u>
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# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

### NOTE 5 – FUND BALANCES

At June 30, 2021, fund balances of the District’s governmental funds were classified as follows:

	General Fund	Building Fund	Bond Interest Redemption Fund	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>					
Revolving cash	\$ 290,000	\$ -	\$ -	\$ 10,000	\$ 300,000
Stores inventories	70,032	-	-	427,108	497,140
Prepaid expenditures	3,480,553	-	-	-	3,480,553
Total Nonspendable	3,840,585	-	-	437,108	4,277,693
<b>Restricted:</b>					
Categorical programs	7,058,940	-	-	267,321	7,326,261
Student activity	-	-	-	769,589	769,589
Food service program	-	-	-	5,879,982	5,879,982
Capital projects	-	45,307,351	-	16,810,214	62,117,565
Debt service	-	-	19,879,235	-	19,879,235
Total Restricted	7,058,940	45,307,351	19,879,235	23,727,106	95,972,632
<b>Committed:</b>					
Post-retirement benefits	512,500	-	-	-	512,500
Total Committed	512,500	-	-	-	512,500
<b>Assigned:</b>					
Turf replacement	3,000,000	-	-	-	3,000,000
Ongoing COVID-related expenditures	4,000,000	-	-	-	4,000,000
Textbooks and professional development	2,000,000	-	-	-	2,000,000
Potential litigation	2,500,000	-	-	-	2,500,000
HVAC replacement	5,000,000	-	-	-	5,000,000
Deferred maintenance	2,158,606	-	-	-	2,158,606
Site donation carryover	199,495	-	-	-	199,495
Total Assigned	18,858,101	-	-	-	18,858,101
<b>Unassigned:</b>					
Reserve for economic uncertainties	11,615,782	-	-	-	11,615,782
Total Unassigned	11,615,782	-	-	-	11,615,782
<b>Total</b>	<b>\$ 41,885,908</b>	<b>\$ 45,307,351</b>	<b>\$ 19,879,235</b>	<b>\$ 24,164,214</b>	<b>\$ 131,236,708</b>

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
 June 30, 2021

**NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

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

	Balance, July 1, 2020	Additions	Deletions	Balance, June 30, 2021
Capital assets not being depreciated:				
Land	\$ 16,837,847	\$ -	\$ 175,000	\$ 16,662,847
Construction in progress	2,987,672	1,887,531	2,874,894	2,000,309
Total capital assets not being depreciated	<u>19,825,519</u>	<u>1,887,531</u>	<u>3,049,894</u>	<u>18,663,156</u>
Capital assets being depreciated:				
Site improvements	10,855,833	-	-	10,855,833
Buildings	415,823,285	7,124,949	474,686	422,473,548
Furniture and equipment	20,619,846	1,316,418	7,383	21,928,881
Total capital assets being depreciated	<u>447,298,964</u>	<u>8,441,367</u>	<u>482,069</u>	<u>455,258,262</u>
Less accumulated depreciation:				
Site improvements	(6,027,767)	(320,931)		(6,348,698)
Buildings	(128,254,396)	(9,831,576)	(436,884)	(137,649,088)
Furniture and equipment	(17,815,807)	(472,308)	(4,061)	(18,284,054)
Total accumulated depreciation	<u>(152,097,970)</u>	<u>(10,624,815)</u>	<u>(440,945)</u>	<u>(162,281,840)</u>
Total capital assets being depreciated, net	<u>295,200,994</u>	<u>(2,183,448)</u>	<u>41,124</u>	<u>292,976,422</u>
Governmental Activities Capital Assets, net	<u>\$ 315,026,513</u>	<u>\$ (295,917)</u>	<u>\$ 3,091,018</u>	<u>\$ 311,639,578</u>

**NOTE 7 – TAX AND REVENUE ANTICIPATION NOTES**

On December 15, 2020, the Board of Education authorized Tax and Revenue Anticipation notes not to exceed \$25,000,000 and participation in the San Diego County and School District Tax and Revenue Anticipation Note Program. Notes in the amount of \$15,000,000 were borrowed on March 29, 2021, with a maturity date of December 31, 2021, and an interest rate of 0.25%.

Below is a schedule of changes in short-term debt:

	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021
Tax and Revenue Anticipation Notes	\$ -	\$ 15,000,000	\$ -	\$ 15,000,000

**NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS**

Changes in long-term debt for the year ended June 30, 2021, were as follows:

	Balance, July 1, 2020	Audit Restatements	As Restated, July 1, 2020	Additions	Deductions	Balance, June 30, 2021	Amount Due Within One Year
General Obligation Bonds:							
Principal repayments	\$ 237,048,958	-	\$ 237,048,958	\$ 50,974,497	\$ 34,902,279	\$ 253,121,176	\$ 8,461,789
Accreted interest component	46,215,982	2,932,993	49,148,975	7,673,011	11,344,686	45,477,300	753,211
Issuance premium	14,241,418	-	14,241,418	5,324,975	1,854,958	17,711,435	1,196,799
Total - Bonds	<u>297,506,358</u>	<u>2,932,993</u>	<u>300,439,351</u>	<u>63,972,483</u>	<u>48,101,923</u>	<u>316,309,911</u>	<u>10,411,799</u>
Early retirement incentive	7,465,320	-	7,465,320	-	2,488,440	4,976,880	2,488,440
Compensated absences	1,475,261	-	1,475,261	318,275	-	1,793,536	-
Other postemployment benefits	18,515,957	950,513	19,466,470	1,351,521	840,837	19,977,154	-
Totals	<u>\$ 324,962,896</u>	<u>\$ 3,883,506</u>	<u>\$ 328,846,402</u>	<u>\$ 65,642,279</u>	<u>\$ 51,431,200</u>	<u>\$ 343,057,481</u>	<u>\$ 12,900,239</u>

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund. Compensated absences and OPEB will be paid by the fund for which the employee worked. The supplemental early retirement plan will be paid from the General Fund.



# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

#### A. General Obligation Bonds

##### Election of 2008 (Proposition H)

On June 3, 2008, the voters of the District passed by 71% Proposition H, a \$195 million general obligation bond authorization. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were used to finance the construction and improvements of certain real property for the District.

On September 2, 2020, the District issued \$25,000,000 Election of 2008, Series F General Obligation Bonds. The bonds were issued for the purpose of funding construction, acquisition and modernization projects of the District and to pay for the cost of issuance of the bonds. The bonds bear interest between .25% and 4.00% annually between October 1, 2020, and August 1, 2033.

##### 2020 General Obligation Refunding Bonds

On September 2, 2020 the District issued \$8,075,000 in General Obligation Refunding Bonds as current interest bonds. The bonds bear an interest rate of 4% with annual maturities between August 1, 2021 and August 1, 2028. The net proceeds of \$9,420,683 after premiums of \$1,479,011 less issue, underwriter, and insurance costs of \$133,328 were used to prepay all of the outstanding 2010 General Obligation Refunding Bonds. The refunding decreased total debt service payments by \$1,861,389. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of \$1,695,555.

Also on September 2, 2020, the District issued \$17,899,497 in General Obligation Refunding Bonds. These bonds consist of term bonds of \$9,245,186 due on August 1, 2043 and \$8,654,311 due August 1, 2045 with maturity values of \$17,170,000 and \$17,175,000 respectively. Net proceeds of \$17,832,374 after underwriter costs of \$67,123 were used to pay a portion of the 2008 Series B General Obligation Bonds. The refunding decreased total debt service payments by \$54,334,565. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of \$32,463,270.

##### Prior Refunding Bonds

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

At June 30, 2021, \$2.6 million of the bonds outstanding are considered defeased. The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow or a deferred inflow of resources and recognized as a component (or offset) of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, deferred outflows from refunding were \$7,959,711 while deferred inflows from refunding were \$660,095.

