

**OCEANSIDE UNIFIED SCHOOL DISTRICT
SAN DIEGO COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2022**

**NIGRO
& NIGRO^{PC}**

OCEANSIDE UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2022

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
District-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities.....	12
Governmental Funds Financial Statements:	
Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	16
Proprietary Funds Financial Statements	
Statement of Net Position	17
Statement of Revenues, Expenses, and Changes in Fund Net Position	18
Statement of Cash Flows	19
Notes to Financial Statements	20

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund.....	53
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS	54
Schedule of Proportionate Share of the Net Pension Liability-CalPERS	55
Schedule of Pension Contributions-CalSTRS	56
Schedule of Pension Contributions-CalPERS	57
Schedule of Changes in the District's Total OPEB Liability and Related Ratios.....	58
Schedule of the District's Proportionate Share of the Net OPEB Liability-MPP Program	59
Notes to the Required Supplementary Information	60

SUPPLEMENTARY INFORMATION

Local Educational Agency Organization Structure	62
Combining Statements - Non-Major Governmental Funds:	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	64
Schedule of Average Daily Attendance (ADA).....	65
Schedule of Instructional Time.....	66
Schedule of Financial Trends and Analysis.....	67
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	68
Schedule of Charter Schools.....	69
Schedule of Expenditures of Federal Awards.....	70
Note to the Supplementary Information	71

OCEANSIDE UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2022

Table of Contents

OTHER INDEPENDENT AUDITORS' REPORTS

Page

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 <i>Government Auditing Standards</i>	73
Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	75
Independent Auditors' Report on State Compliance	77

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	82
Financial Statement Findings	83
Federal Award Findings and Questioned Costs	84
State Award Findings and Questioned Costs	85
Summary Schedule of Prior Audit Findings	86
Management Letter	89

Financial Section

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INDEPENDENT AUDITORS' REPORT

Governing Board
Oceanside Unified School District
Oceanside, California

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

The LEA Organization Structure and the Schedule of Charter Schools 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 February 10, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro + Nigro, PC

Murrieta, California
February 10, 2023

OCEANSIDE UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2022

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, 2022. 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 \$41.6 million, or 43.8%.
- Governmental expenses were \$244.8 million. Revenues were \$286.3 million.
- The District acquired \$7.3 million in new capital assets during the year.
- Governmental funds increased by \$64.0 million, or 48.8%.
- Unassigned reserves for the General Fund decreased by \$167,155 or 1.5%. Revenues were \$260.5 million and expenditures were \$251.3 million.

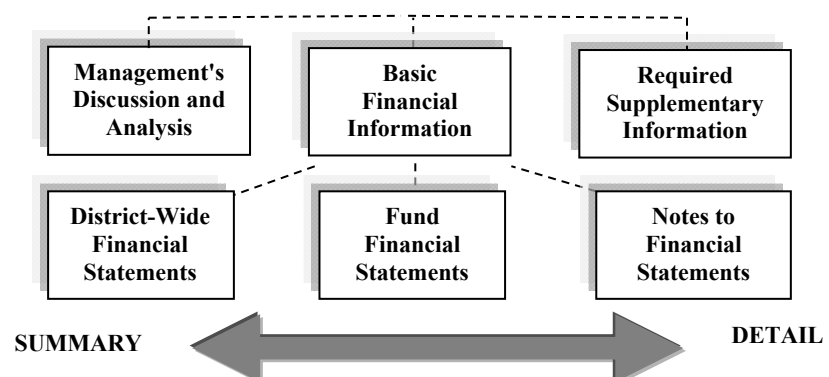
OVERVIEW OF THE FINANCIAL STATEMENTS

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, 2022

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, 2022

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, 2022, than it was the year before – increasing 43.8% to \$(53.2) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		
	2022	2021	Net Change
Assets			
Current assets	\$ 222,674,654	\$ 172,523,101	\$ 50,151,553
Capital assets	308,025,199	311,639,578	(3,614,379)
Total assets	530,699,853	484,162,679	46,537,174
Total deferred outflows of resources	52,721,329	63,928,119	(11,206,790)
Liabilities			
Current liabilities	25,945,702	39,414,389	(13,468,687)
Long-term liabilities	499,118,711	575,177,757	(76,059,046)
Total liabilities	525,064,413	614,592,146	(89,527,733)
Total deferred inflows of resources	111,582,408	28,283,812	83,298,596
Net position			
Net investment in capital assets	93,116,304	86,114,318	7,001,986
Restricted	74,336,456	56,183,458	18,152,998
Unrestricted	(220,678,399)	(237,082,936)	16,404,537
Total net position	\$ (53,225,639)	\$ (94,785,160)	\$ 41,559,521

Changes in net position, governmental activities. The District's total revenues increased 4.7% to \$286.3 million (See Table A-2). The increase is due primarily to Federal and State aid.

The total cost of all programs and services decreased 10.0% to \$244.8 million. The District's expenses are predominantly related to educating and caring for students, 73.7%. The purely administrative activities of the District accounted for just 4.9% of total costs. A significant contributor to the decrease in costs was the reduction in expenses related to the net pension liability.

OCEANSIDE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		
	2022	2021	Net Change
Revenues			
Program Revenues:			
Charges for services	\$ 5,268,343	\$ 3,450,559	\$ 1,817,784
Operating grants and contributions	58,866,923	61,488,970	(2,622,047)
General Revenues:			
Property taxes	106,394,591	96,834,500	9,560,091
Federal and state aid not restricted	114,526,921	104,048,106	10,478,815
Other general revenues	1,285,104	7,535,868	(6,250,764)
Total Revenues	286,341,882	273,358,003	12,983,879
Expenses			
Instruction-related	152,199,099	169,281,508	(17,082,409)
Pupil services	28,252,401	29,674,801	(1,422,400)
Administration	11,927,187	14,451,179	(2,523,992)
Plant services	24,954,395	27,336,609	(2,382,214)
All other activities	27,449,279	31,341,107	(3,891,828)
Total Expenses	244,782,361	272,085,204	(27,302,843)
Increase (decrease) in net position	\$ 41,559,521	\$ 1,272,799	\$ 40,286,722
Total Net Position	\$ (53,225,639)	\$ (94,785,160)	

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 \$195.3 million, which is above last year's ending fund balance of \$131.2 million. The primary cause of the increased fund balance is proceeds in the Building Fund.

Table A-3: The District's Fund Balances

Fund	Fund Balances				
	July 1, 2021	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2022
General Fund	\$ 41,885,908	\$ 262,018,466	\$ 252,648,555	\$ (2,082)	\$ 51,253,737
Student Activity Fund	869,922	722,198	588,264	-	1,003,856
Child Development Fund	267,321	1,144,401	1,171,949	2,082	241,855
Cafeteria Fund	6,216,757	12,645,406	9,170,558	-	9,691,605
Building Fund	45,307,351	(1,802,201)	6,095,406	50,000,000	87,409,744
Capital Facilities Fund	14,977,208	2,460,164	102,058	-	17,335,314
Special Reserve Fund (Capital Outlay)	1,833,006	493,901	-	-	2,326,907
Bond Interest and Redemption Fund	19,879,235	26,302,397	26,061,154	5,896,133	26,016,611
	\$ 131,236,708	\$ 303,984,732	\$ 295,837,944	\$ 55,896,133	\$ 195,279,629

OCEANSIDE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

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 \$69.7 million primarily to reflect changes in federal, state, and local categorical funding.
- Salaries and Benefits – increased approximately \$20.4 million due to revised cost estimates.
- Other Non-Capital Expenditures – increased approximately \$47.3 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 \$5.2 million, the actual results for the year show that revenues exceeded expenditures by roughly \$9.4 million. Actual revenues were \$47.1 million less than anticipated, and expenditures were \$61.7 million less than budgeted.

The excess amount consists primarily of restricted program dollars that were not spent as of June 30, 2022, that will be carried over into the 2022-23 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021-22 the District had invested \$7.3 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 \$10.9 million.

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

	Governmental Activities		
	2022	2021	Net Change
Land	\$ 16,662,847	\$ 16,662,847	\$ -
Improvement of sites	4,333,711	4,507,135	(173,424)
Buildings	278,970,724	284,824,460	(5,853,736)
Equipment	3,668,480	3,644,827	23,653
Construction in progress	4,389,437	2,000,309	2,389,128
Total	<u>\$ 308,025,199</u>	<u>\$ 311,639,578</u>	<u>\$ (3,614,379)</u>

Long-Term Debt

At year-end the District had \$499.1 million in long term debt – a decrease of 13.2% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 8-10 to the financial statements).

