Financial Statements
June 30, 2022

Santa Ana Unified School District

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Independent Auditor's Report

To the Governing Board
Santa Ana Unified School District
Santa Ana, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Correction of an Error

As discussed in Note 20 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for accounts receivable as of June 30, 2022, were discovered during the current year. Accordingly, a restatement has been made to the fund balance of the General Fund and governmental activities net position as of July 1, 2022, to correct the error. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 21 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and the fund balance of the General Fund as of July 1, 2021, to restate beginning net position and fund balance. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 14, 2022

This section of Santa Ana Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities), and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Santa Ana Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows, liabilities, and deferred inflows of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

The relationship between revenues and expenses is the District's *operating results.* Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds -The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like our funds receipt of special taxes and assessments used to pay principal and interest on non-obligatory bonds of the financial reporting entity. The District's fiduciary activities are reported in the *Statement of Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $209,828,077 for the fiscal year ended June 30, 2022, reflecting an increase of 134.3% since June 30, 2021. Of this amount, $(599,273,000) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2022	2021 As restated
Assets		
Current and other assets	$ 557,290,064	$ 512,210,915
Capital assets	990,304,578	967,582,293
Total assets	1,547,594,642	1,479,793,208
Deferred outflows of resources	194,709,452	188,430,532
Liabilities		
Current liabilities	95,510,430	82,235,650
Long-term liabilities	1,140,087,197	1,455,827,859
Total liabilities	1,235,597,627	1,538,063,509
Deferred inflows of resources	296,878,390	40,612,370
Net Position		
Net investment in capital assets	611,003,357	614,246,242
Restricted	198,097,720	156,225,892
Unrestricted (deficit)	(599,273,000)	(680,924,273)
Total net position	$ 209,828,077	$ 89,547,861

Unrestricted net position (deficit) – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased to $(599,273,000) compared to $(680,924,273).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 21. Table 2 takes the information from the statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2022	2021*
Revenues		
Program revenues		
Charges for services and sales	$ 7,422,981	$ 5,658,688
Operating grants and contributions	315,055,476	238,306,067
Capital grants and contributions	7,294,359	22,397
General revenues		
Federal and State aid not restricted	367,886,991	336,575,613
Property taxes	229,018,126	221,869,862
Other general revenues	9,178,581	56,590,728
Total revenues	935,856,514	859,023,355
Expenses		
Instruction-related	551,101,988	611,213,305
Pupil services	114,975,923	93,192,372
Administration	38,886,195	63,621,359
Plant services	72,226,743	71,478,700
Interest on long-term liabilities	22,933,445	23,030,676
All other functional expenses	15,452,004	13,335,840
Total expenses	815,576,298	875,872,252
Change in net position	$ 120,280,216	$ (16,848,897)

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of the accounts receivable restatement or GASB Statement No. 87 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 21, the cost of all of our governmental activities this year was $815,576,298. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $229,018,126 because the cost was paid by those who benefited from the programs ($7,422,981) or by other governments and organizations who subsidized certain programs with grants and contributions ($322,349,835). We paid for the remaining "public benefit" portion of our governmental activities with $377,065,572 in State funds, and with other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction-related	$ 551,101,988	$ 611,213,305	$ (326,199,448)	$ (433,289,839)
Pupil services	114,975,923	93,192,372	(43,269,051)	(46,530,576)
Administration	38,886,195	63,621,359	(28,463,356)	(56,957,841)
Plant services	72,226,743	71,478,700	(61,261,478)	(67,211,359)
Interest on long-term liabilities	22,933,445	23,030,676	(22,933,445)	(23,030,676)
All other functional expenses	15,452,004	13,335,840	(3,676,704)	(4,864,809)
Total	$ 815,576,298	$ 875,872,252	$ (485,803,482)	$ (631,885,100)

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of the accounts receivable restatement or GASB Statement No. 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $423,578,963, which is an increase of $45,303,372 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2021 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General Fund	$ 187,826,797	$ 846,040,236	$ 760,265,676	$ 273,601,357
Building Fund	80,687,999	538,952	49,121,603	32,105,348
Student Activity Fund	1,642,278	2,902,114	2,449,183	2,095,209
Charter School Fund	2,185,941	5,096,375	5,296,042	1,986,274
Child Development Fund	1,243,718	11,484,448	11,486,229	1,241,937
Cafeteria Fund	14,515,366	41,162,229	41,552,065	14,125,530
Deferred Maintenance Fund	3,006,933	6,377,432	1,962,037	7,422,328
Capital Facilities Fund	31,100,335	9,344,150	2,462,457	37,982,028
County School Facilities Fund	502,132	7,293,205	3,995,691	3,799,646
Special Reserve Fund for Capital Outlay Projects	8,990,744	1,499,912	2,323,190	8,167,466
Capital Project Fund for Blended Component Units	619,320	12,105	191,828	439,597
Bond Interest and Redemption Fund	41,324,820	46,178,489	46,929,458	40,573,851
Debt Service Fund for Blended Component Units	4,629,208	7,762,670	12,353,486	38,392
Total	$ 378,275,591	$ 985,692,317	$ 940,388,945	$ 423,578,963

The primary reasons for changes are:

1. The General Fund showed an increase of $85.8 million.
2. The Building Fund showed a decrease of $48.6 million.
3. The Cafeteria Fund showed a decrease of $0.3 million.
4. The Deferred Maintenance Fund showed an increase of $4.4 million.
5. The Capital Facilities Fund showed an increase of $6.9 million.
6. The County School Facilities Fund showed an increase of $3.3 million.
7. The Bond Interest and Redemption Fund showed a decrease of $0.7 million.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 28, 2022. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 90.)

The key differences between the original budget, final budget, and actual results is attributable to:

- Re-allocation of categorical program carryover from the prior year
- Adjusted revenue and expenditures to project spending amounts and carryovers for current year
    - The District spent 81.90% on the personnel costs including certificated salaries, classified salaries, and employee benefits
        - This included the 4.75% ongoing salary increases
        - Approximately 10.3% was spent with one-time COVID-19 funds
    - The District spent 18.10% on the non-personnel costs
        - Approximately 24.80% were spent on the COVID-19 related expenditures such as PPE, technology (Chromebooks, iPads, hotspots), mental health, healthcare, ethnic studies consultants, testing, HVACs, student meals, storage bin rentals, summer school instructional supplies, etc.)

As has been the practice of the District, Santa Ana Unified School District does not reallocate categorical program carryover from the prior year until the financial records for the prior year are closed. Consequently, the original budget does not include revenues or expenditures related to categorical carryover, while the final budget and actual results reflects these carryovers.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had $990,304,578 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $22,722,285, or 2.3%, from last year (Table 5).

Table 5

	Governmental Activities	
	2022	2021
Land and construction in progress	$ 264,763,719	$ 240,298,211
Buildings and improvements	721,385,547	722,874,721
Furniture and equipment	4,155,312	4,409,361
Total	$ 990,304,578	$ 967,582,293

This year's addition of $58.98 million included new furniture, equipment and several construction projects, $24.47 million of which is currently classified as work in progress.

We present more detailed information about our capital assets in Note 7 to the financial statements.

Long-Term Liabilities other than Other Postemployment Benefits (OPEB) and Pension

At the end of this year, the District had $549,692,420 in long-term liabilities other than OPEB and pension versus $571,316,559 last year. The obligations consisted of:

Table 6

	Governmental Activities	
	2022	2021
Long-Term Liabilities		
General obligation bonds	$ 422,355,308	$ 430,023,985
Premium on issuance	19,900,026	21,741,962
Certificates of participation	58,996,276	61,744,136
Premium on issuance	1,929,041	2,059,089
2005 Qualified zone academy bonds	-	4,500,000
Construction loan	8,584,015	10,037,764
Compensated absences	6,049,555	6,425,690
Supplemental early retirement plan (SERP)	16,717,112	21,622,390
Claims liability	15,161,087	13,161,543
Total	$ 549,692,420	$ 571,316,559

The State limits the amount of general obligation debt that unified school districts can issue to 2.5% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $422 million is below the statutorily-imposed limit.

We present more detailed information regarding our long-term liabilities in Note 11 of the financial statements.

OPEB and Pension Liabilities

At year-end, the District had $212,841,671 in net OPEB liability versus $166,216,390 last year, an increase of $46,625,281 or 28.1%. We present more detailed information regarding our pension liability in Note 12 of the financial statements

At year-end, the District had $377,553,106 in aggregate net pension liability versus $718,294,910 last year, a decrease of $340,741,804 or 47.4%. We present more detailed information regarding our pension liability in Note 16 of the financial statements

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2021-2022 ARE NOTED BELOW:

Accomplishments have been organized and represented via a two-pronged approach: (a) by Board Priority representing the collaborative and collective work of the district's administrative team and (b) by department reflecting accomplishments specific to that team.

Student Achievement

Graduate Profile

- Collaboration with district stakeholders to identify characteristics of a SAUSD graduate
- Development and adoption by Board of Graduate profile
- Identification of three Graduate Profile characteristics as focus areas
- Identification of early grades and transition grades as focal point for implementation
- Gathering of baseline data that can be used as metrics for graduate profile - # of graduates - # of students in AP classes - # of students in dual program - # of student in AVID - # of students going to a 4- year

Early Learning

- Preschool Expansion Grant application
- Merge of Head Start & State Preschool
- Universal PK planning

Programs Expansions

- Design, development & implementation of Santa Ana's Virtual Academy (SAVA)
- Building out & refining high school CTE Pathways/ Sequences of study
- Expansion of Speech & Debate to multiple sites including LGA & Chavez
- Music for all TK-5 grade students
- Implementation of HS Ethnic Studies graduation requirement including courses & Professional Learning
- ELOP plan -development -hiring -implementation -RFP
- ELOP Pilot launch
- 226 teachers will have completed year one of Teacher Induction by the end of this year

Grants/ Partnerships/ Plans

- Design, development & implementation of EL Master Plan
- Community Schools Grant award
- Middle College STEM/UCI grant/ partnership
- In-home tutoring for McKinney Vento students & expansion partners
- Job fair for students with community partners, county & SAUSD

Personalized Learning

- Strategic master schedule meetings were held w/ all secondary administrators
- Grading Committee & Policy development
- Listening sessions

Social Emotional Wellness

Support
- Crisis Response Support
- Coordination within Support Services to maximize SEL support
- Behavior Support team support to sites/students
- Onboarding counseling team
- Expanded staffing to service students with counseling instruction, etc.
- Expanded Engage 360 – lessons & support
- Rob Richardson Welcome Resource Center launch

SEW Implementation
- Framework
- Training
- K-8 Second step curriculum
- CASEL (Collaborative for Academic, Social and Emotional Learning) signature practices

Training
- Districtwide mental health support and referral process
- Crisis Threat protocol training -Engage -Nurses -FACE team -social workers -counselors
- Wellness Playbook for staff and students
- Counselor training

Family and Community Engagement

Digital Outreach
- District social media followers increased by 25%
- Media Mentions 503 - 40% positive -15% negative -45% neutral
- SAUSD social media followers by school grew by 29%
- Expanded Parent Square use
- HR social media
- Project development with faculty/staff/ students and parents
- Highlighting facilities success -Government award -Ribbon/Ground -other special events

Student Achievement Support
- Graduate Profile
- Student Engagement
- Listening sessions

Community Support

- Expansion of Community Partners with appropriate protocol/SOW
- Expansion of community partnerships, including food distributions
- COVID testing outreach
- Superintendent's Advisory
- LCAP Task Force Meetings

Public Safety

Preparation & Prevention

- School police supervisor attended Supervisor Leadership Institute
- Single point of entry implementation (phase 4 of 5)
- Distribution of COVID safety and mitigation materials. -testing kits - masks -sanitizer
- Development of Health Monitoring Rooms
- Contact Tracing
- Setting up EOC

Organized Efficiency Reflections

- Hired permanent Chief

Community Support

- COVID testing and protocols
- Immunization and vaccination clinics
- Community testing hubs
- Development of COVID Community Dashboard w/ resources
- Support series and police -crisis/threat management

Cyber Security

- Tech Security
- Multi-Factor Authentication for unified workspace and OCDE

Organizational Efficiency & Effectiveness

Staffing

- Key Cabinet positions hired -HR -CBO -SPED -Chief
- HR & Business developing collaborative processes
- Compaction completion
- HR successful negotiations -CSEA -SAEA -SASPOA
- Engage 360 MOU -CSEA -SAEA
- Critical HR hiring of 300 + employees
- Counselor 250:1 -Training -Hiring

Collaboration

- Target Team 1 Collaboration -CSEA/SAEA -DO/Principals
- Alignment of Board Priorities, LCAP & Grad Profile
- Organizing Graduate Profile awareness building across schools and departments
- Functional Cabinet Team
- Increased collaboration and coordination between divisions
- LCAP Task Force Meetings
- Santa Ana Partnership - updated purpose, scope of work and desired outcomes

Process

- Improved services & support for students, teachers
- Developed Phase II Optimization plans to generate improved schools/ generate revenue/etc.
- Develop new structure and naming concepts for division and departments
- LCAP session data used to build state plans (ELOP, A-G)
- Development of district-wide standard operating procedures • Coordination of support at sites
- Renew/update job descriptions (EXLD, Business, etc.)
- Integration for COVID testing consent
- Application support Single Sign on for Aeries

Budget

- $9,585,000 in grants (not including K16 collaborative and EASIE)
- 106 million state funding with “Bond match”
- Enhance tech infrastructure core upgrade from 10gb to 40gb
- Saved approximately $700,000 in energy (with projected increase to $1.7 next year)
- Continue progress on Measure I (Century/LRCA/ Washington)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2022-2023 budget was adopted according to the statute prior to June 30, 2022. The District's revenue and expenditure projections are reflective of the Governor's May Revise Budget Proposal. In considering the District Budget for the 2022-2023 year, the Board of Education and District Management used the following criteria:

Revenues:

1. The District's major source of income is from the Local Control Funding Formula (LCFF). LCFF funding consists of Base, Supplemental, and Concentration grants, as well as Targeted Instructional Improvement Block Grant, Home-to School Transportation add-on programs as well as the Education Protection Account
2. Projected declining enrollment of - 2000 from 41,500 in 2021-2022 to 39,500 in 2022-2023
3. The District uses the average of three prior’s average daily attendance (ADA) to calculate the budget year’s LCFF funding
4. Projected funded ADA of 41,342.15 to calculate LCFF funding
5. Statutory COLA of 9.86%

6. Unduplicated pupil count of 83.73%
7. Decreased LCFF Transfers to Deferred Maintenance Fund
8. Decreased Federal funding due to spending down the one-time GEER, ESSER I, and ESSER II funds;
9. Increased Other State funding mostly due to an increase in one-time funds for Discretionary Block Grant and ELOP funds, a removal of Educator Effective Grant and Child Nutrition Kitchen Infrastructure Upgrade funds, and an expired CDPH Personnel Support Program
10. Decreased Other Local funding mostly due to budgeting MAA revenue based on cash basis, a reduction in interest income, removal of one-time ROP Categorical Flex funds, a reduction in OCDE TUPE and K-12 Strong Workforce Program Pathway Improvement grant, as well as expired grants
11. Increased contribution mostly to Special Education and Ongoing and Major Maintenance Account
12. Mandated Block Grant funding
13. Unrestricted and Restricted Lottery funding

Expenditures:

1. Step and column increase
2. Full-year cost of vacant positions
3. New positions and frozen positions for both certificated and classified positions
4. Increased costs for STRS and PERS due to the rate increases from 16.92% to 19.10% and from 22.91% to 25.37%, respectively, for Health and Welfare benefits due to an assumed increase of 10.4%, and for OASDI and Medicare due to increases in salaries
5. 0.00% for Workers Compensation and Retiree Benefits rates effective 2020-2021. The District discontinued utilizing the Retiree Benefits Fund to pay our retiree health benefit costs effective 2021-2022
6. Continued budgeting regular positions with one-time COVID-19 funds balances
7. Continued budgeting facilities projects that address improved indoor air quality and/or outdoor learning environments with one-time COVID-19 funds balances
8. Increased in utility costs
9. Technology Refresh funds for grades 3, 6, and 9
10. Adoption of textbooks for Science (grades 6-12), Social Science for elementary, and World Language (grades 9-12)
11. PARS (2018-2023): 5th of a 5-year payment schedule of $1,021,240
12. PARS Supplemental Retirement Program (2021-2026): 2nd of a 5-year payment schedule of
13. $4,153,828.37
14. Increased Special Education costs
15. Removal of one-time expenditures
16. Removal of expired ESSER I and GEER funds as the district spent the funds down in 2021-2022
17. Removal of carryover, however, it will be budgeted when the actual amounts are known

Staffing ratios:

	Staffing Ratio	Enrollment
Transitional Kindergarten	12:1	555
Kindergarten through three	24:1	9,876
Grades four through five	26:1	5,709
Grades six through eight	28:1	9,043
Grades nine through twelve	28:1	13,965

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Santa Ana Unified School District, 1601 East Chestnut Avenue, Santa Ana, California, 92701-6322.