##### Defeasance

On July 21, 2020, the District used Proposition G reserves of \$3,252,122 less issue costs of \$5,561 to defease a portion of principal and interest payments for 2012 General Obligation Refunding Bonds. The District also used \$4,526,130 of Proposition H reserves less issue costs of \$10,711 to defease a portion of principal and interest payments for 2008, Series A Capital Appreciation Bonds.

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
 June 30, 2021

**NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)**

**A. General Obligation Bonds (continued)**

A summary of outstanding general obligation bonds issued is presented below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2020	Issued	Redeemed	Advance Refunded	Balance, June 30, 2021
<b>Refunding Bonds</b>									
2010	5/19/2010	8/1/2028	3.125%-5.00%	\$ 14,320,000	\$ 10,445,000	-	\$ 1,095,000	\$ 9,350,000	\$ -
2012	5/3/2012	8/1/2027	2.00%-5.00%	23,585,000	15,955,000	-	1,005,000	2,960,000	11,990,000
2014	7/15/2014	8/1/2034	3.00%-5.00%	32,385,000	29,980,000	-	1,555,000	-	28,425,000
2015	11/19/2015	8/1/2051	2.00%-5.00%	42,790,000	40,980,000	-	-	-	40,980,000
2018	8/14/2018	8/1/2033	3.125%-4.000%	30,370,000	28,875,000	-	1,445,000	-	27,430,000
2020	9/2/2020	8/1/2028	4.00%	8,075,000	-	8,075,000	-	-	8,075,000
2020	9/2/2020	8/1/2045	2.72%-2.77%	17,899,497	-	17,899,497	-	-	17,899,497
Subtotal Refunding Bonds					126,235,000	25,974,497	5,100,000	12,310,000	134,799,497
<b>2008 Election</b>									
A	3/4/2009	8/1/2031	3.83%-8.00%	\$ 49,995,054	21,116,009	-	727,792	1,522,210	18,866,007
B	5/19/2010	8/1/2049	6.51%-10.45%	29,999,991	23,051,388	-	-	8,697,277	14,354,111
C	5/3/2012	8/1/2051	5.82%-6.98%	14,999,282	11,486,561	-	-	-	11,486,561
D	4/7/2016	8/1/2045	2.0%-5.0%	35,000,000	31,610,000	-	-	-	31,610,000
E	7/2/2019	8/1/2048	2.37%-4.000%	25,000,000	23,550,000	-	3,200,000	-	20,350,000
F	9/2/2020	8/1/2033	.250%-4.000%	25,000,000	-	25,000,000	3,345,000	-	21,655,000
Subtotal 2008 Election Bonds					110,813,958	25,000,000	7,272,792	10,219,487	118,321,679
<b>Total</b>					<b>\$ 237,048,958</b>	<b>\$ 50,974,497</b>	<b>\$ 12,372,792</b>	<b>\$ 22,529,487</b>	<b>\$ 253,121,176</b>
<b>Accreted Interest</b>					<b>July 1, 2020*</b>	<b>Additions</b>	<b>Deductions</b>	<b>Defeased</b>	<b>June 30, 2021</b>
2008	Series A			\$ 21,164,544	\$ 2,666,572	\$ 572,208	\$ 1,570,258	\$ 21,688,650	
2008	Series B			21,112,645	3,657,573	-	9,202,220	15,567,998	
2008	Series C			6,871,786	1,145,888	-	-	8,017,674	
2020	Refunding			-	202,978	-	-	202,978	
Total Accreted Interest					\$ 49,148,975	\$ 7,673,011	\$ 572,208	\$ 10,772,478	\$ 45,477,300

\* 2008 Series B beginning balance restated

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2021, were as follows:

Fiscal Year	Principal	Interest	Total
2021-2022	\$ 8,461,789	\$ 8,529,267	\$ 16,991,056
2022-2023	8,771,608	8,391,148	17,162,756
2023-2024	7,593,744	9,681,862	17,275,606
2024-2025	8,102,670	9,816,112	17,918,782
2025-2026	9,774,693	9,987,888	19,762,581
2026-2031	52,560,852	54,090,107	106,650,959
2031-2036	61,435,845	45,263,255	106,699,100
2036-2041	22,558,192	84,165,933	106,724,125
2041-2046	28,456,414	54,917,271	83,373,685
2046-2051	41,739,482	19,622,847	61,362,329
2051-2052	3,665,887	403,878	4,069,765
<b>Totals</b>	<b>\$ 253,121,176</b>	<b>\$ 304,869,568</b>	<b>\$ 557,990,744</b>

**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

**NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)**

**B. Early Retirement Incentive**

The District has established a supplemental early retirement incentive program (SERP) for eligible employees through Mutual of Omaha Bank, effective July 2018. The incentive was financed over five years. The total future payments owing at June 30, 2021 for these obligations are shown below.

Future Years	Amount
2021-2022	\$ 2,488,440
2022-2023	2,488,440
Total	<u>4,976,880</u>

**C. Other Postemployment Benefits (OPEB) Liability**

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 18,896,586	\$ 1,741,468	\$ 1,908,993	\$ 1,139,798
MPP Program	1,080,568	-	-	130,055
Total	<u>\$ 19,977,154</u>	<u>\$ 1,741,468</u>	<u>\$ 1,908,993</u>	<u>\$ 1,269,853</u>

The details of each plan are as follows:

**District Plan**

***Plan description***

The District’s single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

***Benefits provided***

The eligibility requirements and benefits provided by the Plan are described below:

	<u>Certificated*</u>	<u>Classified*</u>	<u>Management*</u>
Benefit types provided	Medical only	Medical only	Medical only
Duration of benefits	To age 65	To age 65	To age 65
Required service	20 years	20 years	20 years
Minimum age	55	55	55
Dependent coverage	No	No	No
District contribution %	100%	100%	100%
District cap	\$1,800 per year	\$1,800 per year	\$1,800 per year

\* Certain retirees are covered under other, grandfathered retiree health benefit plans.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

#### C. Other Postemployment Benefits (OPEB) Liability (continued)

##### District Plan (continued)

##### *Employees covered by benefit terms*

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	148
Active employees	1,446
Total	<u>1,594</u>

##### *Total OPEB Liability*

The District's total OPEB liability of \$18,896,586 for the Plan was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2020</b>	<u>\$ 18,515,957</u>
<b>Changes for the year:</b>	
Service cost	744,780
Interest	406,294
Changes of assumptions	70,392
Benefit payments	(840,837)
Net changes	<u>380,629</u>
<b>Balance at June 30, 2021</b>	<u>\$ 18,896,586</u>

##### *Actuarial Assumptions and Other Inputs*

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

Valuation Date	June 30, 2020
Inflation	2.75 percent
Salary increases	2.75 percent
Healthcare cost trend rates	4.00 percent

##### *Discount Rate*

The discount rate of 2.16 was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed eighteen years.

##### *Mortality Rates*

Mortality rates are based on:

Certificated	2020 CalSTRS Mortality Table
Classified	2017 CalPERS Active Mortality for Miscellaneous Employees Table
Miscellaneous	2017 CalPERS Active Mortality for Miscellaneous Employees Table

**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

**NOTE 8— LONG-TERM DEBT OTHER THAN PENSIONS (continued)**

**C. Other Postemployment Benefits (OPEB) Liability (continued)**

**District Plan (continued)**

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2020</b>	<u>\$ 18,515,957</u>
<b>Changes for the year:</b>	
Service cost	744,780
Interest	406,294
Changes of assumptions	70,392
Benefit payments	<u>(840,837)</u>
Net changes	<u>380,629</u>
<b>Balance at June 30, 2021</b>	<u><u>\$ 18,896,586</u></u>

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

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

<u>Discount Rate</u>	<u>OPEB Liability</u>
1% decrease	\$ 20,589,152
Current discount rate	\$ 18,896,586
1% increase	\$ 17,384,477

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

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

<u>Healthcare Cost Trend Rate</u>	<u>OPEB Liability</u>
1% decrease	\$ 16,965,819
Current trend rate	\$ 18,896,586
1% increase	\$ 21,194,306

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,139,798. In addition, at June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,908,993
Changes of assumptions	<u>1,741,468</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 1,741,468</u></u>	<u><u>\$ 1,908,993</u></u>

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

#### C. Other Postemployment Benefits (OPEB) Liability (continued)

##### District Plan (continued)

##### *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)*

The deferred outflows and inflows of resources related to changes of assumptions and differences between expected and actual experience in the measurement of the total OPEB liability 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 is 13.4 years for the 2020-21 and 2019-20 measurement periods and 12.9 years for the 2018-19 measurement period.