OCEANSIDE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt (continued)

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

	Governmental Activities		
	2022	2021	Net Change
General obligation bonds	\$ 359,599,339	\$ 316,309,911	\$ 43,289,428
Supplemental Early Retirement Plan	2,488,440	4,976,880	(2,488,440)
Compensated Absences	2,002,347	1,793,536	208,811
Net pension liability	122,395,924	232,120,276	(109,724,352)
Other Postemployment Benefits	12,632,661	19,977,154	(7,344,493)
Total	<u>\$ 499,118,711</u>	<u>\$ 575,177,757</u>	<u>\$ (76,059,046)</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed a final budget package on June 29, 2022. The budget package assumes that 2022-23 will end with nearly \$28 billion in total reserves. This consists of: (1) \$23.3 billion in the Budget Stabilization Account; (2) \$3.5 billion in the Special Fund for Economic Uncertainties (SFEU); 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 to the general-purpose reserves described above, the Proposition 98 Reserve (dedicated to school and community college spending) would reach \$9.5 billion under the spending plan.

Federal Funds Expected to Decline Significantly Between 2021-22 and 2022-23

In the budget federal funds decline \$175 billion, or 55 percent, between 2021-22 and 2022-23. This decline is the result of several significant federal programs enacted in response to COVID-19 expiring in 2022-23. For example, the enhanced Federal Medical Assistance Percentage for the State's Medicaid program (which the administration assumes will expire in December 2022) and \$27 billion in fiscal relief funding from the American Rescue Plan. However, there are also some increases in federal funds in 2022-23 related to the Infrastructure Investment and Jobs Act.

Significant Increase in School and Community College Funding

The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in State General Fund revenue. For 2021-22, the guarantee is up \$16.5 billion (17.6 percent) compared with the estimates made in June 2021. This increase represents one of the largest upward revisions since the adoption of Proposition 98 and is due to higher General Fund revenue estimates. For 2022-23, the guarantee increases by an additional \$117 million (0.1 percent) relative to the revised 2021-22 level.

Makes Required Reserve Deposit 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 adopted budget plan, the State deposits a total of \$9.5 billion into this account across the 2020-21 through 2022-23 period—an increase of \$4.5 billion compared with the estimates made in June 2021. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, the largest ongoing augmentation is \$7.9 billion to provide a 13 percent increase to the Local Control Funding Formula and provide greater fiscal stability to school districts experiencing declining attendance. The budget plan also includes \$12.1 billion in one-time funding for two K-12 block grants—\$7.9 billion focused on learning recovery and \$3.6 billion intended for arts, music, and instructional materials. In addition, the budget plan includes \$841 million one time for facilities maintenance and instructional equipment and \$650 million one time for a COVID-19 block grant.

OCEANSIDE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Adjusts Guarantee Upwards for Expansion of Transitional Kindergarten

The June 2021 budget plan established a plan to expand eligibility for transitional kindergarten beginning in 2022-23. Under the plan, all four-year old children will be eligible by 2025-26. (Previously, only children born between September 2 and December 2 were eligible.) The Legislature and Governor also agreed the State would cover the associated costs by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools. Consistent with this agreement, the budget plan includes an increase in the 2022-23 guarantee of \$614 million related to the first-year costs of the expansion.

School Facilities Grants

The budget allocates \$1.4 billion (non-Proposition 98 General Fund) attributable to 2021-22 for school facilities grants. Of this total, \$1.3 billion is to cover the State share for new construction and modernization projects under the School Facilities Program. These funds supplement existing funds from Proposition 51, the State school bond approved by voters in 2016. (Funding from Proposition 51 will likely be exhausted in 2022-23.) The remaining \$100 million is for schools to construct or renovate State Preschool, transitional kindergarten, and full-day kindergarten classrooms.

Reserve Cap Triggered

As a result of the balance in the Public School System Stabilization Account, the statutory limitation on school district reserves has been triggered for the 2022-23 budget period, pursuant to Education Code (EC) Section 42127.01(e). Beginning with the 2022-23 fiscal year, the district reserve cap requires that a school district's adopted or revised budget pursuant to EC Section 42127 shall not contain a combined assigned or unassigned ending general fund balance of more than 10 percent of those funds. Assigned and unassigned balances within the Special Fund for Other than Capital Outlay shall also be included within the 10 percent reserve cap. The reserve cap requirement does not apply to small school districts or basic aid school districts pursuant to EC Section 42127.01(c).

All of these factors were considered in preparing the Oceanside Unified School District budget for the 2022-23 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, 2022*

	Governmental Activities
ASSETS	
Deposits and investments	\$ 201,793,848
Accounts receivable	17,674,643
Inventories	213,505
Prepaid expenses	2,992,658
Capital assets:	
Non-depreciable capital assets	21,052,284
Depreciable capital assets	460,139,695
Less accumulated depreciation	(173,166,780)
Total assets	<u>530,699,853</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	8,205,296
Deferred outflows related to pensions	42,930,745
Deferred outflows related to OPEB	1,585,288
Total deferred outflows of resources	<u>52,721,329</u>
LIABILITIES	
Accounts payable	18,377,651
Accrued interest payable	3,711,674
Unearned revenue	3,856,377
Noncurrent liabilities:	
Due or payable within one year	17,503,534
Due in more than one year:	
Other than OPEB and pensions	346,586,592
Total OPEB liability	12,632,661
Net pension liability	122,395,924
Total liabilities	<u>525,064,413</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts on refunding	565,796
Deferred inflows related to pensions	102,254,015
Deferred inflows related to OPEB	8,762,597
Total deferred inflows of resources	<u>111,582,408</u>
NET POSITION	
Net investment in capital assets	93,116,304
Restricted for:	
Capital projects	19,662,221
Debt service	26,016,611
Categorical programs	22,492,771
Student body activity	1,003,856
Self-insurance programs	5,160,997
Unrestricted	<u>(220,678,399)</u>
Total net position	<u>\$ (53,225,639)</u>

OCEANSIDE UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 129,192,931	\$ 1,444,847	\$ 33,498,034	\$ (94,250,050)
Instruction-Related Services:				
Supervision of instruction	7,788,662	156,152	4,660,115	(2,972,395)
Instructional library, media and technology	2,880,332	428	235,104	(2,644,800)
School site administration	12,337,174	17,022	10,294	(12,309,858)
Pupil Support Services:				
Home-to-school transportation	5,223,201	2,147	240,918	(4,980,136)
Food services	8,829,850	946	12,919,854	4,090,950
All other pupil services	14,199,350	102,394	4,126,878	(9,970,078)
General Administration Services:				
Data processing services	2,317,132	-	259,294	(2,057,838)
Other general administration	9,610,055	31,030	1,758,663	(7,820,362)
Plant services	24,954,395	2,830,333	574,348	(21,549,714)
Ancillary services	1,470,315	598,298	104,087	(767,930)
Community services	22,826	-	-	(22,826)
Enterprise activities	20,405	-	-	(20,405)
Interest on long-term debt	13,516,841	-	-	(13,516,841)
Other outgo	1,533,952	84,746	479,334	(969,872)
Depreciation (unallocated)	10,884,940	-	-	(10,884,940)
Total Governmental Activities	<u>\$ 244,782,361</u>	<u>\$ 5,268,343</u>	<u>\$ 58,866,923</u>	<u>(180,647,095)</u>
General Revenues:				
Property taxes				106,394,591
Federal and state aid not restricted to specific purpose				114,526,921
Interest and investment earnings				(1,057,657)
Miscellaneous				<u>2,342,761</u>
Subtotal general revenues				<u>222,206,616</u>
Change in net position				41,559,521
Net position - July 1, 2021				<u>(94,785,160)</u>
Net position - June 30, 2022				<u>\$ (53,225,639)</u>

OCEANSIDE UNIFIED SCHOOL DISTRICT*Balance Sheet – Governmental Funds**June 30, 2022*