	Governmental Activities
Assets	
Deposits and investments	$ 463,226,448
Receivables	84,501,694
Prepaid expenses	716,462
Stores inventories	2,579,398
Lease receivables	138,425
Long-term receivables	6,127,637
Capital assets not depreciated	264,763,719
Capital assets, net of accumulated depreciation	725,540,859
Total assets	1,547,594,642
Deferred Outflows of Resources	
Deferred charge on refunding	531,964
Deferred outflows of resources related to OPEB	58,680,268
Deferred outflows of resources related to pensions	135,497,220
Total deferred outflows of resources	194,709,452
Liabilities	
Accounts payable	81,077,159
Accrued interest payable	4,781,945
Unearned revenue	9,651,326
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	32,061,281
Long-term liabilities other than OPEB and pensions due in more than one year	517,631,139
Net other postemployment benefits (OPEB) liability	212,841,671
Aggregate net pension liability	377,553,106
Total liabilities	1,235,597,627
Deferred Inflows of Resources	
Deferred amount on refunding	818,573
Deferred inflows of resources related to OPEB	3,887,940
Deferred inflows of resources related to pensions	292,040,416
Deferred inflows of resources related to leases	131,461
Total deferred inflows of resources	296,878,390
Net Position	
Net investment in capital assets	611,003,357
Restricted for	
Debt service	35,830,298
Capital projects	42,797,585
Educational programs	83,942,376
Other activities	35,527,461
Unrestricted (deficit)	(599,273,000)
Total net position	$ 209,828,077

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 475,374,396	$ 1,543,489	$ 189,640,715	$ 7,294,359	$ (276,895,833)
Instruction-related activities					
Supervision of instruction	28,584,549	155,636	20,405,398	-	(8,023,515)
Instructional library, media, and technology	6,010,530	21,395	2,530,081	-	(3,459,054)
School site administration	41,132,513	36,606	3,274,861	-	(37,821,046)
Pupil services					
Home-to-school transportation	15,377,685	-	(417)	-	(15,378,102)
Food services	40,043,041	268,360	40,707,538	-	932,857
All other pupil services	59,555,197	164,207	30,567,184	-	(28,823,806)
Administration					
Data processing	7,083,349	-	11,889	-	(7,071,460)
All other administration	31,802,846	39,599	10,371,351	-	(21,391,896)
Plant services	72,226,743	2,745,718	8,219,547	-	(61,261,478)
Ancillary services	10,896,463	647	3,065,400	-	(7,830,416)
Community services	260,704	-	4,007	-	(256,697)
Enterprise services	285,133	2,304	290,330	-	7,501
Interest on long-term liabilities	22,933,445	-	-	-	(22,933,445)
Other outgo	4,009,704	2,445,020	5,967,592	-	4,402,908
Total governmental activities	$ 815,576,298	$ 7,422,981	$ 315,055,476	$ 7,294,359	(485,803,482)
General Revenues and Subventions					
Property taxes, levied for general purposes					195,360,341
Property taxes, levied for debt service					27,962,070
Taxes levied for other specific purposes					5,695,715
Federal and State aid not restricted to specific purposes					367,886,991
Interest and investment earnings					(3,942,397)
Miscellaneous					13,120,978
Subtotal, general revenues and subventions					606,083,698
Change in Net Position					120,280,216
Net Position - Beginning, as restated					89,547,861
Net Position - Ending					$ 209,828,077

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 269,102,629	$ 44,479,318	$ 109,614,353	$ 423,196,300
Receivables	73,227,710	26,060	10,406,827	83,660,597
Due from other funds	4,781,254	2,123,177	8,951,925	15,856,356
Prepaid expenditures	88,605	105,605	522,252	716,462
Stores inventories	847,821	-	1,731,577	2,579,398
Lease receivables	138,425	-	-	138,425
Total assets	$ 348,186,444	$ 46,734,160	$ 131,226,934	$ 526,147,538
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$ 56,072,945	$ 14,602,514	$ 5,891,441	$ 76,566,900
Due to other funds	12,668,725	26,298	3,523,865	16,218,888
Unearned revenue	5,711,956	-	3,939,370	9,651,326
Total liabilities	74,453,626	14,628,812	13,354,676	102,437,114
Deferred Inflows of Resources				
Deferred inflows of resources related to leases	131,461	-	-	131,461
Fund Balances				
Nonspendable	1,086,426	105,605	2,255,709	3,447,740
Restricted	80,714,165	31,999,743	101,148,271	213,862,179
Committed	53,218,597	-	7,422,328	60,640,925
Assigned	31,772,169	-	7,045,950	38,818,119
Unassigned	106,810,000	-	-	106,810,000
Total fund balances	273,601,357	32,105,348	117,872,258	423,578,963
Total liabilities, deferred inflows of resources, and fund balances	$ 348,186,444	$ 46,734,160	$ 131,226,934	$ 526,147,538

Total Fund Balance - Governmental Funds		$ 423,578,963
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 1,512,958,404	
Accumulated depreciation is	(522,653,826)	
Net capital assets		990,304,578
Receivables related to the settlement are not received in the near term (within a year) and therefore, are not reported as receivables in the governmental Funds.		6,127,637
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(4,781,945)
An internal service fund is used by the District's management to charge the costs of the workers' compensation and property and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		21,562,431
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	531,964	
Net other postemployment benefits (OPEB) liability	58,680,268	
Aggregate net pension liability	135,497,220	
Total deferred outflows of resources		194,709,452
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Deferred charge on refunding	(818,573)	
Net other postemployment benefits (OPEB) liability	(3,887,940)	
Aggregate net pension liability	(292,040,416)	
Total deferred inflows of resources		(296,746,929)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(377,553,106)

The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (212,841,671)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	$ (339,341,119)	
Unamortized premium on issuance of bonds	(19,900,026)	
Certificates of participation	(41,805,356)	
Unamortized premium on issuance of certificates	(1,929,041)	
Construction loan	(8,584,015)	
Compensated absences (vacations)	(6,049,555)	
Supplemental early retirement plan (SERP)	(16,717,112)	
In addition, the District has issued 'capital appreciation' general obligation bonds and certificates of participation. The accretion of interest on those bonds and certificates to date is the following		
Accumulated accretion on general obligation bonds	(83,014,189)	
Accumulated accretion on certificates of participation	(17,190,920)	
Total long-term liabilities		(534,531,333)
Total net position - governmental activities		$ 209,828,077

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 542,446,547	$ -	$ 9,064,072	$ 551,510,619
Federal sources	150,389,281	-	39,579,249	189,968,530
Other State sources	141,094,584	-	21,071,353	162,165,937
Other local sources	12,109,824	(551,436)	42,353,930	53,912,318
Total revenues	846,040,236	(551,436)	112,068,604	957,557,404
Expenditures				
Current				
Instruction	473,988,680	-	12,762,678	486,751,358
Instruction-related activities				
Supervision of instruction	28,128,061	-	753,392	28,881,453
Instructional library, media, and technology	6,181,753	-	3,396	6,185,149
School site administration	42,851,331	-	994,396	43,845,727
Pupil services				
Home-to-school transportation	15,388,203	-	-	15,388,203
Food services	1,168,486	-	39,412,410	40,580,896
All other pupil services	62,562,326	-	652,137	63,214,463
Administration				
Data processing	6,944,215	-	-	6,944,215
All other administration	33,217,635	-	2,101,824	35,319,459
Plant services	66,103,824	83,420	1,536,827	67,724,071
Ancillary services	8,535,535	-	2,513,035	11,048,570
Community services	265,014	-	-	265,014
Other outgo	4,009,704	-	-	4,009,704
Enterprise services	34,715	-	288,198	322,913
Facility acquisition and construction	3,231,250	49,038,183	7,600,903	59,870,336
Debt service				
Principal	-	-	27,769,135	27,769,135
Interest and other	5,557	-	14,313,072	14,318,629
Total expenditures	752,616,289	49,121,603	110,701,403	912,439,295
Excess (Deficiency) of Revenues over Expenditures	93,423,947	(49,673,039)	1,367,201	45,118,109
Other Financing Sources (Uses)				
Transfers in	-	1,090,388	9,658,525	10,748,913
Other sources - proceeds from issuance of general obligation bonds	-	-	17,386,000	17,386,000
Transfers out	(7,649,387)	-	(3,099,526)	(10,748,913)
Other uses - payment to refunded bond escrow agent	-	-	(17,200,737)	(17,200,737)
Net Financing Sources (Uses)	(7,649,387)	1,090,388	6,744,262	185,263
Net Change in Fund Balances	85,774,560	(48,582,651)	8,111,463	45,303,372
Fund Balances - Beginning, as restated	187,826,797	80,687,999	109,760,795	378,275,591
Fund Balances - Ending	$ 273,601,357	$ 32,105,348	$ 117,872,258	$ 423,578,963

Total Net Change in Fund Balances - Governmental Funds		$ 45,303,372
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities. This is the amount by which capital outlays exceeds depreciation expenses in the period.		
Capital outlays	$ 58,981,142	
Depreciation and amortization expenses	(36,258,857)	
Net expense adjustment		22,722,285
Revenues related to the settlement are not received in the near term (within a year) and therefore, are not reported as revenues in the governmental Funds.		6,127,637
In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits paid were more than the amounts earned by $4,905,278. Vacation earned was less than the amounts used by $376,135.		5,281,413
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year.		60,229,265
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(16,471,510)
Proceeds received from general obligation refunding bonds is a revenue, in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.		(17,386,000)

Governmental funds report the effect of deferred charges on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		$ 230,737
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances		
Amortization of debt premium	$ 1,971,984	
Amortization of deferred charge on refunding	14,329	
Combined adjustment		1,986,313
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities		
General obligation bonds	34,525,000	
Certificates of participation	4,260,386	
Qualified zone academy bonds	4,500,000	
Construction loan	1,453,749	
Combined adjustment		44,739,135
Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of the two factors. First, accrued interest on the general obligation bonds and certificates of participation decreased by $381,720, and second, $10,982,849 of additional interest was accreted on the District's capital appreciation general obligation bonds and certificates of participation.		(10,601,129)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The net change of the Internal Service Fund is reported with governmental activities.		(21,881,302)
Change in net position of governmental activities		$ 120,280,216

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 40,030,148
Receivables	841,097
Due from other funds	1,936,555
Total current assets	42,807,800
Liabilities	
Current liabilities	
Accounts payable	4,510,259
Due to other funds	1,574,023
Current portion of long-term liabilities	3,543,217
Total current liabilities	9,627,499
Noncurrent liabilities	
Noncurrent portion of long-term liabilities	11,617,870
Net Position	
Restricted	$ 21,562,431

	Governmental Activities - Internal Service Fund
Operating Revenues	
Local and intermediate sources	$ 3,000,676
Operating Expenses	
Payroll costs	13,979,663
Supplies and materials	44,285
Other operating cost	10,342,961
Total operating expenses	24,366,909
Operating loss	(21,366,233)
Nonoperating Revenues (Expenses)	
Interest income (including fair market valuations)	(515,069)
Change in Net Position	(21,881,302)
Total Net Position - Beginning	43,443,733
Total Net Position - Ending	$ 21,562,431

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts from customers	$ 11,911,719
Other operating cash receipts	96,389
Cash payments to other suppliers of goods or services	3,073,558
Cash payments to employees for services	(12,434,120)
Other operating cash payments	(8,343,417)
Net Cash Used for Operating Activities	(5,695,871)
Investing Activities	
Interest on investments	(482,865)
Net Decrease in Cash and Cash Equivalents	(6,178,736)
Cash and Cash Equivalents - Beginning	46,208,884
Cash and Cash Equivalents - Ending	$ 40,030,148
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	$ (21,366,233)
Adjustments to reconcile operating loss to net cash used for operating activities	
Changes in assets and liabilities	
Receivables	3,676,403
Due from other funds	5,331,029
Prepaid expenditures	152,558
Accounts payable	2,965,285
Due to other fund	1,545,543
Claims liability	1,999,544
Net Cash from Operating Activities	$ (5,695,871)

	Custodial Funds
Assets	
Deposits and investments	$ 1,373,389
Receivables	6
Total assets	1,373,395
Liabilities	
Due to bondholders	10,531
Net Position	
Restricted for individuals, organizations, and other governments	$ 1,362,864

	Custodial Funds
Additions	
Contributions	
Special tax assessment	$ 779,604
Investment earnings	
Net decrease in the fair value of investments	(189)
Total additions	779,415
Deductions	
Payments to investors	508,100
Other expenses	201,496
Total deductions	709,596
Change in Fiduciary Net Position	69,819
Net Position - Beginning	1,293,045
Net Position - Ending	$ 1,362,864

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Santa Ana Unified School District (the District) was organized in 1888 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates 36 elementary schools, nine middle schools, six high schools, one charter school, ten special schools/programs, and three alternative high schools.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component Units

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. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units* and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Santa Ana Unified School District Public Facilities Corporation (the Corporation) is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Corporation was formed for the sole purpose of providing financial assistance to the District by acquiring, constructing, financing, selling, and leasing public facilities, land, personal property, and equipment for the use and benefit of the District. The District leases certain school facilities from the corporation under various lease-purchase agreements recorded in long-term liabilities.

The Corporation's financial activity is presented in the financial statements as the Capital Project Fund for Blended Component Units and the Debt Service Fund for Blended Component Units. Certificates of participation and qualified zone academy bonds issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually-prepared financial statements are not prepared for the Corporation.

Other Fiduciary Component Unit - On August 24, 2004, the District voted to establish Community Facilities District (CFD) No. 2004-1 and to authorize the levy of special taxes. The purpose of the agreement is to provide for the issuance of certain debt obligations to provide and finance the design, acquisition, and construction of certain public facilities, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended. The CFD is authorized to levy special taxes on parcels of taxable property within the CFD to pay the principal and interest on the bonds. The CFD financial activity is presented in the Custodial Fund. Debt instruments issued by the CFD do not represent liabilities of the District or the Corporation and is not included in the District-wide financial statements.

Other Related Entities

Charter School The District has approved Charters for Orange County Educational Arts Academy (OCEAA), Edward B. Cole Academy, El Sol Santa Ana Science and Arts Academy, NOVA Academy Early College High, and Advanced Learning Academy pursuant to *Education Code* Section 47605. The Charters for Orange County Educational Arts Academy (OCEAA), Edward B. Cole Academy, El Sol Santa Ana Science and Arts Academy, and NOVA Academy Early College High are direct-funded and are not considered component units of the District. The Charter Schools are independent of the District, but subject to periodic charter renewal by the District. The Advanced Learning Academy is operated by the District, and its financial activity is presented in the Charter School Fund.

Basis of Presentation Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Two funds currently defined as special revenue funds in the California School Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 20, Special Reserve Fund for Other Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $1,539,858.

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

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Charter School Fund** The Charter School Fund may be used by authorizing districts to account separately for the activities of district-operated charter schools that would otherwise be reported in the authorizing Districts General Fund.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

Capital Project Funds The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

- **Capital Project Fund for Blended Component Units** The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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

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

- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units fund is used for the accumulation of resources for and the retirement of principal and interest on debt issued by entities that are considered blended component units of the District under GAAP.

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

- **Internal Service Fund** Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a property and liability, dental, vision, and workers' compensation self-insurance fund that is accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District’s own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District has no trust funds. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District’s reporting entity. The District’s custodial fund is used to account for property taxes received from the Community Facilities District (CFD).

Basis of Accounting - Measurement Focus

Government - Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues of the activities of the District and for each governmental function and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of leased assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from the cafeteria special revenue fund and the internal service fund, and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county investment pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000 and $20,000 for federally funded and non-federally funded assets, respectively. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 25 to 50 years; furniture and equipment, 15 to 20; years, and vehicles, eight years.

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental columns of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid. The compensated absence liability will be paid by the following funds: General Fund, Charter School Fund, Child Development Fund, Cafeteria Fund, and Building Fund.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities or proprietary fund statement of Net Position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charge on refunding of debt, deferred inflows of resources related to leases, for pension related items, and for OPEB related items.

Pensions

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

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 the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. 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.

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than two percent of General Fund expenditures and other financing uses.

Stabilization Arrangement

In fiscal year 2010-2011, the governing board adopted a resolution for stabilization arrangements. Under the resolution, a portion of the fund balance of the General Fund is committed for stabilization arrangements, such as might be needed in emergency situations or when revenue shortages or budgetary imbalances occur. The resolution states that, at fiscal year-end, an amount approximately equal to, but not less than, seven percent of the annual operating expenditures of the General Fund is to be committed for use in covering catastrophic losses, including natural and man-made disasters, insurance loss reserves, and limited operating expenses in a period of severe economic uncertainty. At June 30, 2022, $53,218,597 of the fund balance for the General Fund is reported as committed for economic stabilization. The resolution recognizes that under extreme conditions, the use of resources may result in the committed fund balance amount dropping below the established threshold. Such amounts are required to be reinstated by the end of the subsequent fiscal year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $198,097,720 of net position restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities column of the statement of activities.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Orange bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

Implementation of GASB Statement No. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 21 and the additional disclosures required by this standard are included in Notes 1 and 5.