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 156,180	\$ 167,456
2023	156,180	167,456
2024	156,180	167,456
2025	156,180	167,456
2026	156,180	167,456
Thereafter	960,568	1,071,713
Totals	\$ 1,741,468	\$ 1,908,993

##### Medicare Premium Payment (MPP) Program

###### *Plan Description*

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

###### *Benefits Provided*

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit 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. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2020, 5,443 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

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**NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)**

**C. Other Postemployment Benefits (OPEB) Liability (continued)**

**Medicare Premium Payment (MPP) Program (continued)**

***Benefits Provided (continued)***

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 25930, contributions that would otherwise be credited to the Defined Benefit 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.

***Total OPEB Liability***

At June 30, 2021, the District reported a liability of \$1,080,568 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2020, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. 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 and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<b>Percentage Share of MPP Program</b>		<b>Change Increase/ (Decrease)</b>
	<b>Fiscal Year Ending June 30, 2021</b>	<b>Fiscal Year Ending June 30, 2020</b>	
Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
Proportion of the Net OPEB Liability	0.254980%	0.255242%	-0.000262%

For the year ended June 30, 2021, the District reported OPEB expense of \$130,055.

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as 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' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population of 159,339.

**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

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**NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)**

**C. Other Postemployment Benefits (OPEB) Liability (continued)**

**Medicare Premium Payment (MPP) Program (continued)**

***Actuarial Assumptions and Other Inputs (continued)***

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

***Discount Rate***

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

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer’s 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2020, was 2.21%, which is a decrease of 1.29% from 3.50% as of June 30, 2019.

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

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

Discount Rate	MPP OPEB Liability
1% decrease	\$ 1,194,868
Current discount rate	\$ 1,080,568
1% increase	\$ 983,306

***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, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	\$ 979,787
Current trend rate	\$ 1,080,568
1% increase	\$ 1,196,584



# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 9 – PENSION PLANS

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

For the fiscal year ended June 30, 2021, the District reported 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	\$ 163,047,792	\$ 39,898,644	\$ 19,573,360	\$ 22,201,584
CalPERS	69,072,484	14,328,296	6,141,364	12,344,927
Total	\$ 232,120,276	\$ 54,226,940	\$ 25,714,724	\$ 34,546,511

The details of each plan are as follows:

#### A. California State Teachers' Retirement System (CalSTRS)

##### Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>

##### 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 non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 9 – PENSION PLANS (continued)

#### A. California State Teachers' Retirement System (CalSTRS) (continued)

##### Benefits Provided (continued)

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.15%	16.15%
Required State Contribution Rate	10.328%	10.328%

##### Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the Defined Benefit Program.

The contribution rates for each program for the year ended June 30, 2021, are presented above, and the District's total contributions were \$14,844,381.

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

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

District's proportionate share of net pension liability	\$	163,047,792
State's proportionate share of the net pension liability associated with the District		<u>84,051,156</u>
Total	\$	<u>247,098,948</u>

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

### NOTE 9 – PENSION PLANS (continued)

#### A. California State Teachers’ Retirement System (CalSTRS) (continued)

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

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year	Fiscal Year	
	Ending June 30, 2021	Ending June 30, 2020	
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.168248%	0.165145%	0.003104%

For the year ended June 30, 2021, the District recognized pension expense of \$22,201,584. In addition, the District recognized pension expense and revenue of \$2,627,967 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,844,381	\$ -
Net change in proportionate share of net pension liability	2,628,440	12,609,561
Difference between projected and actual earnings on pension plan investments	6,238,649	2,365,572
Changes of assumptions	15,899,469	-
Differences between expected and actual experience	287,705	4,598,227
Total	<u>\$ 39,898,644</u>	<u>\$ 19,573,360</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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 7 years.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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## NOTE 9 – PENSION PLANS (continued)

### A. California State Teachers' Retirement System (CalSTRS) (continued)

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 5,474,258	\$ 6,512,283
2023	6,793,325	3,823,675
2024	8,114,074	3,108,939
2025	2,955,580	2,820,118
2026	670,767	2,023,163
Thereafter	1,046,259	1,285,182
Total	<u>\$ 25,054,263</u>	<u>\$ 19,573,360</u>

#### Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of 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 our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

The long-term investment rate of return assumption 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 investment staff and investment consultants as inputs 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.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 9 – PENSION PLANS (continued)

#### A. California State Teachers' Retirement System (CalSTRS) (continued)

##### Actuarial Methods and Assumptions (continued)

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 expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	42%	4.8%
Fixed Income	15%	3.6%
Real Estate	13%	6.3%
Private Equity	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%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. 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 expenses occur midyear. Based on those 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 the 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%)	\$ 246,342,501
Current discount rate (7.10%)	163,047,792
1% increase (8.10%)	94,276,279

##### 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 pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$9,512,097.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 9 – PENSION PLANS (continued)

#### B. California Public Employees Retirement System (CalPERS)

##### Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Accounting Report. 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/employers/actuarial-resources/gasb>.

##### Benefits Provided

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

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

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0 – 2.5%	2.0 – 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	20.70%	20.70%

##### Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021 are presented above, and the total District contributions were \$6,689,590.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 9 – PENSION PLANS (continued)

#### B. California Public Employees Retirement System (CalPERS) (continued)

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$69,072,484. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.225116%	0.224924%	0.000192%

For the year ended June 30, 2021, the District recognized pension expense of \$12,344,927. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,689,590	\$ -
Net change in proportionate share of net pension liability	795,170	4,414,772
Difference between projected and actual earnings on pension plan investments	3,164,461	1,726,592
Changes of assumptions	253,291	-
Differences between expected and actual experience	3,425,784	-
Total	<u>\$ 14,328,296</u>	<u>\$ 6,141,364</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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 9 – PENSION PLANS (continued)

#### B. California Public Employees Retirement System (CalPERS) (continued)

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 3,543,172	\$ 2,796,430
2023	2,223,960	1,778,401
2024	1,171,604	1,424,120
2025	699,970	142,413
2026	-	-
Thereafter	-	-
Total	\$ 7,638,706	\$ 6,141,364

##### Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2019
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.50%
Wage Growth	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.



# OCEANSIDE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 9 – PENSION PLANS (continued)

#### B. California Public Employees Retirement System (CalPERS) (continued)

##### Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	(0.92%)

##### Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 99,304,291
Current discount rate (7.15%)	69,072,484
1% increase (8.15%)	43,981,601

#### C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

#### D. Payables to the Pension Plans

At June 30, 2021, the District reported payables of \$61,627 and \$56,906 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2021.

## OCEANSIDE UNIFIED SCHOOL DISTRICT

### *Notes to Financial Statements*

*June 30, 2021*

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#### **NOTE 10 – JOINT VENTURES**

The District participates in one joint powers agreement (JPA) entity, the San Diego County Schools Risk Management (SDCSR). The relationship between the District and the JPA is such that the JPA is not a component unit of the District.

The JPA arranges for and provides for various types of insurances for its member districts as requested. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

Financial information for the JPA can be obtained directly from the entity.