	General Fund	Building Fund	Bond Interest Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 55,490,266	\$ 88,066,362	\$ 26,016,611	\$ 27,274,371	\$ 196,847,610
Accounts receivable	14,481,449	204,439	-	2,773,996	17,459,884
Due from other funds	209,034	1,360	-	1,029,270	1,239,664
Stores inventories	36,282	-	-	177,223	213,505
Prepaid expenditures	2,992,658	-	-	-	2,992,658
Total Assets	<u>\$ 73,209,689</u>	<u>\$ 88,272,161</u>	<u>\$ 26,016,611</u>	<u>\$ 31,254,860</u>	<u>\$ 218,753,321</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 17,071,582	\$ 860,057	\$ -	\$ 446,012	\$ 18,377,651
Due to other funds	1,030,630	2,360	-	206,674	1,239,664
Unearned revenue	3,853,740	-	-	2,637	3,856,377
Total Liabilities	<u>21,955,952</u>	<u>862,417</u>	<u>-</u>	<u>655,323</u>	<u>23,473,692</u>
Fund Balances					
Nonspendable	3,323,315	-	-	187,223	3,510,538
Restricted	12,559,311	87,409,744	26,016,611	30,412,314	156,397,980
Committed	10,726,500	-	-	-	10,726,500
Assigned	13,195,984	-	-	-	13,195,984
Unassigned	11,448,627	-	-	-	11,448,627
Total Fund Balances	<u>51,253,737</u>	<u>87,409,744</u>	<u>26,016,611</u>	<u>30,599,537</u>	<u>195,279,629</u>
Total Liabilities and Fund Balances	<u>\$ 73,209,689</u>	<u>\$ 88,272,161</u>	<u>\$ 26,016,611</u>	<u>\$ 31,254,860</u>	<u>\$ 218,753,321</u>

OCEANSIDE UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2022

Total fund balances - governmental funds \$ 195,279,629

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:	481,191,979	
Accumulated depreciation:	<u>(173,166,780)</u>	
Net		308,025,199

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: (3,711,674)

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 net deferred amounts on refunding at the end of the period were: 7,639,500

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	359,599,339	
Compensated absences payable	2,002,347	
Supplemental Early Retirement	2,488,440	
Net pension liability	122,395,924	
Other postemployment benefits	<u>12,632,661</u>	
Total		(499,118,711)

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: 5,160,997

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	42,930,745	
Deferred inflows of resources	<u>(102,254,015)</u>	
Total		(59,323,270)

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	1,585,288	
Deferred inflows of resources	<u>(8,762,597)</u>	
Total		<u>(7,177,309)</u>

Total net position - governmental activities \$ (53,225,639)

OCEANSIDE UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 182,843,985	\$ -	\$ -	\$ -	\$ 182,843,985
Federal sources	30,057,803	-	-	12,307,256	42,365,059
Other state sources	35,117,755	-	141,219	1,598,749	36,857,723
Other local sources	13,998,923	(1,802,201)	26,161,178	3,560,065	41,917,965
Total Revenues	262,018,466	(1,802,201)	26,302,397	17,466,070	303,984,732
EXPENDITURES					
Current:					
Instruction	159,611,082	-	-	922,529	160,533,611
Instruction-Related Services:					
Supervision of instruction	9,377,163	-	-	179,623	9,556,786
Instructional library, media and technology	3,113,897	-	-	-	3,113,897
School site administration	15,122,479	-	-	-	15,122,479
Pupil Support Services:					
Home-to-school transportation	5,746,852	-	-	-	5,746,852
Food services	288,656	-	-	8,913,921	9,202,577
All other pupil services	17,147,465	-	-	13,572	17,161,037
Ancillary services	989,693	-	-	588,264	1,577,957
Community services	22,958	-	-	-	22,958
General Administration Services:					
Data processing services	2,490,754	-	-	-	2,490,754
Other general administration	10,387,328	-	-	-	10,387,328
Transfers of indirect costs	(274,462)	-	-	274,462	-
Plant services	26,390,504	-	-	39,715	26,430,219
Capital outlay	879,525	5,876,206	-	100,743	6,856,474
Intergovernmental transfers	1,323,203	-	-	-	1,323,203
Debt service:					
Issuance costs	31,458	219,200	443,938	-	694,596
Principal	-	-	16,481,789	-	16,481,789
Interest	-	-	9,135,427	-	9,135,427
Total Expenditures	252,648,555	6,095,406	26,061,154	11,032,829	295,837,944
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,369,911	(7,897,607)	241,243	6,433,241	8,146,788
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	-	-	2,082	2,082
Interfund transfers out	(2,082)	-	-	-	(2,082)
Issuance of debt - proceeds from GO bonds	-	50,000,000	-	-	50,000,000
Issuance of debt- proceeds from refunding bonds	-	-	11,520,000	-	11,520,000
Premium on debt issuance	-	-	8,309,007	-	8,309,007
Deposit with escrow agent from refunding bonds	-	-	(11,362,220)	-	(11,362,220)
Partial defeasance of Proposition H	-	-	(2,570,654)	-	(2,570,654)
Total Other Financing Sources and Uses	(2,082)	50,000,000	5,896,133	2,082	55,896,133
Net Change in Fund Balances	9,367,829	42,102,393	6,137,376	6,435,323	64,042,921
Fund Balances, July 1, 2021	41,885,908	45,307,351	19,879,235	24,164,214	131,236,708
Fund Balances, June 30, 2022	\$ 51,253,737	\$ 87,409,744	\$ 26,016,611	\$ 30,599,537	\$ 195,279,629

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, 2022

Total net change in fund balances - governmental funds \$ 64,042,921

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	7,270,561	
Depreciation expense	<u>(10,884,940)</u>	(3,614,379)

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:

28,230,510

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:

(69,829,007)

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:

339,885

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:

(4,163,900)

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:

2,472,969

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:

(402,276)

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).

(208,811)

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:

334,709

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.

(20,405)

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:

21,888,865

Change in net position of governmental activities \$ 41,559,521

OCEANSIDE UNIFIED SCHOOL DISTRICT*Statement of Net Position – Proprietary Fund**June 30, 2022*

		Governmental
		Activities
		Internal Service
		Funds
CURRENT ASSETS		
Deposits and investments	\$	4,946,238
Accounts receivable		214,759
Total Assets		5,160,997
LIABILITIES		
Total liabilities		-
NET POSITION		
Restricted for insurance claims	\$	5,160,997

OCEANSIDE UNIFIED SCHOOL DISTRICT*Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2022*

	Governmental Activities Internal Service Funds
OPERATING REVENUES	
Charges to other funds	<u>\$ 2,059,256</u>
Total operating revenues	<u>2,059,256</u>
OPERATING EXPENSES	
Services and other operating expenses	<u>1,970,409</u>
Total operating expenses	<u>1,970,409</u>
Operating Income (Loss)	88,847
NON-OPERATING REVENUES	
Interest income	<u>(109,252)</u>
Change in net position	(20,405)
Net position, July 1, 2021	<u>5,181,402</u>
Net position, June 30, 2022	<u><u>\$ 5,160,997</u></u>

OCEANSIDE UNIFIED SCHOOL DISTRICT*Statement of Cash Flows – Proprietary Fund**For the Fiscal Year Ended June 30, 2022*

	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	\$ 2,268,409
Cash payments for payroll, insurance and operating costs	<u>(1,970,409)</u>
Net cash provided (used) by operating activities	298,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>(112,065)</u>
Net increase (decrease) in cash and cash equivalents	185,935
Cash, July 1, 2021	<u>4,760,303</u>
Cash, June 30, 2022	<u><u>\$ 4,946,238</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 88,847
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	<u>209,153</u>
Net cash provided (used) by operating activities	<u><u>\$ 298,000</u></u>

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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, 2022

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, 2022.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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)

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.

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.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, 2022

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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Leases

Lessee:

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor:

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. 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.

9. 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.

10. 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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. 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, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds	\$ 196,847,610
Proprietary funds	4,946,238
Governmental activities	<u>\$ 201,793,848</u>

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

Cash on hand and in banks	\$ 3,621,466
Cash in revolving fund	304,375
Investments	197,868,007
Total deposits and investments	<u>\$ 201,793,848</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.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2022, 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 Depositary 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, 2022, \$871,132 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.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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, 2022, 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	\$ 197,868,007	\$ 197,868,007	-	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, 2022, 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, 2022, the District had no investments other than Cash in County Treasury Pool.