Implementation of GASB Statement No. 92

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

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

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

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

Implementation of GASB Statement No. 93

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

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

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	$ 463,226,448
Fiduciary funds	1,373,389
Total deposits and investments	$ 464,599,837

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

Cash on hand and in banks	$ 6,861,986
Cash in revolving	851,880
Investments	456,885,971
Total deposits and investments	$ 464,599,837

Policies and Practices

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds and Notes	N/A	None	None
Registered State Bonds and Notes	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
U.S. Agency Securities	N/A	None	None
Farmer Credit System Bonds and Notes	N/A	None	None
Farmers Home Administration Certificates	N/A	None	None
Federal Housing Administration Debentures	N/A	None	None
Federal National Mortgage Association Obligations	N/A	None	None
Federtal Home Loan Bank System Obligations	N/A	None	None
Federal Home Loan Mortgage Corporation Obligations	N/A	None	None
Student Loan Marketing Association Obligations	N/A	None	None
Resolution Funding Corporation Obligations	N/A	None	None
General Services Administration Certificates	N/A	None	None
Government National Mortgage Association Obligations	N/A	None	None
U.S. Maritime Administration Obligations	N/A	None	None
U.S. Department of Housing and Urban Development Bonds and Notes	N/A	None	None
Money Market Funds	N/A	None	None
Deposit Accounts, Time Certificates of Deposit, Negotiable Certificates of Deposit	180 days	None	None
Commercial Paper	270 days	None	None
Federal Funds and Bankers Acceptance	365 days	None	None
Repurchase Agreement	30 days	None	None
Investment Agreement	N/A	None	None
Prefunded Municipal Bonds	N/A	None	None
State Investment Fund	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the county pool and purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Average Maturity in Days/ Maturity Date
Orange County Treasury Investment Pool	$ 456,885,926	287 days
Invesco Government and Agency Money Market Fund	45	24 days
Total	$ 456,885,971	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the *California Government Code*, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

The investment in the Orange County Treasury Investment Pool is not required to be rated nor have they been rated. The investment in Invesco Government and Agency Money Market Fund has been rated Aaa-mf by Moody's rating service as of June 30, 2022.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the District's bank balance of $5,723,054 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2022:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs
Invesco Government and Agency Money Market Fund	$ 45	$ 45
Investments not measured for fair value or subject to fair value hierachy:		
Orange County Treasury Investment Pool	456,885,926	
Total investments	$ 456,885,971	

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

Note 4 - Receivables

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Custodial Funds
Federal Government						
Categorical aid	$ 63,759,008	$ -	$ 9,165,669	$ -	$ 72,924,677	$ -
State Government						
LCFF apportionment	437,889	-	69,362	-	507,251	-
Categorical aid	3,804,834	-	685,908	-	4,490,742	-
Lottery	702,054	-	5,231	-	707,285	-
Local Government						
Interest	316,748	26,060	37,393	16,898	397,099	-
Other LEA	2,513,445	-	-	-	2,513,445	-
Other Local Sources	1,693,732	-	443,264	824,199	2,961,195	6
Total	$ 73,227,710	$ 26,060	$ 10,406,827	$ 841,097	$ 84,501,694	$ 6

Note 5 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivable	Outstanding July 1, 2021 as restated	Addition	Deletion	Outstanding June 30, 2022
Cell Tower - Monte Vista	$ 61,840	$ -	$ (34,652)	$ 27,188
Cell Tower - Romero Cruz #1	76,287	-	(10,890)	65,397
Cell Tower - Romero Cruz #2	52,661	-	(32,534)	20,127
Cell Tower - Saddleback	67,274	-	(41,561)	25,713
Total	$ 258,062	$ -	$ (119,637)	$ 138,425

Cellular Tower Antenna Sites

The District leases a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of five years, with one optional renewal period of five years. The agreements allow for 3.00% annual CPI increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized $119,637 in lease revenue and $11,943 in interest revenue related to these agreements. At June 30, 2022, the District recorded $138,425 in lease receivables and $131,461 deferred inflows of resources for these arrangements. The District used an interest rate of 6.24%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Note 6 - Long-Term Receivables

The long-term receivable relates to the legal settlement between the District and various charter schools for their equitable share contribution to the District-wide excess special education costs. The terms of the settlement requires the charter schools to make five equal installments in January of 2023, 2024, 2025, 2026, and 2027. The balance of the long-term receivable as of June 30, 2022 is $6,127,637.

Note 7 - Capital Assets

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 152,003,691	$ -	$ -	$ 152,003,691
Construction in progress	88,294,520	58,334,055	(33,868,547)	112,760,028
Total capital assets not being depreciated	240,298,211	58,334,055	(33,868,547)	264,763,719
Capital Assets Being Depreciated				
Land improvements	102,323,841	2,637,644	-	104,961,485
Buildings and improvements	1,099,738,893	31,230,903	-	1,130,969,796
Furniture and equipment	12,122,191	647,087	(505,874)	12,263,404
Total capital assets being depreciated	1,214,184,925	34,515,634	(505,874)	1,248,194,685
Total capital assets	1,454,483,136	92,849,689	(34,374,421)	1,512,958,404
Less Accumulated Depreciation				
Land improvements	(46,873,912)	(4,441,150)	-	(51,315,062)
Buildings and improvements	(432,314,101)	(30,916,571)	-	(463,230,672)
Furniture and equipment	(7,712,830)	(901,136)	505,874	(8,108,092)
Total accumulated depreciation	(486,900,843)	(36,258,857)	505,874	(522,653,826)
Net depreciable capital assets	727,284,082	(1,743,223)	-	725,540,859
Governmental activities capital assets, net	$ 967,582,293	$ 56,590,832	$ (33,868,547)	$ 990,304,578

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

Governmental Activities	
Instruction	$ 26,251,413
Supervision of instruction	1,740,425
All other pupil services	1,994,237
All other administration	2,501,861
Plant services	3,770,921
Total depreciation and amortization expenses governmental activities	$ 36,258,857

Note 8 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds, and the internal service fund are as follows:

	Due From				
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total
General Fund	$ -	$ 20,032	$ 3,187,199	$ 1,574,023	$ 4,781,254
Building Fund	2,123,177	-	-	-	2,123,177
Non-Major Governmental Funds	8,951,925	-	-	-	8,951,925
Internal Service Fund	1,593,623	6,266	336,666	-	1,936,555
Total	$ 12,668,725	$ 26,298	$ 3,523,865	$ 1,574,023	$ 17,792,911

A balance of $627,628 due to the General Fund from the Charter School Non-Major Governmental Fund resulted from indirect costs and reimbursement of operating costs.

A balance of $675,223 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from the reimbursement of operating costs.

A balance of $1,551,292 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from indirect costs and reimbursement of operating costs.

A balance of $330,271 due to the General Fund from the Debt Service Non-Major Governmental Fund for Blended Component Units resulted from a temporary loan.

A balance of $1,574,023 due to the General Fund from the Internal Service Fund resulted from insurance premium overpayment and reimbursement of operating costs.

A balance of $2,123,177 due to the Building Fund from the General Fund resulted from allowable project costs.

A balance of $2,148,943 due to the Charter School Non-Major Governmental Fund from the General Fund resulted from allocation of in-lieu property taxes and various categorical funds.

A balance of $6,505,988 due to the Deferred Maintenance Non-Major Governmental Fund from the General Fund resulted from allowable project costs and transfer of LCFF apportionment.

A balance of $1,593,623 due to the Internal Service Fund from the General Fund resulted from insurance premiums.

A balance of $286,126 due to the Internal Service Fund from the Cafeteria Non-Major Governmental Fund resulted from insurance premiums.

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

Operating Transfers

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

	Transfer From		
Transfer To	General Fund	Non-Major Governmental Fund	Total
Building Fund	$ 1,090,388	$ -	$ 1,090,388
Non-Major Governmental Funds	6,558,999	3,099,526	9,658,525
Total	$ 7,649,387	$ 3,099,526	$ 10,748,913

The General Fund transferred to the Building Fund for reimbursement of project costs.	$ 1,090,388
The General Fund transferred to the Charter School Non-Major Governmental Fund for special education and allocation of various categorical funds.	220,689
The General Fund transferred to the Child Development Non-Major Governmental Fund for reimbursement of operating costs.	181,356
The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for reimbursement of project costs.	866,896
The General Fund transferred to the Capital Facilities Non-Major Governmental Fund for reimbursement of project costs.	5,200
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of project costs.	1,455,322
The General Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.	3,829,536
The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for future debt service payments.	1,432,558
The Capital Facilities Non-Major Governmental Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for the reimbursement of interest payment on lease.	1,666,968
Total	$ 10,748,913

Note 9 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries and benefits	$ 33,229,836	$ 109,572	$ 2,056,687	$ 4,147,246	$ 39,543,341
LCFF apportionment	143,889	-	-	-	143,889
Books and supplies	5,799,691	25,427	309,133	1,097	6,135,348
Services and other operating payables	6,850,970	-	294,513	229,657	7,375,140
Construction	171,607	14,332,372	2,177,817	-	16,681,796
Due to other LEAs	2,780,298	-	-	-	2,780,298
Vendor payables	7,096,654	135,143	1,053,291	132,259	8,417,347
Total	$ 56,072,945	$ 14,602,514	$ 5,891,441	$ 4,510,259	$ 81,077,159

Note 10 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	$ 1,522,712	$ 941,163	$ 2,463,875
State categorical aid	2,541,748	2,998,207	5,539,955
Other local	1,647,496	-	1,647,496
Total	$ 5,711,956	$ 3,939,370	$ 9,651,326

Note 11 - Long-Term Liabilities other than OPEB and Pensions

Summary

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 430,023,985	$ 26,856,323	$ (34,525,000)	$ 422,355,308	$ 17,685,000
Premium on issuance	21,741,962	-	(1,841,936)	19,900,026	-
Certificates of participation	61,744,136	1,512,526	(4,260,386)	58,996,276	4,382,473
Premium on issuance	2,059,089	-	(130,048)	1,929,041	-
2005 Qualified zone academy bonds	4,500,000	-	(4,500,000)	-	-
Construction loan	10,037,764	-	(1,453,749)	8,584,015	1,545,313
Compensated absences	6,425,690	-	(376,135)	6,049,555	-
Supplemental early retirement plan (SERP)	21,622,390	-	(4,905,278)	16,717,112	4,905,278
Claims liability	13,161,543	5,542,761	(3,543,217)	15,161,087	3,543,217
Total	$ 571,316,559	$ 33,911,610	$ (55,535,749)	$ 549,692,420	$ 32,061,281

Payments made on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the certificates of participation, the 2005 qualified zone academy bonds, and the construction loan are made by the Debt Service Fund for Blended Component Units. The compensated absences will be paid by the following funds: General Fund, Charter School Fund, Child Development Fund, Cafeteria Fund, and Building Fund. The supplemental early retirement plan (SERP) will be paid by the General Fund. The claims liability is paid from the Internal Service Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2022
10/30/02	08/01/32	2.68-5.53%	$ 50,828,156	$ 37,839,846	$ -	$ 2,008,851	$ (3,520,000)	$ 36,328,697
08/06/08	08/01/33	3.50-5.51%	99,997,856	13,479,035	-	1,224,133	(3,700,000)	11,003,168
11/20/09	08/01/47	6.54-7.337%	34,861,114	79,925,104	-	6,237,339	-	86,162,443
11/20/09	09/15/26	5.91%	19,240,000	19,240,000	-	-	-	19,240,000
12/02/10	08/01/28	6.45%	17,535,000	17,535,000	-	-	-	17,535,000
12/02/10	08/01/41	6.80-7.10%	19,775,000	19,775,000	-	-	-	19,775,000
12/02/10	08/01/22	2.50-5.00%	12,290,000	2,770,000	-	-	(1,350,000)	1,420,000
09/19/12	08/01/32	2.00-3.40%	19,720,000	17,510,000	-	-	(17,235,000)	275,000
04/18/18	08/01/33	3.00-5.00%	66,985,000	65,230,000	-	-	(210,000)	65,020,000
04/04/19	08/01/48	3.00-5.00%	60,000,000	52,900,000	-	-	(6,300,000)	46,600,000
04/04/19	08/01/29	3.00-5.00%	25,965,000	23,820,000	-	-	(2,210,000)	21,610,000
01/21/21	08/01/50	2.00-5.00%	80,000,000	80,000,000	-	-	-	80,000,000
05/13/22	08/01/33	2.16%	17,386,000	-	17,386,000	-	-	17,386,000
				$ 430,023,985	$ 17,386,000	$ 9,470,323	$ (34,525,000)	$ 422,355,308

1999 General Obligation Bonds, Series 2002B

On October 30, 2002, the District issued capital appreciation bonds in the amount of $50,828,156 (accreting to $110,565,000 at maturity) in order to finance the acquisition, construction, and improvement of school sites and facilities, including relieving overcrowding, improving student safety, repairing, and renovating schools, and replacing portables with permanent classrooms. The bonds have a final maturity to occur on August 1, 2032, with interest rates ranging from 2.68 to 5.53%. At June 30, 2022, the principal balance outstanding was $36,328,697 (including accreted interest to date).

2008 General Obligation Bonds, Series A

On August 6, 2008, the District issued $94,235,000 in current interest bonds and $5,762,856 in capital appreciation bonds (accreting to $22,700,000 at maturity) with an original premium of $6,022,280. The bonds were issued to finance the acquisition, construction, and improvement of school sites and facilities, improving student safety, repairing, and renovating schools, and replacing portables with modern classrooms. The bonds have a final maturity to occur on August 1, 2033, with interest rates ranging from 3.50 to 5.51%. At June 30, 2022, the principal balance outstanding was $11,003,168 (including accreted interest to date). Unamortized premium received on the bonds as of June 30, 2022, was $722,676.

2008 General Obligation Bonds, Series B

On November 20, 2009, the District issued capital appreciation bonds in the amount of $34,861,114 (accreting to $418,255,000 at maturity) with an original premium of $1,809,422. The bonds were issued to finance the acquisition, construction, and improvement of the school sites and facilities, improving student safety, repairing, and renovating schools, and replacing portables with modern classrooms. The bonds have a final maturity to occur on August 1, 2047, with interest rate yields ranging from 6.54 to 7.337%. At June 30, 2022, the principal balance outstanding was $86,162,443 (including accreted interest to date). Unamortized premium received on the bonds as of June 30, 2022, was $1,214,220.

2008 General Obligation Bonds, Series C

On November 20, 2009, the District issued $19,240,000 in qualified school construction bonds under the provisions of the American Recovery and Reinvestment Act of 2009. The bonds were issued to finance the acquisition, construction, and improvement of the school sites and facilities, improving student safety, repairing, and renovating schools, and replacing portables with modern classrooms. The bonds have a final maturity to occur on September 15, 2026, with an interest rate of 5.91%. At June 30, 2022, the principal balance outstanding was $19,240,000.

2008 General Obligation Bonds, Series F

On December 2, 2010, the District issued $17,535,000 in current interest bonds with Series F. The bonds were issued to finance new construction and additions to and modernization of school facilities for the District. The bonds have a final maturity to occur on August 1, 2028, with an interest rate of 6.45%. The District has designated the Series F Bonds as "qualified school construction bonds" under Section 54F of the Internal Revenue Code of 1986, as amended, making the District eligible for cash subsidy payments from the United States Treasury. At June 30, 2022, the principal balance outstanding was $17,535,000.

2008 General Obligation Bonds, Series E

On December 2, 2010, the District issued $19,775,000 in current interest bonds with Series E. The bonds were issued to finance new construction and additions to and modernization of school facilities for the District. The bonds have a final maturity to occur on August 1, 2041, with interest rates ranging from 6.80 to 7.10%. The District has designated the Series E Bonds as "Build America Bonds" under Section 55AA of the Internal Revenue Code of 1986, as amended, making the District eligible for cash subsidy payments from the United States Treasury. At June 30, 2022, the principal balance outstanding was $19,775,000.

2010 General Obligation Refunding Bonds

On December 2, 2010, the District issued $12,290,000 in current interest bonds. The bonds were issued for the purpose of a partial refunding of $12,300,000 of the District's outstanding Election of 1999, General Obligation Bonds, Series 2002. The bonds have a final maturity to occur on August 1, 2022, with interest rates ranging from 2.50 to 5.00%. At June 30, 2022, the principal balance outstanding was $1,420,000. Unamortized premium received on the bonds as of June 30, 2022 was $38,277.

2012 General Obligation Refunding Bonds

On September 19, 2012, the District issued $19,720,000 in current interest bonds. The bonds were issued for the purpose of refunding $19,050,000 of the District's outstanding 1999 General Obligation Bonds, Series 2002. The bonds have a final maturity to occur on August 1, 2032, with interest rates ranging from 2.00 to 3.40%. At June 30, 2022, the principal balance outstanding was $275,000.

2018 General Obligation Refunding Bonds

On April 18, 2018, the District issued $66,985,000 in current interest bonds. The bonds were issued for the purpose of a partial refunding of $94,235,000 of the District's outstanding Election of 2008, General Obligation Bonds, Series A. The bonds have a final maturity to occur on August 1, 2033, with interest rates ranging from 3.00 to 5.00%. At June 30, 2022, the principal balance outstanding was $65,020,000. Unamortized premium received on the bonds as of June 30, 2022 was $8,307,088.