#### **NOTE 11 – COMMITMENTS AND CONTINGENCIES**

##### **A. State and Federal Allowances, Awards, and Grants**

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

##### **B. Construction Commitments**

As of June 30, 2021, the District had commitments with respect to unfinished capital projects of approximately \$2.5 million to be paid from a combination of State and local funds.

##### **C. Legal Matters**

The District is involved in various legal matters that arose out of the normal course of business. In the opinion of management, none of these matters are expected to have a material effect on the financial statements, therefore, no liability has been recorded in these financial statements.

#### **NOTE 12 – RISK MANAGEMENT**

##### **Property and Liability**

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

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention (self-insurance), risk transfer to and from an insurer, and risk transfer to a noninsurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers' compensation insurance to cover any losses resulting from the risks identified above.

The District is not obligated to cover any losses beyond the premiums paid for the insurance costs. As a result, there has not been a liability recorded for incurred but not reported claims.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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## NOTE 12 – RISK MANAGEMENT (continued)

### Workers' Compensation

For fiscal year 2020-21, the District participated in the San Diego County Schools Risk Management public entity risk pool for workers' compensation, with excess coverage provided by the SELF public entity risk pool. The District maintains a \$100,000 S.I.R. account.

### Employee Medical Benefits

The District has contracted with Voluntary Employee Benefits Association (VEBA) to provide employee health and welfare benefits and is self-insured for dental and vision benefits.

## NOTE 13 – ADJUSTMENT FOR RESTATEMENTS

Beginning balances of the Statement of Activities and the Statement of Revenues Expenditures and changes in Fund Balance have been adjusted as follows:

	Statement of Activities	Statement of Revenues, Expenditures and Changes Fund Balance
Student Activity Special Revenue Fund	\$ 917,280	\$ 917,280
General Obligation Bonds Accreted Interest	(2,932,993)	-
Other Postemployment Benefits - Medicare Premium Program	(950,513)	-
Total adjustments for restatements	<u>\$ (2,966,226)</u>	<u>\$ 917,280</u>

## NOTE 14 – SUBSEQUENT EVENTS

On August 17, 2021 the District issued \$11,520,000 in General Obligation Refunding Bonds and \$50,000,000 in General Obligation Bonds, Election of 2020, Series A. The refunding bonds are being issued to refund and defease a portion of the District's outstanding 2012 GO Refunding Bonds and to pay costs of issuance. The Election of 2020, Series A Bonds are being issued for the purpose of financing specific construction, acquisition and modernization projects approved by the voters.

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*Required Supplementary Information*

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**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Budgetary Comparison Schedule – General Fund*  
*For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
<b>Revenues</b>				
LCFF Sources	\$ 169,697,491	\$ 168,697,187	\$ 168,287,513	\$ (409,674)
Federal Sources	20,366,648	38,268,419	30,881,790	(7,386,629)
Other State Sources	15,295,511	26,413,007	24,041,400	(2,371,607)
Other Local Sources	12,959,097	13,943,698	13,892,646	(51,052)
Total Revenues	218,318,747	247,322,311	237,103,349	(10,218,962)
<b>Expenditures</b>				
Current:				
Certificated Salaries	93,425,676	89,670,878	92,801,781	(3,130,903)
Classified Salaries	33,666,860	31,390,835	31,431,691	(40,856)
Employee Benefits	66,344,412	68,570,371	67,871,539	698,832
Books and Supplies	11,878,259	32,433,725	14,395,312	18,038,413
Services and Other Operating Expenditures	22,247,751	29,058,417	23,358,474	5,699,943
Transfers of indirect costs	(361,617)	(361,808)	(252,208)	(109,600)
Capital Outlay	288,000	1,586,628	1,496,660	89,968
Other Outgo	1,334,813	1,540,673	1,215,925	324,748
Total Expenditures	228,824,154	253,889,719	232,319,174	21,570,545
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,505,407)	(6,567,408)	4,784,175	11,351,583
<b>Other Financing Sources and Uses</b>				
Interfund Transfers Out		(3,540)	(3,541)	(1)
Total Other Financing Sources and Uses	-	(3,540)	(3,541)	(1)
Excess (Deficiency) of Revenues and Other Expenditures and Other Financing Uses	(10,505,407)	(6,570,948)	4,780,634	11,351,582
Fund Balance, July 1, 2020	37,105,274	37,105,274	37,105,274	-
Fund Balance, June 30, 2021	\$ 26,599,867	\$ 30,534,326	\$ 41,885,908	\$ 11,351,582

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Schedule of Proportionate Share of the Net Pension Liability*  
*For the Fiscal Year Ended June 30, 2021*

	Last Ten Fiscal Years*						
	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
<b>CalSTRS</b>							
District's proportion of the net pension liability	0.1682%	0.1651%	0.1740%	0.1770%	0.1850%	0.1900%	0.1940%
District's proportionate share of the net pension liability	\$ 163,047,792	\$ 149,152,095	\$ 159,672,511	\$ 163,579,928	\$ 149,651,338	\$ 127,591,187	\$ 113,507,163
State's proportionate share of the net pension liability associated with the District	84,051,156	81,373,083	91,420,428	96,773,292	85,206,379	67,481,492	68,316,977
Totals	\$ 247,098,948	\$ 230,525,178	\$ 251,092,939	\$ 260,353,220	\$ 234,857,717	\$ 195,072,679	\$ 181,824,140
District's covered-employee payroll	\$ 91,890,525	\$ 88,910,053	\$ 93,212,643	\$ 92,888,107	\$ 93,104,876	\$ 87,020,090	\$ 86,514,376
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	179.10%	167.80%	171.30%	176.10%	160.70%	146.60%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
<b>CalPERS</b>							
District's proportion of the net pension liability	0.2251%	0.2249%	0.2520%	0.262000%	0.2750%	0.265000%	0.2820%
District's proportionate share of the net pension liability	\$ 69,072,484	\$ 65,552,352	\$ 67,069,960	\$ 62,629,580	\$ 54,340,175	\$ 39,028,960	\$ 31,982,217
District's covered-employee payroll	\$ 32,760,640	\$ 31,493,974	\$ 33,418,192	\$ 33,618,277	\$ 32,909,499	\$ 29,597,587	\$ 29,573,702
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	212.36%	208.14%	200.70%	186.30%	165.12%	131.87%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%

\* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.



**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Schedule of Pension Contributions*  
*For the Fiscal Year Ended June 30, 2021*

	Last Ten Fiscal Years*						
	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
<b>CalSTRS</b>							
Contractually required contribution	\$ 14,844,381	\$ 15,567,188	\$ 14,442,236	\$ 13,431,816	\$ 11,715,177	\$ 10,001,655	\$ 7,727,385
Contributions in relation to the contractually required contribution	<u>14,844,381</u>	<u>15,567,188</u>	<u>14,442,236</u>	<u>13,431,816</u>	<u>11,715,177</u>	<u>10,001,655</u>	<u>7,727,385</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 91,915,672	\$ 91,890,525	\$ 88,910,053	\$ 93,212,643	\$ 92,888,107	\$ 93,104,876	\$ 87,020,090
Contributions as a percentage of covered-employee payroll	<u>16.15%</u>	<u>16.94%</u>	<u>16.24%</u>	<u>14.41%</u>	<u>12.61%</u>	<u>10.74%</u>	<u>8.88%</u>
<b>CalPERS</b>							
Contractually required contribution	\$ 6,689,590	\$ 6,414,539	\$ 5,654,103	\$ 5,195,018	\$ 4,647,290	\$ 3,913,069	\$ 3,483,635
Contributions in relation to the contractually required contribution	<u>6,689,590</u>	<u>6,414,539</u>	<u>5,654,103</u>	<u>5,195,018</u>	<u>4,647,290</u>	<u>3,913,069</u>	<u>3,483,635</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 32,316,860	\$ 32,760,640	\$ 31,493,974	\$ 33,418,192	\$ 33,618,277	\$ 32,909,499	\$ 29,597,587
Contributions as a percentage of covered-employee payroll	<u>20.700%</u>	<u>19.580%</u>	<u>17.953%</u>	<u>15.545%</u>	<u>13.824%</u>	<u>11.890%</u>	<u>11.770%</u>

\* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

**OCEANSIDE UNIFIED SCHOOL DISTRICT**

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

*For the Fiscal Year Ended June 30, 2021*

Last Ten Fiscal Years\*

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
<b>Total OPEB liability</b>				
Service cost	\$ 744,780	\$ 1,177,871	\$ 1,088,112	\$ 1,058,990
Interest	406,294	640,257	591,966	603,449
Differences between expected and actual experience	-	(2,243,905)	-	-
Changes of assumptions or other inputs	70,392	1,627,407	380,252	-
Benefit payments	(840,837)	(779,573)	(671,382)	(645,560)
<b>Net change in total OPEB liability</b>	<u>380,629</u>	<u>422,057</u>	<u>1,388,948</u>	<u>1,016,879</u>
<b>Total OPEB liability - beginning</b>	18,515,957	18,093,900	16,704,952	15,688,073
<b>Total OPEB liability - ending</b>	<u><u>\$ 18,896,586</u></u>	<u><u>\$ 18,515,957</u></u>	<u><u>\$ 18,093,900</u></u>	<u><u>\$ 16,704,952</u></u>
 <b>Covered-employee payroll</b>	 <u>\$ 130,166,806</u>	 <u>\$ 126,683,023</u>	 <u>\$ 123,727,639</u>	 <u>\$ 123,237,566</u>
 <b>Total OPEB liability as a percentage of covered-employee payroll</b>	 <u>14.5%</u>	 <u>14.6%</u>	 <u>14.6%</u>	 <u>13.6%</u>

**Notes to Schedule:**

*\* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
For the Fiscal Year Ended June 30, 2021*

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Last Ten Fiscal Years\*

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
District's proportion of net OPEB liability	0.2550%	0.2552%	0.2066%	0.2083%
District's proportionate share of net OPEB liability	\$ 1,080,568	\$ 950,513	\$ 875,522	\$ 775,691
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	0.40%	0.01%

**Notes to Schedule:**

*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.*

*\* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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**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 adoptions with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

**Schedule of 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.

*Change in benefit terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

*Change of assumptions* - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

**Schedule of District Contributions**

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

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total 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 since the previous valuation.

*Change of assumptions* – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 2.20 percent to 2.16 percent 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.

*Change in benefit terms* – There were no changes in benefit terms since the previous valuation.

*Change of assumptions* – The discount rate was changed from 3.50 percent to 2.21 percent since the previous valuation

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*Supplementary Information*

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**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Local Educational Agency Organization Structure*  
*June 30, 2021*

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The Oceanside Unified School District was established in 1970. The District boundaries encompass the city of Oceanside, as well as part of Marine Corps Base-Camp Pendleton. There were no changes in the boundaries of the District during the current year. The District provides primary and secondary education for all students within the District’s boundaries through operation of its twenty-two schools, which consist of twelve elementary, three K-8 schools, four middle schools, two high schools, and two alternative/independent schools.

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Stacy Begin	President	December, 2022
Eric Joyce	Vice President	December, 2022
Raquel Alvarez	Clerk	December, 2022
Mike Blessing	Member	December, 2024
Eleanor Evans	Member	December, 2024

**DISTRICT ADMINISTRATORS**

Julie Vitale, Ed.D.,  
*Superintendent*

Andrea Norman, Ed.D.,  
*Deputy Superintendent, Administrative Services*

Mercedes Lovie, Ed.D.,  
*Associate Superintendent, Education Services*

Todd McAteer, Ed.D.,  
*Associate Superintendent, Human Resources*

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Combining Balance Sheet - Non-Major Governmental Funds*  
*June 30, 2021*

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
<b>ASSETS</b>						
Cash	\$ 747,443	229,719	\$ 3,702,190	\$ 15,053,621	\$ 1,833,006	\$ 21,565,979
Accounts receivable	22,170	100,580	2,606,814	23,952	-	2,753,516
Due from other funds	-	-	47,159	-	-	47,159
Stores inventories	100,333	-	326,775	-	-	427,108
Total Assets	<u>\$ 869,946</u>	<u>\$ 330,299</u>	<u>\$ 6,682,938</u>	<u>\$ 15,077,573</u>	<u>\$ 1,833,006</u>	<u>\$ 24,793,762</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 24	\$ 37,812	\$ 238,034	\$ 67,582	\$ -	\$ 343,452
Due to other funds	-	25,166	221,703	32,783	-	279,652
Unearned revenue	-	-	6,444	-	-	6,444
Total Liabilities	<u>24</u>	<u>62,978</u>	<u>466,181</u>	<u>100,365</u>	<u>-</u>	<u>629,548</u>
<b>Fund Balances</b>						
Nonspendable	100,333	-	336,775	-	-	437,108
Restricted	769,589	267,321	5,879,982	14,977,208	1,833,006	23,727,106
Total Fund Balances	<u>869,922</u>	<u>267,321</u>	<u>6,216,757</u>	<u>14,977,208</u>	<u>1,833,006</u>	<u>24,164,214</u>
Total Liabilities and Fund Balances	<u>\$ 869,946</u>	<u>\$ 330,299</u>	<u>\$ 6,682,938</u>	<u>\$ 15,077,573</u>	<u>\$ 1,833,006</u>	<u>\$ 24,793,762</u>



**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds*

*For the Fiscal Year Ended June 30, 2021*

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
<b>REVENUES</b>						
Federal sources	\$ -	66,150	\$ 11,626,197	\$ -	\$ -	\$ 11,692,347
Other state sources	-	986,864	1,131,411	-	-	2,118,275
Other local sources	289,284	45,594	107,341	2,553,593	7,622	3,003,434
Total Revenues	289,284	1,098,608	12,864,949	2,553,593	7,622	16,814,056
<b>EXPENDITURES</b>						
Current:						
Instruction	-	813,703	-	-	-	813,703
Instruction-Related Services:						
Supervision of instruction	-	134,660	-	-	-	134,660
Pupil Services:						
Food services	-	-	8,547,850	-	-	8,547,850
General Administration Services:						
Other general administration	-	-	-	32,882	-	32,882
Transfers of indirect costs	-	42,307	209,901	-	-	252,208
Plant services	-	38,400	-	12,457	-	50,857
Ancillary services	336,642	-	-	-	-	336,642
Capital outlay	-	-	-	158,154	-	158,154
Total Expenditures	336,642	1,029,070	8,757,751	203,493	-	10,326,956
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,358)	69,538	4,107,198	2,350,100	7,622	6,487,100
<b>OTHER FINANCING SOURCES (USES)</b>						
Interfund transfers in	-	-	3,541	-	-	3,541
Proceeds from sale of property	-	-	-	-	1,825,384	1,825,384
Total Other Financing Sources and Uses	-	-	3,541	-	1,825,384	1,828,925
Net Change in Fund Balances	(47,358)	69,538	4,110,739	2,350,100	1,833,006	8,316,025
Fund Balances, July 1, 2020, as originally stated	-	197,783	2,106,018	12,627,108	-	14,930,909
Adjustments for Restatement	917,280	-	-	-	-	917,280
Fund Balances, July 1, 2020, as restated	917,280	197,783	2,106,018	12,627,108	-	15,848,189
Fund Balances, June 30, 2021	\$ 869,922	267,321	\$ 6,216,757	\$ 14,977,208	\$ 1,833,006	\$ 24,164,214