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.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022, consisted of the following:

	Governmental Activities				
	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Fund
Federal Government:					
Categorical aid programs	\$ 5,896,955	\$ -	\$ -	\$ 5,896,955	\$ -
Special education	3,968,030	-	-	3,968,030	-
Child nutrition	-	-	2,179,859	2,179,859	-
State Government:					
Lottery	1,166,591	-	-	1,166,591	-
Categorical aid programs	1,898,583	-	199,578	2,098,161	-
Child nutrition	-	-	268,695	268,695	-
Local:					
Interest	40,074	204,439	19,424	263,937	11,178
Interagency services	339,390	-	-	339,390	-
Other local	1,171,826	-	106,440	1,278,266	203,581
Total	<u>\$ 14,481,449</u>	<u>\$ 204,439</u>	<u>\$ 2,773,996</u>	<u>\$ 17,459,884</u>	<u>\$ 214,759</u>

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2022, consisted of the following:

	Due From Other Funds			
	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
General Fund	\$ -	\$ 1,360	\$ 1,029,270	\$ 1,030,630
Building Fund	2,360	-	-	2,360
Non-Major Governmental Funds	206,674	-	-	206,674
Total	<u>\$ 209,034</u>	<u>\$ 1,360</u>	<u>\$ 1,029,270</u>	<u>\$ 1,239,664</u>
General Fund due to Child Development Fund for Covid leave pay and indirect costs				\$ 43,014
General Fund due to Cafeteria Fund for Covid leave payment, payroll corrections				228,467
General Fund due to Capital Facilities Fund for June redevelopment payment				757,789
General Fund due to Building Fund for Covid leave payment				1,360
Child Development Fund due to General Fund to reclass workers compensation and salaries, indirect costs, and GASB 75				17,418
Cafeteria Fund due to General Fund to reclass workers compensation, indirect costs, and GASB 75.				189,256
Building Fund due to General Fund to reclass workers compensation and salaries, indirect costs, and GASB 75				2,360
Total Due to/Due from Balances				<u>\$ 1,239,664</u>

OCEANSIDE UNIFIED SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2022***NOTE 4 – INTERFUND TRANSACTIONS (continued)****B. Transfers To/From Other Funds**

Transfers to/from other funds at June 30, 2022, consisted of the following:

General Fund transfer to Child Development Fund for miscellaneous purposes	\$ 2,082
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NOTE 5 – FUND BALANCES

At June 30, 2022, 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
Nonspendable:					
Revolving cash	\$ 294,375	\$ -	\$ -	\$ 10,000	\$ 304,375
Stores inventories	36,282	-	-	177,223	213,505
Prepaid expenditures	2,992,658	-	-	-	2,992,658
Total Nonspendable	3,323,315	-	-	187,223	3,510,538
Restricted:					
Categorical programs	12,559,311	-	-	241,855	12,801,166
Student activity	-	-	-	958,952	958,952
Food service program	-	-	-	9,549,286	9,549,286
Capital projects	-	87,409,744	-	19,662,221	107,071,965
Debt service	-	-	26,016,611	-	26,016,611
Total Restricted	12,559,311	87,409,744	26,016,611	30,412,314	156,397,980
Committed:					
Declining enrollment mitigation	10,214,000	-	-	-	10,214,000
Post-retirement benefits	512,500	-	-	-	512,500
Total Committed	10,726,500	-	-	-	10,726,500
Assigned:					
LCAP S&C Carryover	2,600,000	-	-	-	2,600,000
1 Year ADA Stabilization	6,117,856	-	-	-	6,117,856
Technology refresh/investment	3,500,000	-	-	-	3,500,000
Deferred maintenance	978,128	-	-	-	978,128
Total Assigned	13,195,984	-	-	-	13,195,984
Unassigned:					
Reserve for economic uncertainties	11,448,627	-	-	-	11,448,627
Total Unassigned	11,448,627	-	-	-	11,448,627
Total	\$ 51,253,737	\$ 87,409,744	\$ 26,016,611	\$ 30,599,537	\$ 195,279,629

OCEANSIDE UNIFIED SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2022***NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

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

	Balance, July 1, 2021	Additions	Deletions	Balance, June 30, 2022
Capital assets not being depreciated:				
Land	\$ 16,662,847	\$ -	\$ -	\$ 16,662,847
Construction in progress	2,000,309	2,855,364	466,236	4,389,437
Total capital assets not being depreciated	18,663,156	2,855,364	466,236	21,052,284
Capital assets being depreciated:				
Site improvements	10,855,833	143,711	-	10,999,544
Buildings	422,473,548	4,155,380	-	426,628,928
Furniture and equipment	21,928,881	582,342	-	22,511,223
Total capital assets being depreciated	455,258,262	4,881,433	-	460,139,695
Less accumulated depreciation:				
Site improvements	(6,348,698)	(317,135)		(6,665,833)
Buildings	(137,649,088)	(10,009,116)	-	(147,658,204)
Furniture and equipment	(18,284,054)	(558,689)	-	(18,842,743)
Total accumulated depreciation	(162,281,840)	(10,884,940)	-	(173,166,780)
Total capital assets being depreciated, net	292,976,422	(6,003,507)	-	286,972,915
Governmental Activities Capital Assets, net	<u>\$ 311,639,578</u>	<u>\$ (3,148,143)</u>	<u>\$ 466,236</u>	<u>\$ 308,025,199</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%. As of June 30, 2022, the balance was paid in full.

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

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
Tax and Revenue Anticipation Notes	<u>\$ 15,000,000</u>	<u>\$ -</u>	<u>\$ 15,000,000</u>	<u>\$ -</u>

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2022, were as follows:

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	\$ 253,121,176	\$ 61,520,000	\$ 28,230,510	\$ 286,410,666	\$ 12,696,608
Accreted interest component	45,477,300	5,955,307	1,791,407	49,641,200	948,392
Issuance premium	17,711,435	8,309,007	2,472,969	23,547,473	1,370,094
Total - Bonds	316,309,911	75,784,314	32,494,886	359,599,339	15,015,094
Early retirement incentive	4,976,880	-	2,488,440	2,488,440	2,488,440
Compensated absences	1,793,536	208,811	-	2,002,347	-
Totals	\$ 323,080,327	\$ 75,993,125	\$ 34,983,326	\$ 364,090,126	\$ 17,503,534

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.

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.

Election of 2020 (Measure W)

On August 17, 2021, the District issued \$50,000,000 Election of 2020, Series A 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 .11% and 4.00% annually between October 1, 2021, and August 1, 2051.

2021 General Obligation Refunding Bonds

On August 17, 2021 the District issued \$11,520,000 in General Obligation Refunding Bonds as current interest bonds. The bonds bear an interest rate between .290% and 2.0% with annual maturities between August 1, 2022 and August 1, 2032. The net proceeds of \$11,362,220 net of issue, underwriter, and insurance costs of \$157,780 were used to refund a portion of the outstanding 2012 General Obligation Refunding Bonds. The refunding decreased total debt service payments by \$1,055,295. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of \$964,531.

At June 30, 2022, the principal balance outstanding on the bonds was \$10,945,000.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

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.

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 \$8,205,296 while deferred inflows from refunding were \$565,796.

Defeasance

On October 20, 2021, the District used \$2,570,653.63 of Proposition H reserves to defease a portion of principal and interest payments for 2008, Series A Capital Appreciation Bonds.

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

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2021	Issued	Redeemed	Advance Refunded	Balance, June 30, 2022
Refunding Bonds									
2012	5/3/2012	8/1/2027	2.00%-5.00%	\$ 23,585,000	\$ 11,990,000	\$ -	\$ 1,045,000	\$ 10,945,000	\$ -
2014	7/15/2014	8/1/2034	3.00%-5.00%	32,385,000	28,425,000	-	1,635,000	-	26,790,000
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	27,430,000	-	1,965,000	-	25,465,000
2020	9/2/2020	8/1/2028	4.00%	8,075,000	8,075,000	-	1,060,000	-	7,015,000
2020	9/2/2020	8/1/2045	2.72%-2.77%	17,899,497	17,899,497	-	-	-	17,899,497
2021	8/17/2021	8/1/2032	0.290%-2.00%	11,520,000	-	11,520,000	-	-	11,520,000
Subtotal Refunding Bonds					134,799,497	11,520,000	5,705,000	10,945,000	129,669,497
2008 Election									
A	3/4/2009	8/1/2031	3.83%-8.00%	49,995,054	18,866,007	-	801,789	803,721	17,260,497
B	5/19/2010	8/1/2049	6.51%-10.45%	29,999,991	14,354,111	-	-	-	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	20,350,000	-	-	-	20,350,000
F	9/2/2020	8/1/2033	.250%-4.000%	25,000,000	21,655,000	-	1,955,000	-	19,700,000
Subtotal 2008 Election Bonds					118,321,679	-	2,756,789	803,721	114,761,169
2020 Election									
A	8/17/2021	8/1/2051	4%	50,000,000	-	50,000,000	8,020,000	-	41,980,000
Total					\$ 253,121,176	\$ 61,520,000	\$ 16,481,789	\$ 11,748,721	\$ 286,410,666
Accreted Interest					July 1, 2021	Additions	Deductions	Defeased	June 30, 2022
2008	Series A			\$ 21,688,650	\$ 2,089,951	\$ 753,211	\$ 1,038,196	\$	21,987,194
2008	Series B			15,567,998	2,147,504	-	-	-	17,715,502
2008	Series C			8,017,674	1,217,619	-	-	-	9,235,293
2020	Refunding			202,978	500,233	-	-	-	703,211
Total Accreted Interest					\$ 45,477,300	\$ 5,955,307	\$ 753,211	\$ 1,038,196	\$ 49,641,200