2018 General Obligation Bonds, 2019 Series A

On April 4, 2019, the District issued $60,000,000 in current interest bonds. The bonds were issued to finance the acquisition, construction, furnishing and equipping of District facilities. The bonds have a final maturity to occur on August 1, 2048, with interest rates ranging from 3.00 to 5.00%. At June 30, 2022, the principal balance outstanding was $46,600,000. Unamortized premium received on the bonds as of June 30, 2022, was $2,941,773.

2019 General Obligation Refunding Bonds

On April 4, 2019, the District issued $25,965,000 in current interest bonds. The bonds were issued for the purpose of a partial refunding of $49,775,000 of the District's outstanding 2009 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2029, with interest rates ranging from 3.00 to 5.00%. At June 30, 2022, the principal balance outstanding was $21,610,000. Unamortized premium received on the bonds as of June 30, 2022 was $3,105,262.

2018 General Obligation Bonds, 2021 Series B

On January 21, 2021, the District issued $80,000,000 in current interest bonds. The bonds were issued to finance the acquisition, construction, furnishing and equipping of District facilities. The bonds have a final maturity to occur on August 1, 2050, with interest rates ranging from 2.00 to 5.00%. At June 30, 2022, the principal balance outstanding was $80,000,000. Unamortized premium received on the bonds as of June 30, 2022, was $3,570,730.

2022 General Obligation Refunding Bonds

On May 13, 2022, the District issued $17,386,000 in current interest bonds. The bonds were issued for the purpose of a partial refunding of $16,970,000 of the District's outstanding Election of 2012 General Obligation Refunding Bonds. The refunding resulted in a cumulative cash flow savings of $786,715 over the life of the new debt and an economic gain of $620,245 based on the difference between present value of the existing debt service requirements and the new debt service requirements discounted at 2.16 percent. The bonds have a final maturity to occur on August 1, 2033, with an interest rate yield of 2.16 percent. At June 30, 2022, the principal balance outstanding was $17,386,000.

Debt Service Requirements to Maturity

The bonds mature through 2051 as follows:

Fiscal Year	Principal Including Accreted Interest	Accreted Interest	Current Interest at Maturity	Total
2023	$ 17,414,199	$ 270,801	$ 11,238,777	$ 28,923,777
2024	14,564,375	852,625	10,943,052	26,360,052
2025	11,186,174	1,432,826	10,685,509	23,304,509
2026	11,994,004	606,996	10,389,724	22,990,724
2027	31,918,448	761,552	9,674,704	42,354,704
2028-2032	106,262,722	14,174,629	36,209,415	156,646,766
2033-2037	64,873,392	43,957,573	20,324,208	129,155,173
2038-2042	61,717,504	78,652,881	13,762,840	154,133,225
2043-2047	61,921,694	105,708,707	7,433,925	175,064,326
2048-2051	40,502,796	23,962,204	1,683,038	66,148,038
Total	$ 422,355,308	$ 270,380,794	$ 132,345,192	$ 825,081,294

Certificates of Participation

The outstanding certificates of participation debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding July 1, 2021	Accreted	Redeemed	Outstanding June 30, 2022
10/1/99	04/01/36	3.60-6.25%	$ 17,691,700	$ 24,039,136	$ 1,512,526	$ (2,520,386)	$ 23,031,276
12/5/12	12/01/35	4.25-5.20%	30,000,000	19,890,000	-	(1,285,000)	18,605,000
4/25/18	04/01/37	3.50-5.00%	19,165,000	17,815,000	-	(455,000)	17,360,000
				$ 61,744,136	$ 1,512,526	$ (4,260,386)	$ 58,996,276

1999 Certificates of Participation

On October 1, 1999, the Corporation issued the 1999 Certificates of Participation in the amount of $17,691,700 with interest rates ranging from 3.60 to 6.25%. The certificates have a final maturity to occur on April 1, 2036. These certificates were issued for the construction of two elementary schools. At June 30, 2022, the principal balance outstanding was $23,031,276, including accreted interest on the capital appreciation certificates.

2012 Certificates of Participation

On December 5, 2012, the Corporation issued the 2012 Certificates of Participation in the amount of $30,000,000, pursuant to a lease agreement with the District and the Santa Ana Unified School District Public Facilities Corporation, with interest rates ranging from 4.25 to 5.20%. The certificates have a final maturity to occur on December 1, 2035. The certificates were issued to implement certain District's facilities projects. At June 30, 2022, the principal balance outstanding was $18,605,000.

2018 Refunding Certificates of Participation

On April 25, 2018, the Corporation issued the 2018 Refunding Certificates of Participation in the amount of $19,165,000 with interest rates ranging from 3.50 to 5.00%. The certificates have a have a final maturity to occur on April 1, 2037. The certificates were issued to refund the 2007 Certificates of Participation. At June 30, 2022, the principal balance outstanding was $17,360,000. Unamortized premium received on the certificates of participation as of June 30, 2022 was $1,929,041.

Debt Service Requirements to Maturity

The certificates of participation mature through 2037 as follows:

Year Ending June 30,	Principal Including Accreted Interest	Accreted Interest	Current Interest	Total
2023	$ 4,229,423	$ 153,050	$ 1,686,555	$ 6,069,028
2024	4,168,554	306,446	1,607,124	6,082,124
2025	4,117,189	462,860	1,527,230	6,107,279
2026	4,083,711	618,013	1,446,124	6,147,848
2027	4,045,232	773,101	1,363,305	6,181,638
2028-2032	22,367,062	6,210,320	5,191,719	33,769,101
2033-2037	15,985,105	1,884,872	1,857,850	19,727,827
Total	$ 58,996,276	$ 10,408,662	$ 14,679,907	$ 84,084,845

Qualified Zone Academy Bonds (QZAB)

In October 2005, the District issued $4,500,000 of 2005 QZAB to provide funds to finance certain improvements, equipment, and other educational development programs of the District. The bonds mature on October 26, 2021. The annual base rental payment of $230,810 to begin October 15, 2005, will be deposited with Bank of New York into an interest generating investment to produce sufficient income to repay the $4,500,000 certificates upon maturity on October 26, 2021. At June 30, 2022, debt obligation was fully repaid.

Construction Loan

In December 2016, the District obtained a long-term loan to fund various construction and modernization projects. The loan will mature on December 1, 2026, with interest rate of 2.29%. At June 30, 2022, the outstanding balance on the loan was $8,584,015.

Future payments are as follows:

Year Ending June 30,	Principal	Current Interest	Total
2023	$ 1,545,313	$ 178,880	$ 1,724,193
2024	1,636,983	142,443	1,779,426
2025	1,698,618	104,250	1,802,868
2026	1,800,532	64,185	1,864,717
2027	1,902,569	21,784	1,924,353
Total	$ 8,584,015	$ 511,542	$ 9,095,557

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $6,049,555.

Supplemental Early Retirement Plan

The District offered a supplemental early retirement incentive plan through the Public Agency Retirement System (PARS) in a prior year. The plan was offered to eligible employees who retired on or before June 30, 2018. The District purchased an annuity through PARS for the employees. Benefit payments are scheduled to be paid over five years beginning July 1, 2018. Future payments are as follows:

Year Ending June 30,	Total
2023	$ 4,905,278
2024	3,937,278
2025	3,937,278
2026	3,937,278
Total	$ 16,717,112

Claims Liability

Liabilities for claims for all injury and compensation cases are established by the District's independent administrator. These liabilities are based upon estimates, which are reviewed periodically for adequacy, adjusted if needed, and terminated upon the closing of each claim. Ending liabilities balances of $15,161,087 were discounted at a rate of 0.5% and were accepted as estimated by the District's administrator. See Note 15 for additional details.

Note 12 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 209,931,942	$ 58,680,268	$ 3,887,940	$ 30,843,494
Medicare Premium Payment (MPP) Program	2,909,729	-	-	(788,485)
Total	$ 212,841,671	$ 58,680,268	$ 3,887,940	$ 30,055,009

The details of each plan are as follows:

District Plan

Plan Administration

The California Public Employees' Retirement System (CalPERS) administers the District's Postemployment Benefits Plan (the Plan) by maintaining the assets provided and payment at the direction of the District. The Plan is an agent multi-employer defined benefit plan that is used to provide other postemployment benefits other than pensions (OPEB) for all permanent full-time employees of the District. Financial information for CalPERS can be found on the CalPERS website at https://www.calpers.ca.gov/page/forms-publications.

Plan Membership

As of June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	703
Active employees	4,091
	4,794

Benefits Provided

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

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the Santa Ana Educators' Association (SAEA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions are based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, SAEA, CSEA, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2021, the District contributed $13,954,671 to the Plan, all of which was used for current premiums. The District contributed $11,046,277 to the Plan during the current fiscal year.

Net OPEB Liability of the District

The District's net OPEB liability of $209,931,942 was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB liability	$ 263,637,304
Plan fiduciary net position	(53,705,362)
District's net OPEB liability	$ 209,931,942
Plan fiduciary net position as a percentage of the total OPEB liability	20.37%

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% for 2021
Salary increases	2.75%, average, including inflation
Investment rate of return	4.02%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Mortality for Miscellaneous and Schools Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2020	$ 220,188,518	$ 57,670,342	$ 162,518,176
Service cost	7,937,195	-	7,937,195
Interest	13,069,542	-	13,069,542
Contributions-employer	-	2,537,222	(2,537,222)
Expected investment income	-	7,471,853	(7,471,853)
Difference between projected and actual earnings on OPEB plan investments	-	-	-
Differences between expected and actual experience in the measurement of the net OPEB liability	7,588,365	-	7,588,365
Changes of assumptions or other inputs	28,808,355	-	28,808,355
Benefit payments	(13,954,671)	(13,954,671)	-
Administrative expense	-	(19,384)	19,384
Net change in total OPEB liability	43,448,786	(3,964,980)	47,413,766
Balance at June 30, 2021	$ 263,637,304	$ 53,705,362	$ 209,931,942

The changes in assumptions reflects a change in investment rate of return from 6.00% in 2020 to 4.02% in 2021 and inflation rate assumption was changed from 2.63% in 2020 to 2.50% to 2021.

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

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

Discount Rate	Net OPEB Liability
1% decrease (3.02%)	$ 229,227,071
Current discount rate (4.02%)	209,931,942
1% increase (5.02%)	191,768,672

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.0%)	$ 183,739,986
Current healthcare cost trend rate (4.0%)	209,931,942
1% increase (5.0%)	240,285,101

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflow of resources related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $30,843,494. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 11,046,277	$ -
Changes of assumptions	26,387,484	-
Difference between projected and actual earnings on OPEB plan investments	268,341	3,832,103
Differences between expected and actual experience in the measurement of the net OPEB liability	20,978,166	55,837
Total	$ 58,680,268	$ 3,887,940

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the net OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred outflow/(inflows) of Resources
2023	$3,786,505
2024	3,518,164
2025	3,638,912
2026	3,674,521
2027	4,545,466
Thereafter	24,582,483
	$ 43,746,051

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of $2,909,729 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.7295%, and 0.8727%, resulting in a net decrease in the proportionate share of 0.1432%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(788,485).

Actuarial Methods and Assumptions

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

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

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	$ 3,207,319
Current discount rate (2.16%)	2,909,729
1% increase (3.16%)	2,655,466

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 2,646,058
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	2,909,729
1% increase (5.50% Part A and 6.40% Part B)	3,212,018

Note 13 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of $6,335,000 as of June 30, 2022, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 14 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 150,000	$ -	$ 1,880	$ 151,880
Stores inventories	847,821	-	1,731,577	2,579,398
Prepaid expenditures	88,605	105,605	522,252	716,462
Total nonspendable	1,086,426	105,605	2,255,709	3,447,740
Restricted				
Legally restricted programs	80,714,165	-	5,323,420	86,037,585
Cafeteria program	-	-	11,869,821	11,869,821
Capital projects	-	31,999,743	43,342,787	75,342,530
Debt services	-	-	40,612,243	40,612,243
Total restricted	80,714,165	31,999,743	101,148,271	213,862,179
Committed				
Stabilization	53,218,597	-	-	53,218,597
Deferred maintenance program	-	-	7,422,328	7,422,328
Total committed	53,218,597	-	7,422,328	60,640,925
Assigned				
Capital projects	-	-	7,045,950	7,045,950
PARS	17,636,553	-	-	17,636,553
Civic center	185,546	-	-	185,546
Godinez rental fees	101,587	-	-	101,587
Walker and Roosevelt joint use	250,000	-	-	250,000
Instructional materials	1,076,899	-	-	1,076,899
Technology refresh	2,364,893	-	-	2,364,893
Special education early intervention	3,994,781	-	-	3,994,781
Special education out-of-state transportation	2,000,000	-	-	2,000,000
Sprint - facilities	542,544	-	-	542,544
SCE - facilities	2,079,507	-	-	2,079,507
Other postemployment benefits	325,833	-	-	325,833
Other assignments	1,214,026	-	-	1,214,026
Total assigned	31,772,169	-	7,045,950	38,818,119
Unassigned				
Reserve for economic uncertainties	15,208,942	-	-	15,208,942
Remaining unassigned	91,601,058	-	-	91,601,058
Total unassigned	106,810,000	-	-	106,810,000
Total	$ 273,601,357	$ 32,105,348	$ 117,872,258	$ 423,578,963

Note 15 - Risk Management

The District's risk management activities are recorded in the Self-Insurance Fund. The General Fund, through the purchase of commercial insurance, administers employee life and health programs. The District self-insures its exposures for workers' compensation claims up to a $1 million self-insured retention (SIR) and has obtained excess coverage up to statutory limits through participation in the Alliance of Schools for Cooperative Insurance Programs (ASCIP). The District also participates in ASCIP for property and liability coverage up to $5 million. Excess property and the liability coverage is obtained through the public entity risk pool, Schools Excess Liability Fund (SELF). See Note 18 for additional information relating to public entity risk pools.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2021 to June 30, 2022:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2020	$ 13,033,851	$ 740,792	$ 13,774,643
Claims and changes in estimates	1,748,845	808,978	2,557,823
Claims payments	(2,848,064)	(322,859)	(3,170,923)
Liability Balance, June 30, 2021	11,934,632	1,226,911	13,161,543
Claims and changes in estimates	5,469,035	73,726	5,542,761
Claims payments	(3,088,484)	(454,733)	(3,543,217)
Liability Balance, June 30, 2022	$ 14,315,183	$ 845,904	$ 15,161,087
Assets available to pay claims at June 30, 2022	$ 21,139,209	$ 2,506,687	$ 23,645,896

Note 16 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$220,856,254	$99,163,215	$230,309,626	$8,215,771
CalPERS	155,115,782	35,094,761	60,789,749	16,345,054
CalPERS - Safety Risk Pool	1,581,070	1,239,244	941,041	(1,203,629)
Total	$ 377,553,106	$ 135,497,220	$ 292,040,416	$ 23,357,196

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were $57,734,356.

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

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

Total Net Pension Liability, Including State Share:	
Proportionate share of net pension liability	$ 220,856,254
State's proportionate share of the net pension liability	111,126,301
Total	$ 331,982,555

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.4853% and 0.5008%, resulting in a net decrease in the proportionate share of 0.0155%.

For the year ended June 30, 2022, the District recognized pension expense of $8,215,771. In addition, the District recognized pension expense and revenue of $3,802,049 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 57,734,356	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	9,582,618	32,102,932
Differences between projected and actual earnings on pension plan investments	-	174,702,985
Differences between expected and actual experience in the measurement of the total pension liability	553,257	23,503,709
Changes of assumptions	31,292,984	-
Total	$ 99,163,215	$ 230,309,626

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

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

Year Ended June 30,	Deferred Inflows of Resources
2023	$ (44,364,082)
2024	(40,578,641)
2025	(41,585,664)
2026	(48,174,598)
Total	$ (174,702,985)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 2,684,465
2024	4,667,287
2025	(7,625,542)
2026	(3,970,815)
2027	(4,847,848)
Thereafter	(5,085,329)
Total	$ (14,177,782)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 449,584,285
Current discount rate (7.10%)	220,856,254
1% increase (8.10%)	31,016,356

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Safety Risk Pool Actuarial Valuation Report. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS 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:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	7.000%
Required employer contribution rate	22.91%	22.91%

The CalPERS Safety Risk Pool provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Safety Risk Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	3% at 55	2.7% at 57
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	57
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.0% - 10.1%	10.0% - 16.0%
Required employer contribution rate	25.590%	25.590%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions for CalPERS and CalPERS Safety Risk Pool were $25,852,105 and $520,234, respectively.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS and CalPERS Safety Risk Pool net pension liability totaling $155,115,782 and $1,581,070, respectively. 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 CalPERS proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.7628% and 0.7470%, resulting in a net increase in the proportionate share of 0.0158%. The District's CalPERS Safety Risk Pool's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0451% and 0.0561%, resulting in a net decrease in the proportionate share of 0.0110%.