**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Schedule of Instructional Time*

*For the Fiscal Year Ended June 30, 2021*

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Grade Level	Number of Instructional Days			Status
	Number of Days		Total	
	Actual	From J-13A Waiver		
Kindergarten	180	0	180	Complied
Grade 1	180	0	180	Complied
Grade 2	180	0	180	Complied
Grade 3	180	0	180	Complied
Grade 4	180	0	180	Complied
Grade 5	180	0	180	Complied
Grade 6	180	0	180	Complied
Grade 7	180	0	180	Complied
Grade 8	180	0	180	Complied
Grade 9	180	0	180	Complied
Grade 10	180	0	180	Complied
Grade 11	180	0	180	Complied
Grade 12	180	0	180	Complied

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Schedule of Financial Trends and Analysis*  
*For the Fiscal Year Ended June 30, 2021*

General Fund	(Budget) 2022 <sup>2</sup>	2021 <sup>3</sup>	2020	2019
Revenues and other financing sources	\$ 273,186,193	\$ 237,103,349	\$ 224,086,198	\$ 229,997,029
Expenditures and other financing uses	<u>274,932,102</u>	<u>232,322,715</u>	<u>223,359,951</u>	<u>222,223,487</u>
Change in fund balance (deficit)	<u>(1,745,909)</u>	<u>4,780,634</u>	<u>726,247</u>	<u>7,773,542</u>
Ending fund balance	<u>\$ 40,139,999</u>	<u>\$ 41,885,908</u>	<u>\$ 37,105,274</u>	<u>\$ 36,379,027</u>
Available reserves <sup>1</sup>	<u>\$ 21,003,038</u>	<u>\$ 11,615,782</u>	<u>\$ 10,882,207</u>	<u>\$ 11,110,314</u>
Available reserves as a percentage of total outgo	<u>7.6%</u>	<u>5.0%</u>	<u>4.9%</u>	<u>5.0%</u>
Total long-term debt	<u>\$ 562,277,518</u>	<u>\$ 575,177,757</u>	<u>\$ 543,550,849</u>	<u>\$ 528,026,730</u>
Average daily attendance at P-2	<u>15,101</u>	<u>N/A</u>	<u>16,290</u>	<u>16,715</u>

General Fund balance has increased by \$5.5 million over the past two years. The fiscal year 2021-22 adopted budget projects a decrease of \$1.7 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District incurred an operating surplus in each of the last three years but anticipates incurring an operating deficit during the 2021-22 fiscal year. Long-term debt has increased by \$47.2 million over the past two years.

No ADA is being reported in 2020-21. ADA is expected to be 15,101 in 2021-22, a decrease of 1,189 compared to 2019-20.

<sup>1</sup> Available reserves consist of all unassigned fund balances in the General Fund.

<sup>2</sup> Revised budget September, 2021.

**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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	Student Activity Fund
June 30, 2021, annual financial and budget report (SACS) fund balance	\$ 747,443
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Inventory understated	100,333
Accounts receivable understated	22,170
Accounts payable understated	(24)
	<hr/>
Net adjustments and reclassifications	122,479
	<hr/>
June 30, 2021, audited financial statement fund balance	\$ 869,922
	<hr/> <hr/>

**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Schedule of Charter Schools*

*For the Fiscal Year Ended June 30, 2021*

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<u>Charter School</u>		<u>Inclusion in Financial</u>
<u>Name</u>	<u>Number</u>	<u>Statements</u>
Coastal Academy Charter	0516	Not included
Pacific View Charter	0247	Not included
California School of the Arts- San Diego County*	1776	Not included

\*Charter expired on June 30, 2021

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2021*

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Basic	10.553	13525	\$ 2,499,470	
National School Lunch Program	10.555	13523	4,146,078	
USDA Donated Foods	10.555	N/A	<u>433,311</u>	
Total Child Nutrition Cluster				\$ 7,078,859
Child and Adult Care Food Program Cluster:				
Child and Adult Care Food Program	10.558	13393	4,282,990	
Cash in Lieu of Commodities	10.558	N/A	<u>240,169</u>	
Total Child and Adult Care Food Program Cluster				4,523,159
Fresh Fruit and Vegetable Program	10.582	14968		<u>24,179</u>
Total U.S. Department of Agriculture				<u>11,626,197</u>
U.S. Department of Defense:				
Promoting K-12 Student Achievement at Military Connected Schools	12.556	N/A		<u>344,634</u>
Total U.S. Department of Defense				<u>344,634</u>
U.S. Department of Treasury				
Passed through California Dept. of Education (CDE):				
COVID-19 - Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516		<u>12,055,231</u>
Total U.S. Department of Treasury				<u>12,055,231</u>
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I Grants				
Title I, Part A, Basic Grants, Low-Income and Neglected	84.010	14329	3,394,985	
ESEA School Improvement Funding	84.010	15438	<u>164,360</u>	
Total Title I Grants				3,559,345
Title I, Migrant Education	84.011	14838		157,358
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief	84.425 D	15536	872,490	
Elementary and Secondary School Emergency Relief II	84.425 D	15547	159,764	
Elementary and Secondary School Emergency Relief III	84.425 U	10155	2,267	
Governor's Emergency Education Relief Fund	84.425 C	15517	<u>975,707</u>	
Total Education Stabilization Fund				2,010,228
Title II, Part A, Supporting Effective Instruction	84.367	14341		480,940
Title III, English Learner Student Program	84.365	14346		322,730
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		638,140
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14535		589,924
Title VIII Impact Aid	84.041	10015		6,219,793
Carl D. Perkins Career and Technical Education: Adult, Sec. 132	84.048	14893		138,594
Passed through East County SELPA:				
Special Education Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement	84.027	13379	3,293,910	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	103,547	
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	190,634	
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>979</u>	
Total Special Education (IDEA) Cluster				3,589,070
Total U.S. Department of Education				<u>17,706,122</u>
Total Expenditures of Federal Awards				<u>\$ 41,732,184</u>

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to recipients.

# OCEANSIDE UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2021

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## NOTE 1 – PURPOSE OF SCHEDULES

### Combining Fund Financial Statements

Combining fund balance sheets and statements of revenues, expenditures and changes in fund balance have been presented for the non-major and fiduciary funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements.

### Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

### 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.

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

### Schedule of Charter Schools

This schedule lists all charter schools chartered by the District and displays information for each charter school and whether or not the charter school is included in the District audit.

### Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a 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 amounts represent Federal funds that have been recorded as revenue by June 30, 2021, without a corresponding recognition of expenditures.

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 42,574,137
Differences between Federal Revenues and Expenditures:		
COVID 19-Coronavirus Relief Fund: Learning Loss Mitigation	21.019	(219,188)
COVID-19 Education Stabilization Fund: ESSER	84.425D	(66,604)
Child Development: CRRSAA-One time stipend	93.575	(66,150)
ROTC Language and Culture Training Grants	12.357	(156,506)
Promoting K-12 Student Achievement at Military Connected Schools	12.556	(333,505)
Total Schedule of Expenditures of Federal Awards		<u>\$ 41,732,184</u>

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*Other Independent Auditors' Reports*

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**INDEPENDENT AUDITORS' 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**

Governing Board  
Oceanside Unified School District  
Oceanside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oceanside Unified School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Oceanside Unified School District's basic financial statements, and have issued our report thereon dated January 25, 2022.

**Internal Control Over Financial Reporting**

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

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


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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Murrieta, California  
January 25, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board  
Oceanside Unified School District  
Oceanside, California

**Report on Compliance for Each Major Federal Program**

We have audited Oceanside Unified School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Oceanside Unified School District's major federal programs for the year ended June 30, 2021. Oceanside Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, Oceanside Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Oceanside Unified School District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Oceanside Unified School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2021-001 that we consider to be a significant deficiency.