OCEANSIDE UNIFIED SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2022***NOTE 8 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)****A. General Obligation Bonds (continued)**

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2022, were as follows:

Fiscal Year	Principal	Interest	Total
2022-2023	\$ 12,696,608	\$ 9,722,651	\$ 22,419,259
2023-2024	11,523,744	10,885,347	22,409,091
2024-2025	8,104,463	10,816,557	18,921,020
2025-2026	9,860,475	10,996,384	20,856,859
2026-2027	10,425,784	11,081,367	21,507,151
2027-2032	54,274,422	60,030,410	114,304,832
2032-2037	58,481,340	55,601,738	114,083,078
2037-2042	34,029,023	97,120,985	131,150,008
2042-2047	37,465,965	40,669,140	78,135,105
2047-2052	49,548,842	16,413,925	65,962,767
Totals	<u>\$ 286,410,666</u>	<u>\$ 323,338,504</u>	<u>\$ 609,749,170</u>

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, 2022 for these obligations are shown below.

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

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 11,617,740	\$ 1,585,288	\$ 8,762,597	\$ 567,356
MPP Program	1,014,921	-	-	(65,647)
Total	<u>\$ 12,632,661</u>	<u>\$ 1,585,288</u>	<u>\$ 8,762,597</u>	<u>\$ 501,709</u>

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

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:

	Certificated*	Classified*	Management*
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.

Employees covered by benefit terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	112
Active employees	1,440
Total	1,552

Total OPEB Liability

The District's total OPEB liability of \$11,614,740 for the Plan was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 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, 2022
Inflation	2.50 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.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	<u>\$ 18,896,586</u>
Changes for the year:	
Service cost	771,260
Interest	407,463
Differences between expected and actual experience	(6,529,564)
Changes of assumptions	(1,091,587)
Benefit payments	(836,418)
Net changes	<u>(7,278,846)</u>
Balance at June 30, 2022	<u><u>\$ 11,617,740</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:

Discount Rate	OPEB Liability
1% decrease	\$ 12,402,305
Current discount rate	\$ 11,617,740
1% increase	\$ 10,870,971

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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:

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ 10,654,552
Current trend rate	\$ 11,617,740
1% increase	\$ 12,739,375

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$567,356. In addition, at June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,756,962
Changes of assumptions	1,585,288	1,005,635
Total	\$ 1,585,288	\$ 8,762,597

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

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ 156,180	\$ 767,547
2024	156,180	767,547
2025	156,180	767,547
2026	156,180	767,547
2027	156,180	767,547
Thereafter	804,388	4,924,862
Totals	\$ 1,585,288	\$ 8,762,597

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

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, 2020 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 pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2021, 5,096 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.

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, 2022, the District reported a liability of \$1,014,921 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, 2021, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. 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:

	<u>Percentage Share of MPP Program</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2022</u>	<u>Fiscal Year Ending June 30, 2021</u>	
Measurement Date	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Proportion of the Net OPEB Liability	0.254453%	0.254980%	-0.000527%

For the year ended June 30, 2022, the District reported OPEB expense of \$(65,647).

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)(continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 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, 2021
Valuation Date	June 30, 2020
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.16%
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 245 or an average of 0.16% of the potentially eligible population of 152,062.

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, 2021, 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, 2021, 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, 2021, was 2.16%, which is a decrease from 2.21% as of June 30, 2020.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

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	\$ 1,118,723
Current discount rate	\$ 1,014,921
1% increase	\$ 926,234

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	\$ 922,952
Current trend rate	\$ 1,014,921
1% increase	\$ 1,120,361

NOTE 10 – 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, 2022, 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	\$ 77,035,275	\$ 30,911,071	\$ 78,858,917	\$ (7,849,121)
CalPERS	45,360,649	12,019,674	23,395,098	3,808,208
Totals	<u>\$ 122,395,924</u>	<u>\$ 42,930,745</u>	<u>\$ 102,254,015</u>	<u>(4,040,913)</u>

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – PENSION PLANS (continued)

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, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <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.

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
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	16.92%	16.92%
Required State Contribution Rate	10.828%	10.828%

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – PENSION PLANS (continued)

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

Benefits Provided (continued)

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation)—signed into law in June 2019 and June 2020, respectively—provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

The contribution rates for each program for the year ended June 30, 2022, are presented above, and the District's total contributions were \$16,646,395.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	\$	77,035,275
State's proportionate share of the net pension liability associated with the District		38,761,163
Total	\$	115,796,438

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's 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, 2022	Fiscal Year Ending June 30, 2021	
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.169279%	0.168248%	0.001030%

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – 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)

For the year ended June 30, 2022, the District recognized pension expense of \$(7,849,121). In addition, the District recognized pension expense and revenue of \$(6,756,126). for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 16,646,395	\$ -
Net change in proportionate share of net pension liability	3,156,618	9,723,871
Difference between projected and actual earnings on pension plan investments	-	60,936,887
Changes of assumptions	10,915,080	-
Differences between expected and actual experience	192,978	8,198,159
Totals	<u>\$ 30,911,071</u>	<u>\$ 78,858,917</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 (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 7 years.

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
2023	\$ 5,618,492	\$ 20,104,703
2024	5,623,570	18,066,140
2025	785,589	18,126,651
2026	785,589	19,626,630
2027	785,589	2,085,014
Thereafter	665,847	849,778
Totals	<u>\$ 14,264,676</u>	<u>\$ 78,858,917</u>

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – PENSION PLANS (continued)

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

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, 2020 and rolling forward the total pension liability to June 30, 2021. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
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.

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, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42.0%	4.8%
Real Estate	15.0%	3.6%
Private Equity	13.0%	6.3%
Fixed Income	12.0%	1.3%
Risk Mitigating Strategies	10.0%	1.8%
Inflation Sensitive	6.0%	3.3%
Cash/Liquidity	2.0%	(0.4%)

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

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%)	\$ 156,816,248
Current discount rate (7.10%)	77,035,275
1% increase (8.10%)	10,818,591

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. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately \$2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. 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 \$10,886,723.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – 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, 2020 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, 2022, 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
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	22.91%	22.91%

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, 2022 are presented above, and the total District contributions were \$7,957,686.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – 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, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$45,360,649. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's 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, 2022	Fiscal Year Ending June 30, 2021	
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.223073%	0.225116%	-0.002043%

For the year ended June 30, 2022, the District recognized pension expense of \$3,808,208. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 7,957,686	\$ -
Net change in proportionate share of net pension liability	398,770	3,571,012
Difference between projected and actual earnings on pension plan investments	2,309,086	19,717,153
Changes of assumptions	-	-
Differences between expected and actual experience	1,354,132	106,933
Totals	\$ 12,019,674	\$ 23,395,098

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 4.0 years.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – 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
2023	\$ 2,207,167	\$ 6,797,443
2024	1,161,082	6,446,375
2025	692,525	5,164,668
2026	1,214	4,986,612
2027	-	-
Thereafter	-	-
Totals	<u>\$ 4,061,988</u>	<u>\$ 23,395,098</u>

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

Valuation Date	June 30, 2020
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Inflation Rate	2.50%
Salary Increases	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, 2022

NOTE 10 – 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+
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	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%)	\$ 76,484,424
Current discount rate (7.15%)	45,360,649
1% increase (8.15%)	19,521,238

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, 2022, the District reported payables of \$93,731 and \$62,299 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2022.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 11 – JOINT VENTURES

The District participates in one joint powers agreement (JPA) entity, the San Diego County Schools Risk Management (SDCSRM). 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 12 – 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, 2022, the District had commitments with respect to unfinished capital projects of approximately \$6.4 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 13 – 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 elements 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, 2022

NOTE 13 – 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 14 – SUBSEQUENT EVENTS

Escrow closed on a sale of a 3-acre parcel of property at Garrison Elementary on July 8, 2022 in the amount of \$3.3 million. An 8-acre parcel of property at Garrison was approved for sale in November 15, 2022 by the Board of Education and at the price of \$17.5 million pending closure of escrow. The Pacifica property is awaiting closure of escrow as of June 30, 2022 in the amount of \$15.3 million.