For the year ended June 30, 2022, the District recognized pension expense of $16,345,054 for CalPERS and $(1,203,629) for CalPERS Safety Risk Pool. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 25,852,105	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,612,052	895,257
Differences between projected and actual earnings on pension plan investments	-	59,528,820
Differences between expected and actual experience in the measurement of the total pension liability	4,630,604	365,672
Total	$ 35,094,761	$ 60,789,749

	CalPERS Safety Risk Pool	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 520,234	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	448,885	-
Differences between projected and actual earnings on pension plan investments	-	941,041
Differences between expected and actual experience in the measurement of the total pension liability	270,125	-
Total	$ 1,239,244	$ 941,041

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

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

Year Ended June 30,	CalPERS Deferred Inflows of Resources
2023	$ (14,929,777)
2024	(13,729,266)
2025	(14,313,656)
2026	(16,556,121)
Total	$ (59,528,820)

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources
2023	$ (237,057)
2024	(218,748)
2025	(226,274)
2025	(258,962)
Total	$ (941,041)

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

Year Ended June 30,	CalPERS Deferred Outflows of Resources
2023	$ 5,052,007
2024	1,783,213
2025	1,046,055
2026	100,452
Total	$ 7,981,727

The CalPERS' Safety Risk Pool's EARSL is 3.7 years and will be recognized in pension expense as follows:

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources
2023	$ 338,067
2024	246,994
2025	133,949
Total	$ 719,010

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	CalPERS Net Pension Liability
1% decrease (6.15%)	$ 261,546,988
Current discount rate (7.15%)	155,115,782
1% increase (8.15%)	66,755,043

Discount Rate	CalPERS Safety Risk Pool Net Pension Liability
1% decrease (6.15%)	$ 3,170,544
Current discount rate (7.15%)	1,581,070
1% increase (8.15%)	275,514

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $31,211,700 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 17 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

Construction Commitments

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

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Century High - Modernization	$ 2,828,444	December 2022
Century High - CTE E-sports/Engineering Classrooms	195,260	December 2022
District Wide - DW Marquee (phase II)	875,564	October 2022
District Wide - Single PE/Security (Current)	3,460,008	September 2022
District Wide - Single PE/Security (Future)	594,762	December 2023
Garfield Elementary - Modernization	3,983	December 2022
Godinez Fundamental High - Aquatic Facility	1,124,363	December 2025
Hoover Elementary/4th Street - Optimization - Repurposing of Sites	368,000	June 2024
Jefferson Elementary - P2P/MPR/Parking	11,636,891	November 2023
King Elementary - Modernization	183,063	December 2022
Lathrop Intermediate - Opti Playground/Parking/RR	42,083	Undetermined
Madison Elementary - Parking/Playground Upgrades	248,550	December 2023
McFadden Intermediate - Optimization K-8 Conversion &RR	227,240	December 2022
Rob Richardson WRC - Central Kitchen	3,432,169	Undetermined
Rob Richardson WRC - Renovations at Former Sepulveda	31,790	July 2022
Romero-Cruz Academy - Kinder & Playground Expansion	1,056,674	February 2023
Roosevelt-Walker Elementary - Optimization Interior Upgrades	553,314	December 2022
Saddleback High - CTE Media Lab	2,142,104	December 2023
Saddleback High - Interim and New Kitchen	227,167	March 2023
Saddleback High - Sports Center	15,659,906	June 2023
Santa Ana High - Modernization	17,873,261	December 2022
Sierra Intermediate - Optimization K8 Conversion &RR	146,187	December 2022
Valley High - Auditorium Renovation	30,558,103	March 2025
Valley High - CTE Automotive	4,784,968	December 2023
Valley High - CTE Culinary Arts	5,312,695	December 2023
Villa Fundamental - Modernization	521,463	December 2024

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Washington Elementary - Modernization	$ 281,039	July 2022
Washington Elementary - Reconstruction	18,396,506	December 2023
Santa Ana High - Stadium Renovation	14,056	June 2023
Lathrop,Mendez, Willard - CTE E-Sports	35,871	September 2023
Harvey Elementary - Restroom	6,985	February 2023
District Office - Human Resources Offices	3,270	December 2022
Lathrop Intermediate - HVAC	66,363	June 2024
Romero Cruz Academy/Roosevelt-Walker/Lowell - Shade Structure	39,485	September 2022
Roosevelt-Walker Elementary - Monument Sign	2,430	February 2023
Fremont Elementary Cafeteria - HVAC	280,801	December 2022
Century High - HVAC	580,134	December 2022
Jefferson Elementary - HVAC	806,423	November 2023
King Elementary - HVAC	39,508	December 2022
McFadden Institute of Technology & Sierra Preparatory - HVAC	10,644	December 2022
Valley High - HVAC	759,397	December 2023
Washington Elementary - HVAC	812,455	July 2022
	$ 126,223,379	

Note 18 - Participation in Public Entity Risk Pools

The District is a member of the Alliance of Schools for Cooperative Insurance Programs (ASCIP) and the Schools Excess Liability Fund (SELF) public entity risk pools. The District pays an annual premium to the applicable entities for its property and liability coverage, and excess property and liability coverage, respectively. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2022, the District made payments of $2,565,939 and $1,046,945 to ASCIP and SELF, respectively, for property and liability coverage, and excess property and liability coverage.

Note 19 - Subsequent Events

2018 General Obligation Bonds, Series C

On November 16, 2022, the District issued $92,000,000 of the Santa Ana Unified School District, 2018 General Obligation Bonds, Series C. The bonds were issued as current interest bonds. The bonds have a final maturity date of August 1, 2048, with interest yields of 4.0 to 5.0 percent. The bonds issued at an aggregate price of $95,861,205 (including a premium of $4,717,074 and after payment of $856,499 for issuance costs). Proceeds from sale of bond will be used to finance the acquisition, construction, furnishing, and equipping of District facilities and to pay certain costs of issuance associated therewith.

Note 20 - Correction of Error

The District's prior year governmental activities net position and General Fund balance have been restated as of July 1, 2021 to correct an error reported in the prior year financial statements. The error was related to an overstatement of accounts receivable.

Governmental Activities Financial Statements	
Beginning net position as previously reported as of June 30, 2021	$ 93,077,070
Decrease accounts receivable	(3,529,209)
Net Position as Restated, July 1, 2021 (Before GASB 87 Implementation)	$ 89,547,861

	General Fund	Total Governmental Funds
General Fund		
Beginning fund balance as previously reported as of June 30, 2021	$ 191,356,006	$ 381,804,800
Decrease accounts receivable	(3,529,209)	(3,529,209)
Fund Balance as Restated, July 1, 2021 (Before GASB 87 Implementation)	$ 187,826,797	$ 378,275,591

Note 21 - Adoption of New Accounting Standard - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position and fund balance were restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Governmental Activities Financial Statements	
Beginning net position as previously reported as of June 30, 2021	
(Before GASB 87 Implementation and After Correction of Error)	$ 89,547,861
Lease receivables	258,062
Deferred inflows of resources related to leases	(258,062)
Net Position as Restated, July 1, 2021	$ 89,547,861

	General Fund	Total Governmental Funds
General Fund		
Beginning fund balance as previously reported as of June 30, 2021		
(Before GASB 87 Implementation and After Correction of Error)	$ 187,826,797	$ 378,275,591
Lease receivables	258,062	258,062
Deferred inflows of resources related to leases	(258,062)	(258,062)
Fund Balance as Restated, July 1, 2021	$ 187,826,797	$ 378,275,591

Required Supplementary Information
June 30, 2022

Santa Ana Unified School District

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
Revenues				
Local Control Funding Formula	$527,576,807	$542,366,011	$ 542,446,547	$ 80,536
Federal sources	238,969,120	182,470,994	150,389,281	(32,081,713)
Other State sources	88,472,495	133,802,125	141,094,584	7,292,459
Other local sources	10,350,698	13,424,017	12,109,824	(1,314,193)
Total revenues [1]	865,369,120	872,063,147	846,040,236	(26,022,911)
Expenditures				
Current				
Certificated salaries	276,903,707	331,416,276	327,590,161	3,826,115
Classified salaries	114,665,640	118,933,264	116,437,854	2,495,410
Employee benefits	174,891,317	182,171,369	179,378,492	2,792,877
Books and supplies	132,908,634	47,086,972	35,220,500	11,866,472
Services and operating expenditures	179,659,346	100,589,477	88,391,751	12,197,726
Other outgo	3,194,196	2,693,644	1,921,843	771,801
Capital outlay	3,001,148	6,787,334	3,670,131	3,117,203
Debt service - interest	-	-	5,557	(5,557)
Total expenditures [1]	885,223,988	789,678,336	752,616,289	37,062,047
Excess (Deficiency) of Revenues over Expenditures	(19,854,868)	82,384,811	93,423,947	11,039,136
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(5,421,534)	(7,714,871)	(7,649,387)	65,484
Net financing sources (uses)	(5,421,534)	(7,714,871)	(7,649,387)	65,484
Net Change in Fund Balances	(25,276,402)	74,669,940	85,774,560	11,104,620
Fund Balances - Beginning, as Restated	187,826,797	187,826,797	187,826,797	-
Fund Balances - Ending	$ 162,550,395	$ 262,496,737	$ 273,601,357	$ 11,104,620

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

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 7,937,195	$ 7,724,764	$ 4,572,723	$ 4,450,339	$ 4,331,230
Interest	13,069,542	12,602,874	11,112,079	10,824,443	10,574,943
Differences between expected and actual experience	7,588,365	(66,575)	18,504,337	-	-
Changes of assumptions or ther inputs	28,808,355	-	-	-	-
Benefit payments	(13,954,671)	(12,582,715)	(9,852,624)	(10,566,691)	(11,167,212)
Net change in total OPEB liability	43,448,786	7,678,348	24,336,515	4,708,091	3,738,961
Total OPEB Liability - Beginning	220,188,518	212,510,170	188,173,655	183,465,564	179,726,603
Total OPEB Liability - Ending (a)	$ 263,637,304	$ 220,188,518	$ 212,510,170	$ 188,173,655	$ 183,465,564
Plan Fiduciary Net Position					
Contributions - employer	$ 2,537,222	$ 12,582,715	$ 9,852,624	$ 50,566,691	$ 21,167,212
Expected Investment Income	7,471,853	3,255,043	3,037,692	1,810,487	186,014
Difference between projected and actual earnings on OPEB plan investments	-	178,042	603,725	(1,341,717)	-
Benefit payments	(13,954,671)	(12,582,715)	(9,852,624)	(10,566,691)	(11,167,212)
Administrative expense	(19,384)	(26,911)	(10,901)	(19,810)	(1,322)
Net change in plan fiduciary net position	(3,964,980)	3,406,174	3,630,516	40,448,960	10,184,692
Plan Fiduciary Net Position - Beginning	57,670,342	54,264,168	50,633,652	10,184,692	-
Plan Fiduciary Net Position - Ending (b)	$ 53,705,362	$ 57,670,342	$ 54,264,168	$ 50,633,652	$ 10,184,692
Net OPEB Liability - Ending (a) - (b)	$ 209,931,942	$ 162,518,176	$ 158,246,002	$ 137,540,003	$ 173,280,872
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.37%	26.19%	25.53%	26.91%	5.55%
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Net OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019	2018
Year ended June 30,					
Proportion of the net OPEB liability	0.7295%	0.8727%	0.8791%	0.8603%	0.9252%
Proportionate share of the net OPEB liability	$ 2,909,729	$ 3,698,214	$ 3,273,878	$ 3,292,968	$ 3,892,495
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of its covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.4853%	0.5008%	0.4970%	0.4793%	0.5111%	0.5280%	0.5389%	0.5013%
Proportionate share of the net pension liability	$ 220,856,254	$ 485,342,821	$ 448,838,459	$ 440,514,489	$ 472,622,449	$ 427,027,116	$ 362,799,016	$ 292,931,830
State's proportionate share of the net pension liability associated with the District	111,126,301	250,194,282	244,871,344	252,215,147	279,599,448	243,098,920	191,880,686	176,884,886
Total	$ 331,982,555	$ 735,537,103	$ 693,709,803	$ 692,729,636	$ 752,221,897	$ 670,126,036	$ 554,679,702	$ 469,816,716
Covered payroll	$ 273,350,291	$ 275,410,392	$ 270,682,445	$ 260,879,563	$ 270,435,684	$ 261,397,446	$ 245,668,908	$ 224,429,169
Proportionate share of the net pension liability as a percentage of its covered payroll	80.80%	176.23%	165.82%	168.86%	174.76%	163.36%	147.68%	130.52%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
CalPERS								
Proportion of the net pension liability	0.7628%	0.7470%	0.7277%	0.7089%	0.7446%	0.7557%	0.7186%	0.7462%
Proportionate share of the net pension liability	$ 155,115,782	$ 229,214,831	$ 212,082,945	$ 189,006,297	$ 177,755,962	$ 149,251,038	$ 105,921,641	$ 84,713,519
Covered payroll	$ 110,011,396	$ 107,580,315	$ 101,186,851	$ 95,150,718	$ 92,901,800	$ 90,150,755	$ 79,423,023	$ 74,554,979
Proportionate share of the net pension liability as a percentage of its covered payroll	141.00%	213.06%	209.60%	198.64%	191.34%	165.56%	133.36%	113.63%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
CalPERS - SAFETY RISK POOL								
Proportion of the net pension liability	0.0451%	0.0561%	0.0523%	0.0497%	0.0485%	0.0484%	0.0494%	0.0302%
Proportionate share of the net pension liability	$ 1,581,070	$ 3,737,258	$ 3,261,844	$ 2,913,884	$ 2,899,401	$ 2,506,207	$ 2,034,198	$ 1,878,447
Covered payroll	$ 2,032,958	$ 2,452,341	$ 2,473,738	$ 2,316,124	$ 2,007,112	$ 2,019,608	$ 1,960,237	$ 1,714,755
Proportionate share of the net pension liability as a percentage of its covered payroll	77.77%	152.40%	131.86%	125.81%	144.46%	124.09%	103.77%	109.55%
Plan fiduciary net position as a percentage of the total pension liability	88%	75%	75%	75%	73%	74%	78%	81%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 57,734,356	$ 44,146,072	$ 47,095,177	$ 44,067,102	$ 37,644,921	$ 34,020,809	$ 28,047,946	$ 21,815,399
Contributions in relation to the contractually required contribution	57,734,356	44,146,072	47,095,177	44,067,102	37,644,921	34,020,809	28,047,946	21,815,399
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 341,219,598	$ 273,350,291	$ 275,410,392	$ 270,682,445	$ 260,879,563	$ 270,435,684	$ 261,397,446	$ 245,668,908
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 25,852,105	$ 22,772,359	$ 21,215,914	$ 18,276,369	$ 14,777,858	$ 12,902,202	$ 10,680,160	$ 9,348,884
Contributions in relation to the contractually required contribution	25,852,105	22,772,359	21,215,914	18,276,369	14,777,858	12,902,202	10,680,160	9,348,884
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 112,842,012	$ 110,011,396	$ 107,580,315	$ 101,186,851	$ 95,150,718	$ 92,901,800	$ 90,150,755	$ 79,423,023
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%
CalPERS - SAFETY RISK POOL								
Contractually required contribution	$ 520,234	$ 626,328	$ 585,138	$ 517,561	$ 402,541	$ 403,287	$ 371,309	$ 313,139
Contributions in relation to the contractually required contribution	520,234	626,328	585,138	517,561	402,541	403,287	371,309	313,139
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,032,958	$ 2,452,341	$ 2,473,738	$ 2,316,124	$ 2,007,112	$ 2,019,608	$ 1,960,237	$ 1,714,755
Contributions as a percentage of covered payroll	25.590%	25.540%	23.654%	22.346%	20.056%	19.969%	18.942%	18.261%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Change in Benefit Terms* – There were no changes in benefit terms.
- *Change of Assumptions* – The inflation rate assumption was changed from 2.63% to 2.50% since the previous valuation. The plan rate of investment return assumption was changed from 6.00% to 4.02% since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

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

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

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2022

Santa Ana Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department Of Education			
Passed through California Department of Education (CDE)			
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	$ 9,671,785
COVID 19 - American Rescue Plan (ARP) IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	1,982,158
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	7,111
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	565,829
Subtotal			12,226,883
Preschool Grants, Part B, Sec 619	84.173	13430	346,454
COVID 19 - American Rescue Plan (ARP) IDEA Part B, Sec 619, Preschool Grants	84.173	15639	135,501
Alternate Dispute Resolution	84.173A	13007	106,391
Subtotal			588,346
Subtotal Special Education (IDEA) Cluster			12,815,229
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	23,386,229
School Improvement Funding for LEAs	84.010	15438	612,821
Subtotal Title I, Part A			23,999,050
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	340,312
Title I, Part C, Migrant Education (MESRP)	84.011	10144	90,845
Subtotal Title I, Part C			431,157
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	1,552,751
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETs	84.287	14535	1,241,492
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - ASSETs Equitable Access	84.287	14603	327,900
Subtotal Title IV, Part B			3,122,143
Title III, English Learner Student Program	84.365	14346	2,155,985
Title III, Immigrant Education Program	84.365	15146	106,765
Subtotal Title III			2,262,750