Oceanside Unified School District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Oceanside Unified School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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



Murrieta, California  
January 25, 2022



**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

Governing Board  
 Oceanside Unified School District  
 Oceanside, California

**Report on State Compliance**

We have audited Oceanside Unified School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Oceanside Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2021.

**Management's Responsibility**

Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Oceanside Unified School District's state programs based on our audit of the types of compliance requirements referred to on the following page. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Oceanside Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study - Course Based	N/A
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Charter School Facility Grant Program	N/A

***Unmodified Opinion on Compliance with State Programs***

In our opinion, Oceanside Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2021.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to previously, which are required to be reported in accordance with the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and which are described in the accompanying schedule of findings and questioned costs as Findings 2021-002 through 2021-005. Our opinion on each state program is not modified with respect to these matters.

***District's Responses to Findings***

Oceanside Unified School District's responses to the compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Oceanside Unified School District's responses were not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the responses.

*Nigro + Nigro, PC*

Murrieta, California  
January 25, 2022

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*Schedule of Findings and Questioned Costs*

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**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Summary of Auditors' Results*

*For the Fiscal Year Ended June 30, 2021*

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**Financial Statements**

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516(a)?	<u>Yes</u>

Identification of major programs:

<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>
<u>84.425, C, D, U</u>	<u>COVID-19-Education Stabilization Fund</u>
<u>21.019</u>	<u>COVID-19-Coronavirus Relief: Learning Loss Mitigation</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,251,966</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**State Awards**

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Financial Statement Findings*

*For the Fiscal Year Ended June 30, 2021*

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This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

*There were no financial statement findings in 2020-21.*

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*Federal Award Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2021*

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This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

**FINDING 2021-001 CORONAVIRUS RELIEF FUND (50000)**

**Criteria:** Coronavirus Relief Fund (CRF) is to provide payments to cover (1) necessary expenditures incurred to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); (2) costs that were not accounted for in the governments most recently approved budget as of March 27, 2020; and (3) costs that were incurred during the period that begins on March 1, 2020; and ends on December 31, 2021 (CDE as pass through entity approved through May 31, 2021). Federal Register Vol. 86, No.10/Friday, January 15, 2021/Notices.

**Condition:** The District utilized CRF to purchase a three-year license for the years 2020-21, 2021-22, and 2022-23. This exceeds the period that the funding is allowable for expenditures in connection with the pandemic.

**Questioned Cost:** The contract cost is \$186,500. Prorated for 2 years the cost is \$124,100, which should not use CRF as the funding source.

**Context:** The purchase occurred in one of a sample of twenty-five expenditures. Two of the three years in the contract fall outside of the period of performance. The finding was isolated and not representative of the population.

**Cause:** The District believed it could pre-pay using CRF beyond the period through May 31, 2021.

**Effect:** Expenditures occurred beyond the period of availability, so other funding sources will need to be used.

**Recommendation:** The cost of the 2021-22 and 2022-23 contract years should use other allowable funding. We recommend the District use the CRF for learning loss expenditures only for the period between March 1, 2020 and May 31, 2021.

**Views of Responsible Officials:** The District has identified allowable expenses that can be charged to this resource in the period of allowability. The District has journaled the expense during that time frame.

**OCEANSIDE UNIFIED SCHOOL DISTRICT**  
*State Award Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2021*

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This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

**FINDING 2021-002: CALPADS UNDUPLICATED PUPIL COUNT (40000)**

**Criteria:** Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:

- Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* sections 2574(b)(2) and 42238.02(b)(1)).
- Divided by total enrollment in the LEA (*EC* sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.

**Condition:** During our testing of the students who receive Free and Reduced-Price Meals (FRPM) reported in the CALPADS 1.17 and 1.18 reports, we noted four students who were classified as free or reduced but did not have an application or income eligibility form on file to support the designation.

**Context:** We noted two exceptions which were found at two out of seven schools selected for testing. We expanded our testing and identified an additional two exceptions for a total of four exceptions. We extrapolated these errors based on the error rate across the unduplicated count at those sites to arrive at a total error of 96.

**Effect:** The unduplicated pupil counts in the CALPADS 1.17 and 1.18 reports should be adjusted for the following changes:

Program/Site:	Adjusted based on		Adjusted Total
	CALPADS	eligibility for: FRPM	
Laurel Elementary	390	(10)	380
Oceanside High	1,199	(86)	1,113
Aggregate Remaining Sites	8,603	-	8,603
District-wide	<u>10,192</u>	<u>(96)</u>	<u>10,096</u>

Total enrollment of 16,373 was not adjusted based on the results of our procedures.

The questioned cost of this finding is \$186,401. This amount was calculated using the CDE audit penalty calculator, based on an extrapolation of the audit exception rate.

**Cause:** The District failed to accurately categorize the students based on their FRPM application.

**Recommendation:** We recommend that the District implement a procedure to ensure that all income data documents are accounted for and stored properly.

**Views of Responsible Officials:** During the 20-21 school year, students were not required to complete the FRPM applications due to COVID and all students were provided with meals. In addition, the Alternate Household Income Form was also not completed by OUSD students attending Community Eligibility Provision (CEP) schools and non CEP schools because they automatically received free meals. Since then, the Director of Nutrition Services, the Director of Fiscal Services, and the Associate Superintendent of Business Services have all been replaced. As a result, new protocols for ensuring all income data documents are accounted for and stored properly have been implemented. Business Services and Educational Support Services developed the following protocols to ensure all students have income data documents to support eligibility.

## OCEANSIDE UNIFIED SCHOOL DISTRICT

### *State Award Findings and Questioned Costs*

*For the Fiscal Year Ended June 30, 2021*

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#### **FINDING 2021-002: CALPADS UNDUPLICATED PUPIL COUNT (40000) (CONTINUED)**

##### **Views of Responsible Officials: (continued)**

- All families are prompted to complete income level and number of people in household during Aeries data confirmation.
- Weekly reports are run by Nutrition Services, ESS and schools sites from August through the end of October to ensure all students have completed data confirmation and that no students have missing information/documentation.
- Families who do not complete the income and household questions in Aeries are contacted by the site Community Advisor or Principal/Assistant Principal.
- Alternate Family Income Forms are then completed by families who did not complete the information in Aeries.
- Families with students who do not have income level or household information identified in either Aeries or continue to be contacted through October.

#### **FINDING 2021-003: KINDERGARTEN CONTINUANCE (40000)**

**Criteria:** California law provides that after a child has been lawfully admitted to a kindergarten and has attended for a year, the child shall be promoted to the first grade unless the school district and the child's parent/guardian agree to having the child continue to attend kindergarten for not longer than one additional year. This rule applies whether a child begins kindergarten at the beginning of a school year or at some later date, so that a child who begins kindergarten in January, for example, shall be promoted the following January unless there is formal agreement to have him or her continue in kindergarten. Because kindergarten-age children often do not develop at steady or predictable rates, the California Department of Education recommends that approval for a child to continue not be given until near the anniversary of a child's admittance to kindergarten. (Education Code 46300(g)(1)).

**Condition:** For two students in our sample of kindergarten students retained in 2020-21 at Christa McAuliffe Elementary, the school did have the correct retention form on file, but they were signed six months after the anniversary date.

**Context:** We found exceptions in one of the two elementary schools we selected for testing.

**Cause:** The school site administration did not obtain signed kindergarten retention forms for students on or near their anniversary.

**Effect:** No effect to apportionment in 2020-21.

**Recommendation:** We recommend that the District obtain signed kindergarten retention forms for all applicable students and obtain electronic signatures if necessary.

**Views of Responsible Officials:** The District has implemented a procedure to ensure that all Kindergarten students who attend school for the year shall be promoted to first grade unless they have completed the formal retention process which includes the signed kindergarten continuance form.