On July 26, 2022 the District issued 2008 Series G General Obligation Bonds for \$15.0 million and 2022 General Obligation Refunding Bonds in the amount of \$6.4 million.

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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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF Sources	\$ 175,974,780	\$ 181,559,391	\$ 182,843,985	\$ 1,284,594
Federal Sources	26,208,214	69,668,991	30,057,803	(39,611,188)
Other State Sources	24,504,692	40,147,368	35,117,755	(5,029,613)
Other Local Sources	12,681,827	17,695,709	13,998,923	(3,696,786)
Total Revenues	239,369,513	309,071,459	262,018,466	(47,052,993)
Expenditures				
Current:				
Certificated Salaries	94,553,612	105,831,216	101,266,581	4,564,635
Classified Salaries	33,247,661	36,154,284	35,751,194	403,090
Employee Benefits	71,509,839	77,730,922	74,351,604	3,379,318
Books and Supplies	20,752,151	32,065,734	8,608,897	23,456,837
Services and Other Operating Expenditures	23,819,489	60,016,764	30,367,423	29,649,341
Transfers of indirect costs	(47,455)	(185,532)	(274,462)	88,930
Capital Outlay	501,588	1,590,283	1,254,116	336,167
Other Outgo	1,205,634	1,111,862	1,323,202	(211,340)
Total Expenditures	245,542,519	314,315,533	252,648,555	61,666,978
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(6,173,006)	(5,244,074)	9,369,911	14,613,985
Other Financing Sources and Uses				
Interfund Transfers In	-	2,626	-	(2,626)
Interfund Transfers Out		-	(2,082)	(2,082)
Total Other Financing Sources and Uses	-	2,626	(2,082)	(4,708)
Excess (Deficiency) of Revenues and Other				
Expenditures and Other Financing Uses	(6,173,006)	(5,241,448)	9,367,829	14,609,277
Fund Balance, July 1, 2021	41,885,908	41,885,908	41,885,908	-
Fund Balance, June 30, 2022	\$ 35,712,902	\$ 36,644,460	\$ 51,253,737	\$ 14,609,277

OCEANSIDE UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2022

	Last Ten Fiscal Years*			
	2020-21	2019-20	2018-19	2017-18
CalSTRS				
District's proportion of the net pension liability	0.1693%	0.1682%	0.1651%	0.1740%
District's proportionate share of the net pension liability	\$ 77,035,275	\$ 163,047,792	\$ 149,152,095	\$ 159,672,511
State's proportionate share of the net pension liability associated with the District	38,761,163	84,051,156	81,373,083	91,420,428
Totals	<u>\$ 115,796,438</u>	<u>\$ 247,098,948</u>	<u>\$ 230,525,178</u>	<u>\$ 251,092,939</u>
District's covered-employee payroll	\$ 91,915,672	\$ 91,890,525	\$ 88,910,053	\$ 93,212,643
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	88.74%	179.10%	167.80%	171.30%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%
	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.1770%	0.1850%	0.1900%	0.1940%
District's proportionate share of the net pension liability	\$ 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	96,773,292	85,206,379	67,481,492	68,316,977
Totals	<u>\$ 260,353,220</u>	<u>\$ 234,857,717</u>	<u>\$ 195,072,679</u>	<u>\$ 181,824,140</u>
District's covered-employee payroll	\$ 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	176.10%	160.70%	146.60%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

* 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 Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2022

	Last Ten Fiscal Years*			
	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
District's proportion of the net pension liability	<u>0.2231%</u>	<u>0.2251%</u>	<u>0.2249%</u>	<u>0.2520%</u>
District's proportionate share of the net pension liability	<u>\$ 45,360,649</u>	<u>\$ 69,072,484</u>	<u>\$ 65,552,352</u>	<u>\$ 67,069,960</u>
District's covered-employee payroll	<u>\$ 32,316,860</u>	<u>\$ 32,760,640</u>	<u>\$ 31,493,974</u>	<u>\$ 33,418,192</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>133.72%</u>	<u>212.36%</u>	<u>208.14%</u>	<u>200.70%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>70%</u>	<u>70%</u>	<u>71%</u>
	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
District's proportion of the net pension liability	<u>0.2620%</u>	<u>0.2750%</u>	<u>0.2650%</u>	<u>0.2820%</u>
District's proportionate share of the net pension liability	<u>\$ 62,629,580</u>	<u>\$ 54,340,175</u>	<u>\$ 39,028,960</u>	<u>\$ 31,982,217</u>
District's covered-employee payroll	<u>\$ 33,618,277</u>	<u>\$ 32,909,499</u>	<u>\$ 29,597,587</u>	<u>\$ 29,573,702</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>186.30%</u>	<u>165.12%</u>	<u>131.87%</u>	<u>108.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</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 Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2022

	Last Ten Fiscal Years*			
	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Contractually required contribution	<u>\$ 16,646,395</u>	<u>\$ 14,844,381</u>	<u>\$ 15,567,188</u>	<u>\$ 14,442,236</u>
Contributions in relation to the contractually required contribution	<u>16,646,395</u>	<u>14,844,381</u>	<u>15,567,188</u>	<u>14,442,236</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 98,382,951</u>	<u>\$ 91,915,672</u>	<u>\$ 91,890,525</u>	<u>\$ 88,910,053</u>
Contributions as a percentage of covered-employee payroll	<u>16.92%</u>	<u>16.15%</u>	<u>16.94%</u>	<u>16.24%</u>
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	<u>\$ 13,431,816</u>	<u>\$ 11,715,177</u>	<u>\$ 10,001,655</u>	<u>\$ 7,727,385</u>
Contributions in relation to the contractually required contribution	<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>
District's covered-employee payroll	<u>\$ 93,212,643</u>	<u>\$ 92,888,107</u>	<u>\$ 93,104,876</u>	<u>\$ 87,020,090</u>
Contributions as a percentage of covered-employee payroll	<u>14.41%</u>	<u>12.61%</u>	<u>10.74%</u>	<u>8.88%</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 Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2022

	Last Ten Fiscal Years*			
	<u>2020-21</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
CalPERS				
Contractually required contribution	\$ 7,957,686	\$ 6,689,590	\$ 6,414,539	\$ 5,654,103
Contributions in relation to the contractually required contribution	7,957,686	6,689,590	6,414,539	5,654,103
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 38,056,844	\$ 32,316,860	\$ 32,760,640	\$ 31,493,974
Contributions as a percentage of covered-employee payroll	20.910%	20.700%	19.580%	17.953%
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 5,195,018	\$ 4,647,290	\$ 3,913,069	\$ 3,483,635
Contributions in relation to the contractually required contribution	5,195,018	4,647,290	3,913,069	3,483,635
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 33,418,192	\$ 33,618,277	\$ 32,909,499	\$ 29,597,587
Contributions as a percentage of covered-employee payroll	15.545%	13.824%	11.890%	11.770%

* 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, 2022

	Last Ten Fiscal Years*				
Employer Fiscal Year End Measurement Period	2021-22 2021-22	2020-21 2020-21	2019-20 2019-20	2018-19 2018-19	2017-18 2017-18
Total OPEB liability					
Service cost	\$ 771,260	\$ 744,780	\$ 1,177,871	\$ 1,088,112	\$ 1,058,990
Interest	407,463	406,294	640,257	591,966	603,449
Differences between expected and actual experience	(6,529,564)	-	(2,243,905)	-	-
Changes of assumptions or other inputs	(1,091,587)	70,392	1,627,407	380,252	-
Benefit payments	(836,418)	(840,837)	(779,573)	(671,382)	(645,560)
Net change in total OPEB liability	(7,278,846)	380,629	422,057	1,388,948	1,016,879
Total OPEB liability - beginning	18,896,586	18,515,957	18,093,900	16,704,952	15,688,073
Total OPEB liability - ending	\$ 11,617,740	\$ 18,896,586	\$ 18,515,957	\$ 18,093,900	\$ 16,704,952
 Covered-employee payroll	 \$ 133,746,393	 \$ 130,166,806	 \$ 126,683,023	 \$ 123,727,639	 \$ 123,237,566
 Total OPEB liability as a percentage of covered- employee payroll	 8.7%	 14.5%	 14.6%	 14.6%	 13.6%

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, 2022

Employer Fiscal Year End Measurement Period	Last Ten Fiscal Years*				
	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
District's proportion of net OPEB liability	0.2545%	0.2550%	0.2552%	0.2066%	0.2083%
District's proportionate share of net OPEB liability	\$ 1,014,921	\$ 1,080,568	\$ 950,513	\$ 875,522	\$ 775,691
Covered-employee payroll	N/A	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	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(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, 2022

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 either 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 2.16 percent to 3.54 percent since the previous valuation.