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Education Stabilization Fund			
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	$ 8,444,245
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	44,371,021
COVID-19 - Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	525,867
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	25,359,769
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	20,007,917
COVID-19 - American Rescue Plan - Homeless Children and Youth (ARP-HCY) Program	84.425W	15564	285,716
Subtotal Education Stabilization Fund			98,994,535
Title II, Part A, Supporting Effective Instruction	84.367	14341	2,306,986
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	1,064,531
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	243,500
Early Intervention Grants	84.181	23761	282,678
Passed through Central County Regional Occupational Program			
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	451,136
Passed through California Department of Rehabilitation			
Workability II, Transition Partnership	84.126	10006	355,076
Total U.S. Department of Education			146,328,771
U.S. Department Of Health And Human Services			
Passed through Orange County Head Start, Inc.			
Head Start Cluster			
Head Start	93.600	10016	4,092,674
Subtotal Head Start Cluster			4,092,674
Passed through CDE			
Child Care and Development Fund Cluster			
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	15555	237,038
Subtotal Child Care and Development Fund Cluster			237,038
Total U.S. Department of Health and Human Services			4,329,712

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department Of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
School Breakfast Program	10.553	13525	$ 19,891
School Breakfast Program Severe Need	10.553	13526	5,265,310
Subtotal			5,285,201
School Lunch - Section 4	10.555	13523	2,144,360
School Lunch - Section 11	10.555	13524	20,520,726
Meal Supplements	10.555	13755	67,836
Commodities	10.555	13524	2,352,657
COVID 19 - SNP COIVD 19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	1,954,902
Subtotal			27,040,481
Subtotal Child Nutrition Cluster			32,325,682
Passed through California Department of Social Services			
Child and Adult Care Food Program	10.558	13393	4,059,007
COVID 19 - CACFP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.558	15577	511,147
Subtotal Child and Adult Care Food Program			4,570,154
Pandemic EBT Local Administrative Grant	10.649	15644	5,814
Total U.S. Department of Agriculture			31,616,449
U.S. Department of Defense			
Junior Reserve Officer Training Corps	12.000	[1]	$ 144,483
Total U.S. Department of Defense			144,483
National Science Foundation			
Passed through Regents of the University of California, Irvine:			
Collaborative Network of Grades 3-5 Educators for Computational Thinking of English	47.076	2019-3783	50,313
Irvine Mathematics Project	47.076	[2]	178,627
Total National Science Foundation			228,940
U.S. Department of Justice			
Public Safety Partnership and Community Policing Grants	16.710	[1]	298,060
Total U.S. Department of Justice			298,060
Total Federal Financial Assistance			$ 188,231,616

[1] Direct award – No Pass-Through Identifying number
[2] Pass-Through Entity Identifying Number not available

ORGANIZATION

The Santa Ana Unified School District (the District) was organized in 1888 and consists of an area comprising approximately 24 square miles. The District operates 36 elementary schools, nine middle schools, six high schools, one charter school, ten special schools/programs, and three alternative high schools. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Rigo Rodriguez, Ph.D.	President	2024
Carolyn Torres	Vice President	2024
Alfonso Alvarez, Ed.D.	Clerk	2024
John Palacio	Member	2022
Valerie Amezcua	Member	2022

ADMINISTRATION

Jerry Almendarez	Superintendent
Lorraine Perez, Ed.D.	Deputy Superintendent, Educational Services
Janea Marking	Associate Superintendent/Chief Business Official
Jennifer Flores	Associate Superintendent, Human Resources
Hiacynth Martinez, Ed.D.	Assistant Superintendent, Human Resources
Bianca Barquin, Ed.D.	Assistant Superintendent, K-12 Teaching and Learning
Sonia Llamas, Ed.D.	Assistant Superintendent, K-12 School Performance and Culture
Gloria O. Olamendi, Ed.D.	Assistant Superintendent, Special Education/SELPA
Orin Williams	Assistant Superintendent, Facilities/Governmental Relations

	Final Report		As Adjusted per Audit	
	Second Period Report F3826C60	Annual Report C021A3FA	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	9,767.99	9,897.69	9,589.49	9,677.12
Fourth through sixth	8,065.20	8,168.49	7,954.48	8,010.22
Seventh and eighth	5,740.86	5,797.08	5,683.14	5,699.77
Ninth through twelfth	12,612.54	12,615.01	12,446.89	12,387.47
Total Regular ADA	36,186.59	36,478.27	35,674.00	35,774.58
Extended Year Special Education				
Transitional kindergarten through third	20.78	20.78	20.78	20.78
Fourth through sixth	0.60	0.60	0.60	0.60
Seventh and eighth	2.70	2.70	2.70	2.70
Ninth through twelfth	21.03	21.03	21.03	21.03
Total Extended Year Special Education	45.11	45.11	45.11	45.11
Special Education, Nonpublic, Nonsectarian Schools				
Transitional kindergarten through third	0.33	0.50	0.33	0.50
Fourth through sixth	4.27	4.08	4.27	4.08
Seventh and eighth	6.55	6.63	6.55	6.63
Ninth through twelfth	20.01	19.61	20.01	19.61
Total Special Education, Nonpublic, Nonsectarian Schools	31.16	30.82	31.16	30.82
Extended Year Special Education, Nonpublic, and Nonsectarian Schools				
Fourth through sixth	0.27	0.27	0.27	0.27
Seventh and eighth	0.25	0.25	0.25	0.25
Ninth through twelfth	0.73	0.73	0.73	0.73
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	1.25	1.25	1.25	1.25
Community Day School				
Seventh and eighth	4.91	6.33	4.91	6.33
Ninth through twelfth	109.02	121.08	109.02	121.08
Total Community Day School	113.93	127.41	113.93	127.41
Total ADA	36,378.04	36,682.86	35,865.45	35,979.17

	Final Report	
	Second Period Report F58F4B46	Annual Report 46F59CDA
Advanced Learning Academy		
Regular ADA		
Transitional kindergarten through third	3.99	3.95
Fourth through sixth	58.17	58.52
Seventh and eighth	88.28	88.59
Ninth through twelfth	133.89	133.96
Total Regular ADA	284.33	285.02
Classroom based ADA		
Transitional kindergarten through third	3.99	3.95
Fourth through sixth	58.17	58.52
Seventh and eighth	88.28	88.59
Ninth through twelfth	133.89	133.96
Total Regular ADA	284.33	285.02

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	36,000	48,000	-	48,000	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		50,748	-	50,748	180	-	180	N/A	N/A	N/A	Complied
Grade 2		50,748	-	50,748	180	-	180	N/A	N/A	N/A	Complied
Grade 3		50,748	-	50,748	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,360	-	54,360	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,360	-	54,360	180	-	180	N/A	N/A	N/A	Complied
Grade 6		54,360	-	54,360	180	-	180	N/A	N/A	N/A	Complied
Grade 7		57,240	-	57,240	180	-	180	N/A	N/A	N/A	Complied
Grade 8		57,240	-	57,240	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		64,800	-	64,800	180	-	180	N/A	N/A	N/A	Complied
Grade 10		64,800	-	64,800	180	-	180	N/A	N/A	N/A	Complied
Grade 11		64,800	-	64,800	180	-	180	N/A	N/A	N/A	Complied
Grade 12		64,800	-	64,800	180	-	180	N/A	N/A	N/A	Complied

See Notes to Supplementary Information

Advanced Learning Academy

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Grade 3	50,400										
Grade 3		52,184	-	52,184	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		55,040	-	55,040	180	-	180	N/A	N/A	N/A	Complied
Grade 5		55,040	-	55,040	180	-	180	N/A	N/A	N/A	Complied
Grade 6		60,140	-	60,140	180	-	180	N/A	N/A	N/A	Complied
Grade 7		60,140	-	60,140	180	-	180	N/A	N/A	N/A	Complied
Grade 8		60,140	-	60,140	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		64,800	-	64,800	180	-	180	N/A	N/A	N/A	Complied
Grade 10		64,800	-	64,800	180	-	180	N/A	N/A	N/A	Complied
Grade 11		64,800	-	64,800	180	-	180	N/A	N/A	N/A	Complied
Grade 12		64,800	-	64,800	180	-	180	N/A	N/A	N/A	Complied

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

	(Budget) 2023 [1]	2022	2021 [1, 4]	2020 [1]
General Fund [3]				
Revenues	$ 902,259,586	$ 846,059,991	$ 749,581,775	$ 670,259,977
Other sources	-	-	9,201	-
Total revenues and other sources	902,259,586	846,059,991	749,590,976	670,259,977
Expenditures	892,739,444	752,616,289	688,868,503	667,835,971
Other uses and transfers out	5,574,628	7,649,387	5,366,212	6,527,715
Total expenditures and other uses	898,314,072	760,265,676	694,234,715	674,363,686
Increase in Fund Balance	$ 3,945,514	$ 85,794,315	$ 55,356,261	$ (4,103,709)
Ending Fund Balance	$ 276,007,013	$ 272,061,499	$ 186,267,184	$ 130,910,923
Available Reserves [2]	$ 76,504,666	$ 106,810,000	$ 133,562,419	$ 90,898,690
Available Reserves as A Percentage of Total Outgo	8.52%	14.05%	19.24%	13.48%
Long-Term Liabilities	N/A	$ 1,140,087,197	$ 1,455,827,859	$ 1,310,081,384
K-12 Average Daily Attendance at P-2 [5]	37,450	35,865	43,670	43,670

The General Fund balance has increased by $141,150,576 over the past two years. The fiscal year 2022-2023 budget projects an increase of $3,945,514 (1.5%). For a district this size, the State recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2022-2023 fiscal year. Total long-term liabilities have decreased by $169,994,187 over the past two years.

Average daily attendance has decreased by 7,805 over the past two years. An increase of 1,585 ADA is anticipated during fiscal year 2022-2023.

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

[2] Available reserves consist of all amounts committed for fiscal stabilization and unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

[3] General Fund amounts do not include activity related to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits, as required by GASB Statement No. 54.

[4] Financial information for 2021 has been restated to include the effects of correction of the error related to accounts receivable as described in Note 19.

[5] Excludes charter ADA

Name of Charter School	Charter Number	Included in Audit Report
Advanced Learning Academy	1765	Yes
Edward B. Cole Academy	0578	No
El Sol Santa Ana Science and Arts Academy	0365	No
Nova Academy Early College High	0632	No
Orange County Educational Arts Academy	0701	No

	Student Activity Fund	Charter School Fund	Child Development Fund	Cafeteria Fund
Assets				
Deposits and investments	$ 2,095,209	$ 1,210,340	$ 2,149,428	$ 7,647,270
Receivables	-	347,480	1,039,223	8,562,359
Due from other funds	-	2,148,943	181,356	59,582
Prepaid expenditures	-	-	-	522,252
Stores inventories	-	-	-	1,731,577
Total assets	$ 2,095,209	$ 3,706,763	$ 3,370,007	$ 18,523,040
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ 145,176	$ 479,804	$ 2,560,092
Due to other funds	-	634,150	717,813	1,837,418
Unearned revenue	-	941,163	930,453	-
Total liabilities	-	1,720,489	2,128,070	4,397,510
Fund Balances				
Nonspendable	-	-	-	2,255,709
Restricted	2,095,209	1,986,274	1,241,937	11,869,821
Committed	-	-	-	-
Assigned	-	-	-	-
Total fund balances	2,095,209	1,986,274	1,241,937	14,125,530
Total liabilities, and fund balances	$ 2,095,209	$ 3,706,763	$ 3,370,007	$ 18,523,040

	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects
Assets				
Deposits and investments	$ 1,332,732	$ 38,334,662	$ 5,521,367	$ 10,316,299
Receivables	797	20,348	3,686	27,300
Due from other funds	6,505,988	15,989	2,002	38,065
Prepaid expenditures	-	-	-	-
Stores inventories	-	-	-	-
Total assets	$ 7,839,517	$ 38,370,999	$ 5,527,055	$ 10,381,664
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 417,189	$ 388,971	$ 1,727,409	$ 146,444
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	2,067,754
Total liabilities	417,189	388,971	1,727,409	2,214,198
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	37,982,028	3,799,646	1,121,516
Committed	7,422,328	-	-	-
Assigned	-	-	-	7,045,950
Total fund balances	7,422,328	37,982,028	3,799,646	8,167,466
Total liabilities, and fund balances	$ 7,839,517	$ 38,370,999	$ 5,527,055	$ 10,381,664

	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets				
Deposits and investments	$ 469,887	$ 40,536,812	$ 347	$ 109,614,353
Receivables	275	37,039	368,320	10,406,827
Due from other funds	-	-	-	8,951,925
Prepaid expenditures	-	-	-	522,252
Stores inventories	-	-	-	1,731,577
Total assets	$ 470,162	$ 40,573,851	$ 368,667	$ 131,226,934
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 26,352	$ -	$ 4	$ 5,891,441
Due to other funds	4,213	-	330,271	3,523,865
Unearned revenue	-	-	-	3,939,370
Total liabilities	30,565	-	330,275	13,354,676
Fund Balances				
Nonspendable	-	-	-	2,255,709
Restricted	439,597	40,573,851	38,392	101,148,271
Committed	-	-	-	7,422,328
Assigned	-	-	-	7,045,950
Total fund balances	439,597	40,573,851	38,392	117,872,258
Total liabilities, and fund balances	$ 470,162	$ 40,573,851	$ 368,667	$ 131,226,934

	Student Activity Fund	Charter School Fund	Child Development Fund	Cafeteria Fund
Revenues				
Local Control Funding Formula	$ -	$ 3,539,072	$ -	$ -
Federal sources	-	703,647	302,400	37,897,511
Other State sources	-	645,938	11,041,140	1,790,124
Other local sources	2,902,114	(12,971)	(40,448)	1,474,594
Total revenues	2,902,114	4,875,686	11,303,092	41,162,229
Expenditures				
Current				
Instruction	-	3,768,899	8,993,779	-
Instruction-related activities				
Supervision of instruction	-	55,173	698,219	-
Instructional library, media, and technology	-	3,396	-	-
School site administration	-	618,406	375,990	-
Pupil services				
Food services	-	-	-	39,412,410
All other pupil services	-	233,733	418,404	-
Administration				
All other administration	-	235,495	578,533	1,268,973
Plant services	-	317,088	7,136	569,243
Ancillary services	2,449,183	63,852	-	-
Enterprise services	-	-	-	288,198
Facility acquisition and construction	-	-	414,168	13,241
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	2,449,183	5,296,042	11,486,229	41,552,065
Excess (Deficiency) of Revenues over Expenditures	452,931	(420,356)	(183,137)	(389,836)
Other Financing Sources				
Transfers in	-	220,689	181,356	-
Other sources - premium on issuance of general obligation bonds	-	-	-	-
Transfers out	-	-	-	-
Other uses - payment to refunded bond escrow agent	-	-	-	-
Net Financing Sources (Uses)	-	220,689	181,356	-
Net Change in Fund Balances	452,931	(199,667)	(1,781)	(389,836)
Fund Balances - Beginning	1,642,278	2,185,941	1,243,718	14,515,366
Fund Balances - Ending	$ 2,095,209	$ 1,986,274	$ 1,241,937	$ 14,125,530

	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects
Revenues				
Local Control Funding Formula	$ 5,525,000	$ -	$ -	$ -
Federal sources	-	-	-	-
Other State sources	-	-	7,345,256	170,804
Other local sources	(14,464)	9,338,950	(52,051)	(126,214)
Total revenues	5,510,536	9,338,950	7,293,205	44,590
Expenditures				
Current				
Instruction	-	-	-	-
Instruction-related activities				
Supervision of instruction	-	-	-	-
Instructional library, media, and technology	-	-	-	-
School site administration	-	-	-	-
Pupil services				
Food services	-	-	-	-
All other pupil services	-	-	-	-
Administration				
All other administration	-	18,823	-	-
Plant services	146,382	107,352	3,748	363,946
Ancillary services	-	-	-	-
Enterprise services	-	-	-	-
Facility acquisition and construction	1,815,655	669,314	3,991,943	526,686
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	1,962,037	795,489	3,995,691	890,632
Excess (Deficiency) of Revenues over Expenditures	3,548,499	8,543,461	3,297,514	(846,042)
Other Financing Sources				
Transfers in	866,896	5,200	-	1,455,322
Other sources - premium on issuance of general obligation bonds	-	-	-	-
Transfers out	-	(1,666,968)	-	(1,432,558)
Other uses - payment to refunded bond escrow agent	-	-	-	-
Net Financing Sources (Uses)	866,896	(1,661,768)	-	22,764
Net Change in Fund Balances	4,415,395	6,881,693	3,297,514	(823,278)
Fund Balances - Beginning	3,006,933	31,100,335	502,132	8,990,744
Fund Balances - Ending	$ 7,422,328	$ 37,982,028	$ 3,799,646	$ 8,167,466

	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues				
Local Control Funding Formula	$ -	$ -	$ -	$ 9,064,072
Federal sources	-	675,691	-	39,579,249
Other State sources	-	78,091	-	21,071,353
Other local sources	12,105	28,038,707	833,608	42,353,930
Total revenues	12,105	28,792,489	833,608	112,068,604
Expenditures				
Current				
Instruction	-	-	-	12,762,678
Instruction-related activities				
Supervision of instruction	-	-	-	753,392
Instructional library, media, and technology	-	-	-	3,396
School site administration	-	-	-	994,396
Pupil services				
Food services	-	-	-	39,412,410
All other pupil services	-	-	-	652,137
Administration				
All other administration	-	-	-	2,101,824
Plant services	21,932	-	-	1,536,827
Ancillary services	-	-	-	2,513,035
Enterprise services	-	-	-	288,198
Facility acquisition and construction	169,896	-	-	7,600,903
Debt service				
Principal	-	17,555,000	10,214,135	27,769,135
Interest and other	-	12,173,721	2,139,351	14,313,072
Total expenditures	191,828	29,728,721	12,353,486	110,701,403
Excess (Deficiency) of Revenues over Expenditures	(179,723)	(936,232)	(11,519,878)	1,367,201
Other Financing Sources				
Transfers in	-	-	6,929,062	9,658,525
Other sources - premium on issuance of general obligation bonds	-	17,386,000	-	17,386,000
Transfers out	-	-	-	(3,099,526)
Other uses - payment to refunded bond escrow agent	-	(17,200,737)	-	(17,200,737)
Net Financing Sources (Uses)	-	185,263	6,929,062	6,744,262
Net Change in Fund Balances	(179,723)	(750,969)	(4,590,816)	8,111,463
Fund Balances - Beginning	619,320	41,324,820	4,629,208	109,760,795
Fund Balances - Ending	$ 439,597	$ 40,573,851	$ 38,392	$ 117,872,258

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Santa Ana Unified School District (the District) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position or changes in net position and fund balance of the District.