In a typical school year, students would have this form completed on time. However, due to the covid-19 pandemic and the pivoting from in person to virtual to hybrid instruction, parents were not always able to sign the continuance forms in a timely manner. The parents also asked for a continuance later in the school year due to the school closure in March of 2020. The sudden nature of the closure impacted our ability to use our current procedures. This year the process will not be impacted in the same way. Additionally, all school sites have been given training this year on the kindergarten continuance forms and proper procedures to ensure their understanding.

## OCEANSIDE UNIFIED SCHOOL DISTRICT

### *State Award Findings and Questioned Costs*

*For the Fiscal Year Ended June 30, 2021*

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#### **FINDING 2021-004: INSTRUCTIONAL MATERIALS (70000)**

*This is a repeat Finding from 2019-20 (Finding 2020-001).*

**Criteria:** California Education Code Section 60119 requires that school districts conduct a public hearing regarding the sufficiency of textbooks and instructional materials. In order to comply with these requirements, the public hearing must be held on or before the eighth week of school (between the first day that students attend school and the end of the eighth week from that day). Furthermore, the District must provide 10-day notice of the public hearing. The notice must include the time, place, and purpose of the hearing and must be posted at a minimum of three public locations within the District.

**Condition:** The public hearing regarding the sufficiency of textbooks and instructional materials was held on April 13, 2021, which is more than eight weeks after the first day of school (August 17, 2020). The District only posted the notice of the public hearing online and in a newspaper.

**Context:** This is a repeat finding from 2019-20.

**Effect:** There is no financial penalty associated with noncompliance.

**Cause:** Administrative oversight

**Recommendation:** The District should implement controls to ensure that it meets the compliance requirements for instructional materials, and that the public hearing regarding sufficiency of instructional materials is held in a timely manner

**Views of Responsible Officials:** The District has implemented a procedure to ensure that the posting of the public hearing regarding the sufficiency of textbooks and instructional materials is done within eight weeks of the first day of school and is posted at a minimum of three public locations 10 days prior to the hearing. The Associate Superintendent of Educational Support Services has provided training to staff regarding the timeline for posting the Williams Hearing information including the need for the hearing to occur within the first eight weeks of school and to be posted in three different locations in the school district and online in a newspaper. Additionally, calendar invites have been sent to ensure timely implementation of the procedure.

Additionally, we will contact the county office of education regarding their ability to certify correction of the audit exception.

## **OCEANSIDE UNIFIED SCHOOL DISTRICT**

### *State Award Findings and Questioned Costs*

*For the Fiscal Year Ended June 30, 2021*

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#### **FINDING 2021-005: CALIFORNIA CLEAN ENERGY (40000)**

**Criteria:** Local Educational Agencies (LEAs) are required to submit a final project completion report to the California Clean Energy Commission 12-15 months after the energy expenditure plan is completely installed. An energy expenditure plan is considered complete when the LEA has completed all measures in the approved energy expenditure plan. A final project completion report is required for each approved energy expenditure plan.

**Condition:** The District completed their project on July 22, 2019 but has not yet submitted their final report as of June 30, 2021.

**Question Costs:** None.

**Context:** Not applicable.

**Cause:** The District was behind schedule in preparing and submitting this report.

**Effect:** The California Energy Commission was not informed as to the most up to date status of projects.

**Recommendation:** We recommend the District file reports timely to the California Energy Commission.

**Views of Responsible Officials:** District personnel were unaware that the final project completion report had not been submitted to the California Clean Energy Commission. This is because District leadership positions including the Associate Superintendent of Business Services, the Director of Fiscal Services, and the Director of Facilities, Maintenance and Operations have all been replaced since the project was closed out on July 22, 2019. The Director of Facilities, Maintenance and Operations signed off on the annual report in 2020, but he was not aware that the final report had not been completed.

Since learning that this report is incomplete, the District has contracted with KW Engineering to complete and file the final report with the California Energy Commission. The report is estimated to be completed and filed by KW engineering by the end of January or early February.



**OCEANSIDE UNIFIED SCHOOL DISTRICT**

*Summary Schedule of Prior Audit Findings*

*For the Fiscal Year Ended June 30, 2021*

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<b>Original Finding No.</b>	<b>Finding</b>	<b>Code</b>	<b>Recommendation</b>	<b>Current Status</b>
<i>Finding 2020-001: Instructional Materials</i>	<p>California Education Code Section 60119 requires the governing board of each local education agency (LEA) to hold a public hearing and make a determination through a resolution, as to whether each pupil has sufficient textbooks or instructional materials on or before the end of the eighth week from the first day of school for that year. In addition, this section requires the LEA to post notices of public hearing at least ten days prior to the hearing in three public places.</p> <p>During our compliance testing of this area, we determined the District did not post the notice of public hearing regarding the sufficiency of instructional materials a minimum of ten days prior to the public hearing. The documentation provided to auditors indicated that the public notice was posted on September 30, 2019, while the public hearing took place at the board meeting held on October 8, 2019.</p>	70000	We recommend that the District implement procedures to ensure compliance with Education Code requirements regarding the sufficiency of instructional materials public hearing notice.	Not implemented for 2021. See Finding 2021-004.



To the Governing Board  
Oceanside Unified School District  
Oceanside, California

In planning and performing our audit of the basic financial statements of Oceanside Unified School District for the year ending June 30, 2021, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 25, 2022 on the financial statements of Oceanside Unified School District.

#### **ASSOCIATED STUDENT BODY (ASB) FUNDS**

**Observation:** During our testing of cash receipts, we noted that some schools did not make bank deposits in a timely manner. We noted seven exceptions out of eleven deposits tested.

**Recommendation:** It's important to ensure that activities directors are turning in cash collections timely to the bookkeeper, and that bank deposits are also made in a timely manner to avoid loss of cash collections. Activities directors typically do not have a safe location to keep monies collected, therefore they should be turning in money to the bookkeeper on a weekly basis if not more frequent. Additionally, we recommend bookkeepers to make bank deposits at least weekly, if not more often, based on volume. If the bookkeeper is going on vacation, management should assign another person to collect the money and make the deposit.

**Observation:** At two sites we noted that all the bank reconciliations contained stale dated checks under the outstanding check list. Principals or district employees who review monthly bank reconciliations should inquire about any stale dated uncleared checks that are more than six months old. We also identified six bank reconciliations that were not reviewed by a secondary person not the preparer of the reconciliation or not reviewed in a timely manner.

**Recommendation:** We recommend all accounts be reconciled and any unreconciled balances be investigated promptly. Also, review of the bank reconciliations by someone other than the ASB Bookkeeper is an important control to detect errors and possible questionable or suspicious activity. We recommend that the principal or ASB advisor perform a monthly review of the bank reconciliation and indicate their review by placing their initials on the reconciliation.

**Observation** During our test of cash disbursements, we noted that seven of twenty-five disbursements were not approved by the District representative, the ASB advisor, and/or the student representative until after the expenditure had already been incurred.

**Recommendation:** Education Code Section 48933(b) requires all expenditures from ASB funds be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds. As a “best practice”, approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines.

## DISTRICT OFFICE

**Observation:** While speaking with the Director of Maintenance and Operations, we noted that there is no check in/out process to track equipment and tools used for jobs.

**Recommendation:** We recommend the district adopt a procedure or implement a program to track tools and equipment removed from their central location.

**Observation:** During our test of district office cash disbursements, we noted ten of seventy-eight expenditures had exceptions. Eight expenditures were not approved prior to incurring the expenditure. One expenditure did not have evidence of receipt of goods. One expenditure exceeded the approved PO balance without prior approval.

**Recommendation:** We recommend that the district work with staff to ensure all expenditures are approved for the appropriate amount prior to incurring each expenditure and ensure receipt of goods or services is received prior to issuing payment.

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

*Nigro + Nigro, PC.*

Murrieta, California  
January 25, 2022