OCEANSIDE UNIFIED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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. 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.

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

Change of assumptions – The discount rate was changed from 2.21 percent to 2.16 percent since the previous valuation

Supplementary Information

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OCEANSIDE UNIFIED SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2022

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

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, 2022

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
ASSETS						
Cash	\$ 1,005,154	\$ 19,330	\$ 7,426,447	\$ 16,500,874	\$ 2,322,566	\$ 27,274,371
Accounts receivable	-	240,829	2,448,554	80,272	4,341	2,773,996
Due from other funds	-	43,014	228,467	757,789	-	1,029,270
Stores inventories	44,904	-	132,319	-	-	177,223
Total Assets	<u>\$ 1,050,058</u>	<u>\$ 303,173</u>	<u>\$ 10,235,787</u>	<u>\$ 17,338,935</u>	<u>\$ 2,326,907</u>	<u>\$ 31,254,860</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 46,202	\$ 43,900	\$ 352,289	\$ 3,621	\$ -	\$ 446,012
Due to other funds	-	17,418	189,256	-	-	206,674
Unearned revenue	-	-	2,637	-	-	2,637
Total Liabilities	<u>46,202</u>	<u>61,318</u>	<u>544,182</u>	<u>3,621</u>	<u>-</u>	<u>655,323</u>
Fund Balances						
Nonspendable	44,904	-	142,319	-	-	187,223
Restricted	958,952	241,855	9,549,286	17,335,314	2,326,907	30,412,314
Total Fund Balances	<u>1,003,856</u>	<u>241,855</u>	<u>9,691,605</u>	<u>17,335,314</u>	<u>2,326,907</u>	<u>30,599,537</u>
Total Liabilities and Fund Balances	<u>\$ 1,050,058</u>	<u>\$ 303,173</u>	<u>\$ 10,235,787</u>	<u>\$ 17,338,935</u>	<u>\$ 2,326,907</u>	<u>\$ 31,254,860</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, 2022

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
REVENUES						
Federal sources	\$ -	81,000	\$ 12,226,256	\$ -	\$ -	\$ 12,307,256
Other state sources	-	1,009,097	589,652	-	-	1,598,749
Other local sources	722,198	54,304	(170,502)	2,460,164	493,901	3,560,065
Total Revenues	722,198	1,144,401	12,645,406	2,460,164	493,901	17,466,070
EXPENDITURES						
Current:						
Instruction	-	922,529	-	-	-	922,529
Instruction-Related Services:						
Supervision of instruction	-	179,623	-	-	-	179,623
Pupil Services:						
Food services	-	-	8,913,921	-	-	8,913,921
All other pupil services	-	13,572	-	-	-	13,572
General Administration Services:						
Transfers of indirect costs	-	17,825	256,637	-	-	274,462
Plant services	-	38,400	-	1,315	-	39,715
Ancillary services	588,264	-	-	-	-	588,264
Capital outlay	-	-	-	100,743	-	100,743
Total Expenditures	588,264	1,171,949	9,170,558	102,058	-	11,032,829
Excess (Deficiency) of Revenues Over (Under) Expenditures	133,934	(27,548)	3,474,848	2,358,106	493,901	6,433,241
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	-	2,082	-	-	-	2,082
Total Other Financing Sources and Uses	-	2,082	-	-	-	2,082
Net Change in Fund Balances	133,934	(25,466)	3,474,848	2,358,106	493,901	6,435,323
Fund Balances, July 1, 2021	869,922	267,321	6,216,757	14,977,208	1,833,006	24,164,214
Fund Balances, June 30, 2022	\$ 1,003,856	241,855	\$ 9,691,605	\$ 17,335,314	\$ 2,326,907	\$ 30,599,537

See accompanying note to supplementary information.

OCEANSIDE UNIFIED SCHOOL DISTRICT*Schedule of Average Daily Attendance**For the Fiscal Year Ended June 30, 2022*

	Second Period Report	Annual Report
	<u>271C593</u>	<u>5593E763</u>
Regular ADA:		
TK/Grades K-3	4,456.31	4,470.86
Grades 4-6	3,245.56	3,254.04
Grades 7-8	2,134.72	2,137.04
Grades 9-12	<u>4,800.51</u>	<u>4,774.92</u>
Total Regular ADA	<u>14,637.10</u>	<u>14,636.86</u>
Special Education, Nonpublic, Nonsectarian Schools:		
TK/Grades K-3	0.24	0.24
Grades 4-6	6.44	6.33
Grades 7-8	2.72	2.73
Grades 9-12	<u>13.86</u>	<u>14.20</u>
Total Special Education, Nonpublic ADA		
Nonsectarian Schools ADA	<u>23.26</u>	<u>23.50</u>
Total ADA	<u><u>14,660.36</u></u>	<u><u>14,660.36</u></u>

OCEANSIDE UNIFIED SCHOOL DISTRICT*Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2022*

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	50,740	180	Complied
Grade 1	50,400	54,090	180	Complied
Grade 2	50,400	54,090	180	Complied
Grade 3	50,400	54,090	180	Complied
Grade 4	54,000	54,090	180	Complied
Grade 5	54,000	54,090	180	Complied
Grade 6	54,000	57,618	180	Complied
Grade 7	54,000	57,618	180	Complied
Grade 8	54,000	57,618	180	Complied
Grade 9	64,800	65,358	180	Complied
Grade 10	64,800	65,358	180	Complied
Grade 11	64,800	65,358	180	Complied
Grade 12	64,800	65,358	180	Complied

OCEANSIDE UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis

For the Fiscal Year Ended June 30, 2022

General Fund	(Budget) 2023 ²	2022	2021	2020
Revenues and other financing sources	\$ 288,374,117	\$ 260,522,708	\$ 237,103,349	\$ 224,086,198
Expenditures and other financing uses	279,400,658	251,327,435	232,322,715	223,359,951
Change in fund balance (deficit)	8,973,459	9,195,273	4,780,634	726,247
Ending fund balance	\$ 55,274,006	\$ 46,300,547	\$ 41,885,908	\$ 37,105,274
Available reserves ¹	\$ 24,460,778	\$ 11,448,627	\$ 11,615,782	\$ 10,882,207
Available reserves as a percentage of total outgo	8.8%	4.6%	5.0%	4.9%
Total long-term debt	\$ 481,615,177	\$ 499,118,711	\$ 575,177,757	\$ 543,550,849
Average daily attendance at P-2	14,486	14,660	N/A	16,290

General Fund balance has increased by \$9.2 million over the past two years. The fiscal year 2022-23 adopted budget projects an increase of \$9.0 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 and anticipates incurring an operating surplus during the 2022-23 fiscal year. Long-term debt has decreased by \$44.4 million over the past two years.

ADA has decreased by 1,630 over the past two years and is expected to decrease by 174 in 2022-23.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² Revised budget September, 2022.

OCEANSIDE UNIFIED SCHOOL DISTRICT*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2022*

	General Fund
June 30, 2022, annual financial and budget report (SACS) fund balance	\$ 49,757,979
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Accounts receivable understated	1,495,758
June 30, 2022, audited financial statement fund balance	\$ 51,253,737

OCEANSIDE UNIFIED SCHOOL DISTRICT*Schedule of Charter Schools**For the Fiscal Year Ended June 30, 2022*

Charter School		Inclusion in Financial Statements
Name	Number	
Coastal Academy Charter	0516	Not included
Pacific View Charter	0247	Not included