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

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

Food Donation
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District did not report any commodities in inventory.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of the Build America Bonds, which are excluded from the provisions of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and, therefore, are not presented in the Schedule of Expenditures of Federal Awards. In addition, COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act – One-time Stipend funds that were received in the previous period were recorded as revenues but were unspent. These unspent balances have been expended

in the current period. In addition, revenues received for COVID-19: American Rescue Plan (ARP) California State Preschool Program One-time Stipend and Supply Chain Assistance (SCA) Funds were not expended as of June 30, 2022. These unspent balances are recorded in restricted ending balance at year-end.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 189,968,530
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	237,038
COVID-19: American Rescue Plan (ARP) California State Preschool Program One-time Stipend	93.575	(302,400)
Supply Chain Assistance(SCA) Funds	10.555	(995,861)
Build America Bonds	[1]	(675,691)
Total Federal Financial Assistance		$ 188,231,616

[1] Federal Assistance Listing number not available

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

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

Independent Auditor's Reports
June 30, 2022

Santa Ana Unified School District

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

To the Governing Board
Santa Ana Unified School District
Santa Ana, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Ana Unified School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2022.

Correction of an Error

As discussed in Note 20 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for accounts receivable as of June 30, 2022, were discovered during the current year. Accordingly, a restatement has been made to the fund balance of the General Fund and governmental activities net position as of July 1, 2022, to correct the error. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 21 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and the fund balance of the General Fund as of July 1, 2021, to restate beginning net position and fund balance. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the 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 other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 14, 2022

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

To the Governing Board
Santa Ana Unified School District
Santa Ana, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 14, 2022

Independent Auditor's Report on State Compliance

To the Governing Board
Santa Ana Unified School District
Santa Ana, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Santa Ana Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

Qualified Opinion on Attendance and Independent Study

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

Unmodified Opinion on Each of the Other Programs

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

Basis for Qualified and Unmodified Opinions

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

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

Matter Giving Rise to Qualified Opinion on Attendance and Independent Study

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Attendance and Independent Study (see finding 2022-003).

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and.
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	Yes, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	No, see below

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	No, see below

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

We did not perform procedures related to Juvenile Court Schools because the program is not offered by the District.

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

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

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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

We did not perform In Person Instruction Grant procedures because the District did not receive funding for this grant.

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study because the District's charter school is entirely classroom-based.

We did not perform procedures for the Determination of Funding for Nonclassroom-Based Instruction because the Charter School is classroom-based.

We did not perform procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance 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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 14, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

Santa Ana Unified School District

Financial Statements

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

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Special Education (IDEA) Cluster	84.027, 84.027A, 84.173, 84.173A
Head Start Cluster	93.600
Title I, Part A, Basic Grants Low-Income and Neglected	84.010
School Improvement Funding for LEAs	84.010
Title IV, Part B, 21st Century Community Learning Centers Program	84.287
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETs	84.287
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - ASSETs Equitable Access	84.287
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 - Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 - American Rescue Plan - Homeless Children and Youth (ARP-HCY) Program	84.425W

Dollar threshold used to distinguish between Type A and Type B programs	$3,000,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Qualified*

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

Name of Program
Attendance
Independent Study

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2022-001 30000 – Restatement (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified a material misstatement of balances within the District's 2021-2022 unaudited actuals financial report. Through review of supporting records, we noted that the District's beginning net position of the governmental activities and beginning fund balance of the General Fund were overstated as a result overstatement of accounts receivable of $3,529,209. The misstatement was caused by errors, which have been detailed in Note 19.

Questioned costs

There were no questioned costs associated with this condition.

Context

The condition was identified through review of available District records related to the financial account balances in the General Fund.

Effect

Due to the condition identified, the District's prior period ending net position and the fund balance of the General Fund were overstated by $3,529,209. The net effect of these errors resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the related conversion entries in preparation of the government-wide financial statements.

Repeat Finding

Yes, see prior year finding 2021-002

Recommendation

A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

Budget Manager will continue providing training to budget staff to regularly monitor throughout the year for any possible revised funding award amounts made by the grantor agencies. Budget staff with a guidance from the Budget Manager will review and adjust/reclassify entries, accordingly. Budget Manager will review these entries to ensure accurate recording of the financial information in our financial systems.

The following finding represents a significant deficiency and an instance of noncompliance including questioned costs that are required to be reported by the *Uniform Guidance*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2022-002 50000 – Title I, Part A – Annual Report Card, High School Graduation Rate

Federal Program Affected

Program Name: Title I, Part A, Basic Grants Low-Income and Neglected and School Improvement Funding for LEAs
Assistance Listing Number: 84.010
Pass-Through Entity: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Local Education Agencies (LEAs) must report graduation rate data for all public high schools at the school and LEA levels using the four-year adjusted cohort rate and, at an LEA's discretion, one or more extended-year adjusted cohort rates. Graduation rate data must be reported both in the aggregate and disaggregated by the subgroups in Section 1111(c)(2) of the Elementary and Secondary Education Act (ESEA), homeless status, status as a child in foster care using a four-year adjusted cohort graduation rate (and any extended-year adjusted cohort rates) (ESEA sections 1111(h)(1)(C)(iii)(II) and 8101(23), (25)(20 USC 6311(h)(1)(C)(iii)(II) and 7801(23), (25))). Written documentation must be maintained to remove a student from the cohort.

Condition

The District did not maintain written documentation for all students removed from the cohort.

Questioned Costs

There are no questioned costs associated with the condition identified.

Context

The condition was identified through review of supporting documentation for a sample of students who were identified as removed from the cohort on the California Longitudinal Pupil Achievement Data System (CALPADS) 15.2 Cohort Outcome report. Two of 16 students identified as removed from the cohort on the CALPADS 15.2 Cohort Outcome report did not have written documentation to support the removal of the students from the cohort.

Effect

The District has not complied with the requirement to maintain written documentation to remove a student from the cohort.

Cause

The District did not document the rationale for removal of the students as it occurred verbally.

Repeat Finding

No

Recommendation

The District should ensure that they meet all of the requirements of ESEA. The District should revise its procedures to ensure that written documentation for all students removed from the cohort is maintained.

Corrective Action Plan and Views of Responsible Officials

The Enrollment team has reviewed the District's enrollment and withdrawal procedures, which were distributed at the beginning of the school year, with the Office Manager and Registrar at the affected school site.

The Enrollment team will review the enrollment and withdrawal procedures with all the Elementary Office Managers and Registrars at the secondary level in the next monthly district meeting for Office Staff. The Attendance Accounting team and the Enrollment team will randomly check with the schools during the remainder of the school year to ensure that the enrollment and withdrawal procedures are being followed.

Next school year, the Enrollment team will meet with all the Registrars and Elementary Office Managers before the beginning of the school year to review the enrollment and withdrawal procedures.

The following finding represents material weakness and material instances of noncompliance including questioned costs that is required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

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

2022-003 10000 and 40000 – Attendance and Independent Study

Criteria or Specific Requirements

California *Education Code* Section 51747 states that a local education agency shall not be eligible to receive apportionments for independent study by pupils, unless it has adopted written policies, and has implemented those policies, pursuant to rules and regulations adopted by the Superintendent. *California Education Code* Section 51747(d) specifically requires that such policies include procedures for tiered reengagement strategies for certain pupils.

Condition

The Santa Ana Unified School District (the District) has adopted Independent Study board policies; however, these policies do not include procedures for tiered reengagement strategies, as required by *California Education Code* Section 51747(d).

Questioned Costs

The District has claimed 512.59 units of Independent Study Average Daily Attendance (ADA) for apportionment on its Second Period Attendance Report. The penalty results in a decrease of approximately $6,400,566. The estimated penalty was calculated using the CDE's LCFF Derived Value of ADA by Grade Span. However, there is no fiscal impact since the District was funded on ADA from fiscal year 2019-2020. Additionally, California Education Code Section 42238.023 authorizes the California Department of Education to adjust the 2021-2022 reported ADA for school districts if the 2019-2020 ADA to enrollment ratio exceeds the 2021-2022 ADA to enrollment ratio. The effect of this regulation nullifies the questioned costs component of the condition identified.

Context

The condition was identified through review of the board-adopted policies relating to Independent Study.

Effect

The District overclaimed 512.59 ADA on its Second Period Report of Attendance, resulting in an estimated penalty as follows:

Grade Span	Independent Study ADA Disallowed	Derived Value of ADA by Grade Span	Penalty
TK-3	178.50	$ 12,276.02	$ 2,191,269.57
4-6	110.72	11,286.79	1,249,673.39
7-8	57.72	11,620.66	670,744.50
9-12	165.65	13,817.56	2,288,878.81
Total	512.59		$ 6,400,566.27

Cause

It appears that the condition has materialized as a result of the District not reviewing the board policy against the requirements of *California Education Code* Section 51747.

Repeat Finding

No

Recommendation

The District should update their Independent Study board policies to meet the requirements of *California Education Code* Section 51747. Additionally, the District should ensure that a process is in place to ensure timely updates are made to board policies as required by *California Education Code*.

Corrective Action Plan and Views of Responsible Officials

On July 12, 2022, the Santa Ana Unified School District Board of Education approved a resolution (Resolution No. 22/23-3470) to establish Santa Ana Virtual Academy as a Course Based Independent Study Program to be in compliance with California Education Code (51749.5).

Santa Ana Virtual Academy was initially established in the 2021-2022 school year to provide a program that allows students and families to choose a fully virtual K-12 learning experience, due to the COVID-19 pandemic. Students in this program are given the same rigorous course of study as students who attend classroom-based instruction.

For the 2022-2023 school year, the Santa Ana Virtual Academy continues with the same rigorous course of study, but as a certified Course Based Independent Study Program.

Also in July of 2022, the Board of Education reviewed and approved revisions to Board Policy 6158 to include language related to Course Based Independent Study programs and which also included the necessary components of California Education Code 51747 with regards to written notifications and the master agreement.

The revised Board Policy 6158 was adopted and became effective on July 26, 2022.

The master agreement for Santa Ana Virtual Academy (SAVA) was revised in June 2022 with guidance from legal counsel in compliance with the 2021-2022 Audit Guide.

Below are the procedures in place to ensure all students have a signed master agreement before beginning instruction at SAVA:

- Two weeks before the start of the school year, students enrolled in SAVA (accompanied by a parent/guardian) are required to participate in a student/parent orientation session as part of the program verification process. During orientation, a SAVA administrator reviews the information in the master agreement and collects wet signatures from students and, at minimum, one parent/guardian in attendance.
- Students are activated in Aeries (ADA att) upon completing a master agreement, including all required signatures.
- The SAVA's enrollment window remains open for the first three weeks of the Fall and Spring semesters. An intake meeting is required to enroll students during the enrollment window. At the meeting, both the parent and student sign the master agreement. Following the intake meeting, teachers receive notification of new students, which indicates a pending master agreement is available for the teacher(s) to sign.
- The SAVA administrator overseeing guidance works with the attendance technician and the registrar to ensure master agreements for all students enrolled in SAVA are completed (including all required signatures) and uploaded into Aeries.
- The new teacher of record must sign a student's master agreement after a student is added to their roster due to class schedule changes.
- The SAVA's attendance technician works closely with the District Attendance Accounting department to ensure all master agreements get uploaded into Aeries.
- The master agreement is also available in English and Spanish.

In addition, the District had omitted reporting 1,271.83 units of Independent Study Average Daily Attendance (ADA), for the Second Period Report of Attendance, due to learning agreements not being signed timely. The breakdown of the ADA is as followed:

Grade Span	Independent Study ADA
TK-3	304.43
4-6	296.06
7-8	250.92
9-12	420.42
Total	**1,271.83**

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

Financial Statement Findings

2021-001 30000 - Capital Assets (Material Weakness)

Criteria or Specific Requirements

Education Code Section 35168 requires the District to establish and maintain an inventory of all capital assets. GASB Statement No. 34 also requires the accounting for capital assets in excess of the capitalization threshold. In order to ensure the accurate reporting of capital assets, the District must establish procedures to track and monitor capital asset activity on an annual basis, including acquisitions, dispositions, and construction in process activities.

Condition

The District currently has a capital asset system; however, it is not fully functional. The following conditions were noted: for the past few years, all capital expenditures for the District were added to the work in progress account. The work in progress account was not reconciled for the past few years to ensure all completed projects are transferred to the appropriate classification to be depreciated. During the current fiscal year, the District reconciled the work in progress account using the project tracking records from the Facilities Department. The District identified the projects and related costs that had been incurred since the last capital assets valuation, which was conducted in fiscal year 2011. The District assigned the in-service date to the assets to correlate it to the year the project was completed, or the equipment was purchased. In addition, the District reviewed and changed asset categories and useful life to ensure assets were grouped in the appropriate categories with the correct useful life. Lastly, the District reconciled the equipment with the inventory count to ensure equipment that was previously disposed of is removed from the capital assets listing. As detailed in Note 17 the combined effect of the reconciliation resulted in a $142,290,143 restatement in the District’s net position as of July 1, 2020.

Questioned Costs

There were no questioned costs associated with this condition.

Context

The condition was identified through inquiry with District personnel and also through review of available District records related to the capital asset activities.

Effect

The District's prior period ending net position was overstated by $142,290,143.

Cause

The condition identified above appears to be caused by the lack of formal procedures related to this process, including the assignment of personnel to track and monitor capital asset activities on a regular basis.

Recommendation

The District should establish and enforce formalized procedures related to monitoring capital asset activities. Such procedures should include monthly review and reconciliation of capital asset additions and input into capital asset system for depreciation; procedures for disposal of assets including timelines for when the inventory counts will be performed along with a process for reconciling physical inventory count information with the perpetual capital asset listing.

Current Status

Implemented.

2021-002 **30000 - Adjustments (Material Weakness)**

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified material misstatements of balances within the District's 2020-2021 unaudited actuals financial report. Through review of supporting records, the following was noted:

1. The District's net position of the Internal Service Fund was understated as a result of the following: claims liability was overstated by $1,160,074 per the Open Claims (loss run report) from the Third-Party Administrator for property and liability programs. In addition, the District's account payable was understated by $287,565.
2. The District's fund balance of the Cafeteria Non-Major Governmental Fund was understated by $2,555,589 due to the District not recording receivables related to child nutrition federal and state reimbursements.

Questioned Costs

There were no questioned costs associated with this condition.

Context

The condition was identified through review of available District records related to the financial account balances in the Internal Service Fund and the Cafeteria Non-Major Governmental Fund.

Effect

Due to the conditions identified, the District's internal service fund (Fund 67) was understated by $872,509 and the Cafeteria Non-Major Governmental Fund was understated by $2,555,589.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the review of revenues/expenses and assets/liabilities to determine their proper reporting period.

Recommendation

A thorough review of the District's financial statements should take place before the financial statements are finalized by the District's business services department. Revenue and expense transactions should be analyzed to determine the proper reporting period for each. The District should ensure that the June 30th Open Claims (loss run report) is used to identify the projected claims liability. This would allow the correct amount of claims liability to be reported as part of the District's annual year-end closing process.

Current Status

Not implemented. See current year finding 2022-001.

State Compliance Findings

2021-003 40000 - Comprehensive School Safety Plans

Criteria or Specific Requirements

Per California *Education Code* Section 32286(a), each school site is required to annually review and update its comprehensive school safety plan by March 1.