OCEANSIDE UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

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	\$ 59,385	
School Breakfast Program - Especially Needy	10.553	13526	1,897,224	
National School Lunch Program	10.555	13523	5,133,046	
USDA Donated Foods	10.555	N/A	457,358	
Total Child Nutrition Cluster				\$ 7,547,013
Child and Adult Care Food Program Cluster:				
Child and Adult Care Food Program	10.558	13393	1,090,664	
Cash in Lieu of Commodities	10.558	N/A	205,293	
Total Child and Adult Care Food Program Cluster				1,295,957
Fresh Fruit and Vegetable Program	10.582	14968		27,940
Total U.S. Department of Agriculture				8,870,910
U.S. Department of Defense:				
Promoting K-12 Student Achievement at Military Connected Schools	12.556	N/A	406,801	
Impact Aid for Children with Severe Disabilities	12.000	N/A	292,117	
Total U.S. Department of Defense				698,918
U.S. Department of Treasury				
Passed through California Department of Education				
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516		124,100
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	5,064,141	
ESEA School Improvement Funding	84.010	15438	350,886	
Total Title I Grants				5,415,027
Title I, Migrant Education	84.011	14838		12,527
Title II, Part A, Supporting Effective Instruction	84.367	14341		778,429
Title III, English Learner Student Program	84.365	14346		287,021
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		285,381
Title VIII Impact Aid	84.041	10015		6,255,294
Carl D. Perkins Career and Technical Education: Adult, Sec. 132	84.048	14893		139,354
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425 D	15536	2,176,926	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425 D	15547	2,190,020	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425 U	15559	5,775,953	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund Learning Loss	84.425 U	10155	471,515	
Governor's Emergency Education Relief (GEER) Fund				
Learning Loss Mitigation	84.425 C	15517	194,562	
Expanded Learning Opportunities (ELO) Grant ESSER II				
State Reserve	84.425 D	15618	683,144	
Expanded Learning Opportunities (ELO) Grant GEER II	84.425 D	15619	355	
Expanded Learning Opportunities (ELO) Grant: ESSER III				
State Reserve	84.425U	15620	347,477	
Expanded Learning Opportunities (ELO) Grant: ESSER III				
State Reserve Learning Loss	84.425U	15621	19,263	
Total Education Stabilization Fund				11,859,215
Passed through East County SELPA:				
Special Education Individuals with Disabilities Education Act (IDEA):				
ARP IDEA PART B Sec 611 Local Assistance Entitlement	84.027	15638	695,719	
ARP IDEA Part B Sec 611 Local Assistance Private School Individual	84.027	10169	558	
ARP IDEA Part B Sec 619, Preschool Grants	84.173	15639	59,208	
Basic Local Assistance Entitlement	84.027	13379	3,272,311	
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	2,626	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	102,102	
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	190,634	
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,133	
IDEA Quality Assurance & Focused Monitoring	84.027A	13693	2,344	
Total Special Education (IDEA) Cluster				4,326,635
Total U.S. Department of Education				29,358,883
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education (CDE):				
COVID-19 Funding				
Coronavirus Response and Relief Supplemental Appropriations	93.575	15555	58,489	
ARP California State Preschool Program One Time Stipend	93.575	15640	22,642	
Total Medicaid Cluster				81,131
Total U.S. Department of Health & Human Services				81,131
Total Expenditures of Federal Awards				\$ 39,133,942

See accompanying note to supplementary information.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2022

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 Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2022

NOTE 1 – PURPOSE OF SCHEDULES (continued) 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, 2022, without a corresponding recognition of expenditures.

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 42,365,059
Differences between Federal Revenues and Expenditures:		
Pandemic EBT Local Administrative Grant	10.649	(5,814)
Supply Chain Assistance Funds	10.555	(388,574)
Child Nutrition Cluster	10.555	(2,960,829)
COVID-19 Coronavirus Relief Fund	21.019	124,100
Total Schedule of Expenditures of Federal Awards		<u>\$ 39,133,942</u>

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 10, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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 is 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
February 10, 2023



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

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

Our audit was designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Nigro + Nigro, PC.

Murrieta, California
February 10, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Oceanside Unified School District
Oceanside, California

Report on Compliance

Opinion

We have audited the Oceanside Unified School District's (District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2022.

In our opinion, Oceanside Unified School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2021-22 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the 2021-22 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2021-22 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as not applicable were not operated by the District.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Finding 2022-001.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Nigro + Nigro, PC.

Murrieta, California
February 10, 2023

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, 2022

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>None reported</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>No</u>
Identification of major programs:	
<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
84.425 C, D, U	Education Stabilization Fund
84.027, 84.173	Special Education Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,174,018</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, 2022

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:

Five Digit Code	AB 3627 Finding Types
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 2021-22

OCEANSIDE UNIFIED SCHOOL DISTRICT

Federal Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

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).

There were no federal award findings or questioned costs in 2021-22.

OCEANSIDE UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

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

FINDING 2022-001: AFTER/BEFORE SCHOOL EDUCATION AND SAFETY PROGRAM (40000)

Criteria: The After School Education and Safety Program (ASES) was established to serve pupils in kindergarten through grade nine. In accordance with Education Code Section 8483(a)(1), there are stringent regulations in operating and reporting attendance for the program.

Condition/Context: For 3 sites tested, we could not reconcile the amounts reported by the District in the supporting attendance system with the amount reported in the first half semiannual report.

At one site, we noted 47 instances where the sign-in out sheets did not have a code or other information that permitted the student to leave the program early or arrive late.

Cause: The amount reported through the system has not been reconciled with the amount reported. Additionally, sign-in/out procedures are not being followed at one of the sites tested.

Effect: There is no financial impact on this finding. The amount reported was less than the amount shown through the attendance system but could not be reconciled.

Recommendation: We recommend the District reconcile attendance monthly, follow-up on any variances between the support and amount reported and provide training to all levels of employees involved with the program regarding all policies and procedures for early release or late start.

District Response: The District has partnered with the Expanded Learning Division from the San Diego County Office of Education to provide training to the ASES providers on the student attendance system (CitySpan) and policy for early release and late start. The district also monitors the accuracy of daily sign-in and sign-out sheets by requiring ASES providers to submit copies of the forms with each monthly invoice. The district will continue to meet bi-weekly with the ASES providers to facilitate training, reconcile attendance reports, and plan for student enrichment opportunities.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2022

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2021-001 Coronavirus Relief Fund</i>	<p>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.</p> <p>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.</p>	50000	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.	Implemented.
<i>Finding 2021-002: CalPADS Unduplicated Pupil Count</i>	<p>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:</p> <ul style="list-style-type: none"> 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 (<i>EC</i> sections 2574(b)(2) and 42238.02(b)(1)). Divided by total enrollment in the LEA (<i>EC</i> 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. 	40000	Recommendation: We recommend that the District implement a procedure to ensure that all income data documents are accounted for and stored properly.	Implemented.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2022

Original Finding No.	Finding	Code	Recommendation	Current Status
	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.			
<i>Finding 2021-003: Kindergarten Continuance</i>	<p>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)).</p> <p>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.</p>	40000	We recommend that the District obtain signed kindergarten retention forms for all applicable students and obtain electronic signatures if necessary.	Implemented.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2022

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2021-004: Instructional Materials</i>	<p>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 is 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.</p> <p>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.</p>	70000	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	Implemented.
<i>Finding 2021-005: California Clean Energy</i>	<p>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.</p> <p>The District completed their project on July 22, 2019 but has not yet submitted their final report as of June 30, 2022.</p>	40000	We recommend the District file reports timely to the California Energy Commission.	Implemented.



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, 2022, 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 February 10, 2023 on the financial statements of Oceanside Unified School District.

ASSOCIATED STUDENT BODY (ASB) FUNDS

Observation: During our testing of cash disbursements, we identified 3 of 10 disbursements at King Middle and 2 of 25 disbursements at Oceanside High 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.

Observation: During our cash receipts testing we noted that two deposits at **El Camino** were not deposited in a timely manner. Collected receipts were dated up two months prior to being deposited in the bank.

Recommendation: We recommend that the sites emphasize to the advisors and teachers that deposits should be made to the bookkeeper on a weekly basis or more often as needed. Money should never be left over the weekend or holidays because thefts often occur during these times.

Observation: We noted that the August bank reconciliation at **El Camino** was not signed or dated to indicate a review of the reconciliation and the September bank reconciliation was not performed timely. At **Oceanside High** we were unable to reconcile deposit slips with cash receipts to trace the full audit trail.

Recommendation: Timely and accurate bank reconciliations are prudent and necessary to ensure that the accounting records match the amounts held on deposit. We recommend the bookkeeper perform monthly bank reconciliations within two weeks after the statement arrives. Furthermore, the Principal or ASB Advisor should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed. Review of the bank reconciliations by someone other than the ASB Bookkeeper is an important internal control to detect errors and possible questionable or suspicious activity.

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. This will help to ensure items are not lost or misplaced but accounted for.

Observation: During our test of district office cash disbursements, we noted five of fifty-nine were not approved prior to incurring the expenditure.

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.

Observation: We noted two cash deposits from 'Recycle Center' were made more than two months after the time the finds were collected. One collection was received on July 30 but deposited on October 13; one collection was received on November 18 and deposited on February 1.

Recommendation: We recommend the District Deposit cash at least during the same week that it is collected or daily if necessary. Cash should never be left over the weekend or over a holiday since funds can be stolen or lost over these times.

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

Nigro + Nigro, PC.

Murrieta, California
February 10, 2023