Condition

The District did not prepare Comprehensive School Safety Plan updates for its schools for the 2020-2021 school year.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of inquiry with the District's management.

Effect

The District has not complied with requirements identified in California *Education Code* Section 32286(a), which states that each school site is required to annually review and update its comprehensive school safety plan by March 1.

Cause

The District was not aware that that the requirement was still in place for the 2020-2021 school year. As a result of school closures, the District believed this requirement was not applicable for the 2020-2021 school year.

Recommendation

The District should ensure that they meet all the requirements identified in California *Education Code* Section 32286(a) every year. The District must update and review the comprehensive school safety plan by March 1 of each year.

Current Status

Implemented.

EideBailly

CPAs & BUSINESS ADVISORS

Management
Santa Ana Unified School District
Santa Ana, California

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

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 14, 2022, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Satna Ana High School

Observation

Based on the review of the cash receipting procedures, it was noted that five of 16 deposits tested were not deposited in a timely manner. Delay in deposit ranged from approximately 11 to 29 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation

The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site

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

Eide Bailly LLP

Rancho Cucamonga, California
December 14, 2022

December 14, 2022

To the Governing Board
Santa Ana Unified School District
Santa Ana, California

We have audited the financial statements of Santa Ana Unified School District (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 14, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated June 1, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the District's major federal program compliance, is to express an opinion on the compliance for each of District's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing 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 internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 14, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated December 14, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- Management Override of Controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the District may have the ability to override controls that the District has implemented. Management may override the District's controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the District's financial performance or with the intent of concealing fraudulent transactions.

- Revenue Recognition – We identified revenue recognition as a significant risk due to financial and operational incentives for the District to overstate revenues.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Notes 1, the District changed accounting policies related to accounting for leases to adopt the provisions of GASB Statement No. 87, *Leases*. No lease liabilities or lease assets were recorded as of June 30, 2022. Therefore, the implementation of this standard did not have an effect on beginning net position. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Governmental Accounting Standards Board (GASB) requires the District to calculate, recognize, and report the costs and obligations associated with pensions in their financial statements. These amounts were all determined based on the District's proportionate share of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) estimated net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, which utilized projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates in the determination of the final balances reported in the CalSTRS and CalPERS audited financial statements. The District's proportionate share was determined by calculating the District's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Management's estimate of the Net OPEB liability, related deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on a calculation of actuarially determined contributions for health insurance benefits.

Management's estimate of the claims liability is based on a calculation of actuarially determined claims using claims history and other inputs for self-insured programs.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to Other Postemployment Benefits (OPEB) Liability (Note 12), Risk Management (Note 15), and Employee Retirement Systems (Note 16).

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole:

- Student Activity Special Revenue Non-major Governmental Fund
  - Understatement of beginning fund balance $154,924
- Charter School Special Revenue Non-major Governmental Fund
  - Understatement of accounts receivable $388,119
- Child Development Non-major Governmental Fund
  - Overstatement of beginning fund balance $32,764
- Bond Interest and Redemption Non-major Governmental Fund
  - Overstatement of investments $646,450
  - Understatement of beginning fund balance $19,973
- Internal Service Fund
  - Understatement of prepaid expenditures $142,641
  - Overstatement of revolving cash $149,401

The effect of these uncorrected misstatements is an understatement of assets of $265,091, an overstatement of change in fund balance/net position of $122,958, an understatement of beginning fund balance/net position of $142,133, and an overstatement of ending fund balance/net position of $265,091.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

Modification of the Auditor's Report

We have made the following modification to our auditor's report:

Correction of an Error

As discussed in Note 20 to the financial statements, the District's prior year governmental activities net position and the fund balance of the General Fund have been restated as of July 1, 2021 to correct certain errors noted during our audit. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 21 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and the fund balance of the General Fund as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

<u>Report on State Compliance</u>

Qualified and Unmodified Opinions on State Compliance

We have audited Santa Ana Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

Qualified Opinion on Attendance and Independent Study

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

Unmodified Opinion on Each of the Other Programs

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

Basis for Qualified and Unmodified Opinions

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

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

Matter Giving Rise to Qualified Opinion on Attendance and Independent Study

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Attendance and Independent Study (see finding 2022-003).

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

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 14, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the governing board, and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Rancho Cucamonga, California

Financial and Performance Audits
Building Fund (Measure I)
June 30, 2022

Santa Ana Unified School District

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FINANCIAL AUDIT

PERFORMANCE AUDIT

Financial Audit
Building Fund (Measure I)
June 30, 2022

Santa Ana Unified School District

Independent Auditor's Report

Governing Board and
Citizens Oversight Committee
Santa Ana Unified School District
Santa Ana, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Building Fund (Measure I) of the Santa Ana Unified School District (the District), as of and for the year ended June 30, 2022, and the related notes to the 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 financial position of the Building Fund (Measure I) of the District, as of June 30, 2022, and the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only Building Fund (Measure I), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2022, the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022 on our consideration of the Building Fund (Measure I) 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 Building Fund (Measure I) 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 Building Fund (Measure I) of the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 14, 2022

Assets	
Investments	$ 44,479,318
Receivables	26,060
Due from other funds	2,123,177
Prepaid expenses	105,605
Total assets	$ 46,734,160
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 14,602,514
Due to other funds	26,298
Total liabilities	14,628,812
Fund Balance	
Nonspendable	105,605
Restricted for capital projects	31,999,743
Total liabilities and fund balance	$ 46,734,160

Santa Ana Unified School District
Building Fund (Measure I)
Statement of Revenues, Expenditures, and Change in Fund Balance
Year Ended June 30, 2022

Revenues	
Interest income	$ 357,121
Net decrease in the fair value of investments	(908,557)
Total revenues	(551,436)
Expenditures	
Salaries and benefits	1,102,648
Supplies	30,165
Services	83,420
Capital outlay	47,905,370
Total expenditures	49,121,603
Excess of Expenditures over Revenues	(49,673,039)
Other Financing Sources	
Transfers in	1,090,388
Net Change in Fund Balance	(48,582,651)
Fund Balance - Beginning	80,687,999
Fund Balance - Ending	$ 32,105,348

See Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Santa Ana Unified School District (the District) Building Fund (Measure I) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The Santa Ana Unified School District Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

The financial statements include only the Building Fund (Measure I) of the Santa Ana Unified School District used to account for Measure I projects. This Fund was established to account for the expenditures of general obligation bonds issued under Measure I. These financial statements are not intended to present fairly the financial position and results of operations of the Santa Ana Unified School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund (Measure I) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Building Fund (Measure I) is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and change in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding lapse at June 30.

Fund Balance – Building Fund (Measure I)

As of June 30, 2022, the fund balance is as follows:

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

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Use of Estimates

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

Note 2 - Investments

Policies and Practices

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

Investment in County Treasury

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Orange County Treasury Investment Pool. The District maintains a Building Fund (Measure I) investment of $44,479,318 with the Orange County Treasury Investment Pool, with an average maturity of 287 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment in the Orange County Treasury Investment Pool have been rated Aaa by Moody's rating service as of June 30, 2022.

Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

As of June 30, 2022, the District’s investments of $44,479,318 in the Orange County Treasury Investment Pool are uncategorized

Note 4 - Receivables

Receivables at June 30, 2022, consisted of the following:

Interest	$ 26,060

Note 5 - Accounts Payable

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

Salaries and benefits	$ 109,572
Supplies	25,427
Construction	14,332,372
Other venodr payables	135,143
Total	$ 14,602,514

Note 6 - Interfund Transactions

Interfund Receivable/Payable (Due to/Due From)

The Building Fund owes $20,032 to the General Fund, for the reimbursement of project costs. The Building Fund owes $6,266 to the Internal Service Fund for insurance premiums. The General Fund owes $2,123,177 to the Building Fund for reimbursement of project costs.

Operating Transfers

The General Fund transferred $1,090,388 to the Building Fund for reimbursement of project costs.

Note 7 - Commitments and Contingencies

As of June 30, 2022, the Building Fund (Measure I) had the following commitments with respect to unfinished projects:

Capital Projects	Remaining Construction Commitment*	Expected Date of Completion
Century High - Modernization	$ 2,828,444	December 2022
Century High - CTE E-sports/Engineering Classrooms	195,260	December 2022
District Wide - DW Marquee (phase II)	875,564	October 2022
District Wide - Single PE/Security (Current)	3,460,008	September 2022
District Wide - Single PE/Security (Future)	594,762	December 2023
Garfield Elementary - Modernization	3,983	December 2022
Godinez Fundamental High - Aquatic Facility	1,124,363	December 2025
Hoover Elementary/4th Street - Optimization - Repurposing of Sites	368,000	June 2024
Jefferson Elementary - P2P/MPR/Parking	11,636,891	November 2023
King Elementary - Modernization	183,063	December 2022
Lathrop Intermediate - Opti Playground/Parking/RR	42,083	Undetermined
Madison Elementary - Parking/Playground Upgrades	248,550	December 2023
McFadden Intermediate - Optimization K-8 Conversion &RR	227,240	December 2022
Rob Richardson WRC - Central Kitchen	3,432,169	Undetermined
Rob Richardson WRC - Renovations at Former Sepulveda	31,790	July 2022
Romero-Cruz Academy - Kinder & Playground Expansion	1,056,674	February 2023
Roosevelt-Walker Elementary - Optimization Interior Upgrades	553,314	December 2022
Saddleback High - CTE Media Lab	2,142,104	December 2023
Saddleback High - Interim and New Kitchen	227,167	March 2023
Saddleback High - Sports Center	15,659,906	June 2023
Santa Ana High - Modernization	17,873,261	December 2024
Sierra Intermediate - Optimization K8 Conversion &RR	146,187	December 2022
Valley High - Auditorium Renovation	30,558,103	March 2025
Valley High - CTE Automotive	4,784,968	December 2023
Valley High - CTE Culinary Arts	5,312,695	December 2023
Villa Fundamental - Modernization	521,463	December 2024
Washington Elementary - Modernization	281,039	July 2022
Washington Elementary - Reconstruction	18,396,506	December 2023
	$ 122,765,557	

* Portions of certain projects will be funded by the next series of Measure I.

Litigation

The District is not currently a party to any legal proceedings related to the Building Fund (Measure I) as of June 30, 2022.

Independent Auditor's Report
June 30, 2022

Santa Ana Unified School District

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

Governing Board and
Citizens Oversight Committee
Santa Ana Unified School District
Santa Ana, 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 Building Fund (Measure I) of the Santa Ana Unified School District (the District) as of and for the year ended June 30, 2022, and the related notes of the financial statements, and have issued our report thereon dated December 14, 2022.

Emphasis of Matter

As discussed in Note 1, the financial statements present only Building Fund (Measure I), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2022, the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Building Fund (Measure I) financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 14, 2022

None reported.

There were no audit findings reported in the prior year's Schedule of Findings.

Performance Audit
Building Fund (Measure I)
June 30, 2022

Santa Ana Unified School District

Independent Auditor's Report on Performance

Governing Board and
Citizens Oversight Committee
Santa Ana Unified School District
Santa Ana, California

We were engaged to conduct a performance audit of the Building Fund (Measure I) of the Santa Ana Unified School District (the District) for the year ended June 30, 2022.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District expended Building Fund (Measure I) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution.

This report is intended solely for the information and use of the District, Governing Board, and Citizens Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Rancho Cucamonga, California
December 14, 2022

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Authority for Issuance

The general obligation bonds associated with Measure I were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The bonds are authorized to be issued by a resolution adopted by the Board of Education of the District on January 22, 2019.

The District received authorization from an election held on November 6, 2018, to issue bonds of the District in an aggregate principal amount not to exceed $232,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55% of the votes cast by eligible voters within the District (the 2018 Authorization). The bonds represent the first and second series of the authorized bonds to be issued under the 2018 Authorization.

Purpose of Issuance

"The general obligation bond funds of the District will be used to update classrooms, science labs and facilities that prepare students for college and careers in math, science, technology, arts, and skilled trades, improve student safety and security, repair/replace deteriorating roofs, plumbing and electrical systems and remove asbestos."

Authority for the Audit

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIIIA, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

2. The school district must list the specific school facilities projects to be funded in the ballot measure and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.

3. Requires the school district to appoint a Citizens' Oversight Committee.

4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.

5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Objectives of the Audit

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure I.

2. Determine whether salary transactions, charged to the Building Fund were in support of Measure I and not for District general administration or operations.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2021 to June 30, 2022. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred and reconciliation efforts subsequent to June 30, 2022, were not reviewed or included within the scope of our audit or in this report.

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2022, for the Building Fund (Measure I). Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIIIA, Section 1(b)(3)(C) of the California Constitution and Measure I as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.

2. We selected a sample of expenditures using the following criteria:
   a. We considered all expenditures recorded in all object codes.
   b. We considered all expenditures recorded in all projects that were funded from July 1, 2021 through June 30, 2022 from Measure I bond proceeds.
   c. We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified based on our assessment of materiality.

   d. For all items below the scope threshold identified in item 2c, judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes, and projects for period starting July 1, 2021 and ending June 30, 2022.

3. Our sample included transactions totaling $23,542,462 This represents 48% of the total expenditures of $49,121,603.

4. We reviewed the actual invoices and other supporting documentation to determine that:
   a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
   b. Expenditures were supported by proper bid documentation, as applicable.
   c. Expenditures were expended in accordance with voter-approved bond project list.
   d. Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.

5. We determined that the District has met the compliance requirement of Measure I if the following conditions were met:
   a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
   b. Supporting documents for expenditures were not used for salaries of school administrators or other operating expenses of the Districts.

Conclusion

The results of our tests indicated that, in all significant respects, the Santa Ana Unified School District has properly accounted for the expenditures held in the Building Fund (Measure I) and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the Building Fund (Measure I), and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

EideBailly

CPAs & BUSINESS ADVISORS

December 14, 2022

Nicole Preciado, Contracts Manager
Orange County Children and Families Commission
1505 East 17th Street, Suite 230
Santa Ana, CA 92705

RE: Fiscal Audit of Grant Agreement No. FCI-SD4-22 between the Orange County Children and Families Commission and Santa Ana Unified School District for the fiscal period July 1, 2021 through June 30, 2022 for total District expenditures in the amount of $385,040.

Dear Ms. Preciado:

This is to certify that a representative of our firm has read the agreement and conducted a fiscal audit of the invoices submitted to your office for the services provided. The fiscal audit included a representative sample test with respect to the backup documentation. We found that there is adequate documentation to support the claims made.

Based on our testing, the claims made were for reasonable costs necessary to perform the work in accordance with the terms of the contract.

Further, any indirect costs were apportioned in accordance with the agreement.

Should you require additional information, you may contact me at 909-466-2710 or bpatel@eidebailly.com.

Very truly yours,

Bobby Patel, CFE, CPA
Partner

BJP/ji

Attachment

cc: Santa Ana Unified School District

Agreement No. FCI-SD4-22
For Period 07/1/21 through 06/30/22
for the Maximum Payment Obligation of $ 1,234,800*

	Approved	Per Audit	Per Invoice	Difference
Staffing	$ 310,271	$ 310,271	$ 310,271	$ -
Indirect	17,841	17,841	17,841	-
Early Developmental Index	87,000	56,928	56,928	-
Total	$ 415,112	$ 385,040	$ 385,040	$ -

*Includes Early Development Index (EDI) budget of $87,000 to be expended at any time during the contract period. There were EDI expenditures claimed during the current period.

December 14, 2022

To the Governing Board
Santa Ana Unified School District
Santa Ana, California

We have audited the financial statements of Santa Ana Unified School District's Building Fund (Measure I) as of and for the year ended June 30, 2022 and have issued our report thereon dated December 14, 2022. We have also performed the performance audit of the Santa Ana Unified School District's Building Fund (Measure I). Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit of the District's Building Fund (Measure I) under Generally Accepted Auditing Standards and Government Auditing Standards and the Performance Audit under Government Auditing Standards.

As communicated in our engagement letter dated June 1, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Additionally, our responsibility, as described by professional standards, is to conduct a performance audit in accordance with Government Auditing Standards. Our audit of the financial statements and performance audit does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Santa Ana Unified School District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding material weaknesses over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated December 14, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- Management Override of Controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the District may have the ability to override controls that the District has implemented. Management may override the District's controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the District's financial performance or with the intent of concealing fraudulent transactions.

- Revenue Recognition – We identified revenue recognition as a significant risk due to financial and operational incentives for the District to overstate revenues.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Santa Ana Unified School District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's Building Fund (Measure I) financial statements relate to:

The Summary of significant accounting policies in Note 1.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no corrected or uncorrected misstatements that we identified as a result of our audit procedures that were brought to the attention of management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Santa Ana Unified School District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 14, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Santa Ana Unified School District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Santa Ana Unified School District's auditors.

Modification of the Auditor's Report

We have made the following modification to our auditor's report.

As discussed in Note 1, the financial statements of the Building Fund specific to Measure I are intended to present the financial position and the change in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of Santa Ana Unified School District as of June 30, 2022, and the change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

This report is intended solely for the information and use of the Governing Board and management of Santa Ana Unified School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Rancho Cucamonga, California