Financial Statements
June 30, 2021

Santa Ana Unified School District

Independent Auditor's Reports

Schedule of Findings and Questioned Costs

Independent Auditor's Report

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

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

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Ana Unified School District, as of June 30, 2021, 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.

Emphasis of Matter – Correction of an Error
As discussed in Note 17 to the financial statements, the District's prior year governmental activities net position has been restated as of July 1, 2020 to correct certain errors noted during our audit related to capital assets. Our opinions are not modified with respect to this matter.

Emphasis of Matter – Change in Accounting Principle
As discussed in Notes 1 and 18 to the financial statements, Santa Ana Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, budgetary comparison information on page 83, schedule of changes in the District's net OPEB liability and related ratios on page 84, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 85, schedule of the District's proportionate share of the net pension liability on pages 86 and 87, and the schedule of District contributions on pages 88 and 89, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Santa Ana Unified School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, 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 a report dated January 31, 2022 on our consideration of Santa Ana Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Santa Ana Unified School 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 Santa Ana Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 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, 2021, with comparative information for the year ended June 30, 2020. 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.

BOARD OF EDUCATION
Rigo Rodriguez, Ph.D., President • Carolyn Torres, Vice President
Alfonso Alvarez, Ed.D., Clerk • Valerie Amezcua, Member • John Palacio, Member

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 each governmental fund financial statement.

***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 $93,077,070 for the fiscal year ended June 30, 2021, reflecting a decrease of 15.3% since June 30, 2020. Of this amount, $(680,924,273) 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	
	2021	2020 As restated
Assets		
Current and other assets	$ 515,482,061	$ 404,842,310
Capital assets	967,582,293	1,085,845,681
Total assets	1,483,064,354	1,490,687,991
Deferred outflows of resources	188,430,532	205,137,777
Liabilities		
Current liabilities	82,235,650	67,509,707
Long-term liabilities	1,455,827,859	1,310,081,384
Total liabilities	1,538,063,509	1,377,591,091
Deferred inflows of resources	40,354,307	66,018,567
Net Position		
Net investment in capital assets	614,246,242	626,052,646
Restricted	159,755,101	144,571,456
Unrestricted (deficit)	(680,924,273)	(660,698,135)
Total net position	$ 93,077,070	$ 109,925,967

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 $(680,924,273) compared to $(660,698,135).

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 18. 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	
	2021	2020*
Revenues		
Program revenues		
Charges for services and sales	$ 5,658,688	$ 4,304,831
Operating grants and contributions	238,306,067	176,290,553
Capital grants and contributions	22,397	(2,501,803)
General revenues		
Federal and State aid not restricted	336,575,613	365,970,260
Property taxes	221,869,862	207,480,738
Other general revenues	56,590,728	14,652,320
Total revenues	859,023,355	766,196,899
Expenses		
Instruction-related	611,213,305	551,261,540
Pupil services	93,192,372	97,819,331
Administration	63,621,359	36,407,326
Plant services	71,478,700	66,085,737
Interest on long-term liabilities	23,030,676	19,916,219
All other functional expenses	13,335,840	15,049,894
Total expenses	875,872,252	786,540,047
Change in net position	$ (16,848,897)	$ (20,343,148)

* The revenues and expenses for fiscal year 2020 were not restated to show the effects of the capital asset restatement or GASB 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 18, the cost of all of our governmental activities this year was $875,872,252. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $221,869,862 because the cost was paid by those who benefited from the programs ($5,658,688) or by other governments and organizations who subsidized certain programs with grants and contributions ($238,328,464). We paid for the remaining "public benefit" portion of our governmental activities with $393,166,341 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	
	2021	2020*	2021	2020*
Instruction-related	$ 611,213,305	$ 551,261,540	$ (433,289,839)	$ (432,278,050)
Pupil services	93,192,372	97,819,331	(46,530,576)	(52,836,566)
Administration	63,621,359	36,407,326	(56,957,841)	(34,231,087)
Plant services	71,478,700	66,085,737	(67,211,359)	(64,787,873)
Interest on long-term liabilities	23,030,676	19,916,219	(23,030,676)	(19,916,219)
All other functional expenses	13,335,840	15,049,894	(4,864,809)	(4,396,671)
Total	$ 875,872,252	$ 786,540,047	$ (631,885,100)	$ (608,446,466)

* The total and net cost of services for fiscal year 2020 were not restated to show the effects of the capital asset restatement or GASB 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $381,804,800, which is an increase of $95,618,721 from last year (Table 4).

Table 4

	Balances and Activity			
	July 01, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General Fund	$ 132,455,443	$ 753,135,278	$ 694,234,715	$ 191,356,006
Building Fund	51,592,419	80,757,507	51,661,927	80,687,999
Student Activity Fund	1,763,837	319,177	440,736	1,642,278
Charter School Fund	1,813,808	5,239,942	4,867,809	2,185,941
Child Development Fund	976,699	9,386,434	9,119,415	1,243,718
Cafeteria Fund	18,918,829	24,416,521	28,819,984	14,515,366
Deferred Maintenance Fund	5,523,403	2,040,734	4,557,204	3,006,933
Capital Facilities Fund	18,155,072	16,749,831	3,804,568	31,100,335
County School Facilities Fund	4,437,069	38,170	3,973,107	502,132
Special Reserve Fund for Capital Outlay Projects	9,973,509	2,902,948	3,885,713	8,990,744
Capital Project Fund for Blended Component Units	752,744	18,043	151,467	619,320
Bond Interest and Redemption Fund	35,358,532	35,916,787	29,950,499	41,324,820
Debt Service Fund for Blended Component Units	4,464,715	7,765,398	7,600,905	4,629,208
Total	$ 286,186,079	$ 938,686,770	$ 843,068,049	$ 381,804,800

The primary reasons for changes are:

1. The General Fund showed an increase of $58.9 million.
2. The Building Fund showed an increase of $29.1 million.
3. The Cafeteria Fund showed a decrease of $4.4 million.
4. The Deferred Maintenance Fund showed a decrease of $2.5 million.
5. The Capital Facilities Fund showed an increase of $12.9 million.
6. The County School Facilities Fund showed a decrease of $3.9 million.
7. The Bond Interest and Redemption Fund showed an increase of $6 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 22, 2021. (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 83.)

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
  - An increase in the one-time COVID-19 ESSER II revenue
  - A decrease in the Title I and other Federal revenues
  - A decrease in Expanded Learning Opportunity Grant revenue
  - An increase in Unrestricted Lottery as well other State revenues
  - The District spent 79.38% on the personnel costs including certificated salaries, classified salaries, and employee benefits
    - This included the 2% ongoing salary increases and the one-time off-schedule pay
  - The District spent 20.62% on the non-personnel costs
    - Approximately 54% were spent on the COVID-19 related expenditures such as PPE, technology (Chromebooks, iPads, hotspots), safety, testing, signage, portable drinking waters, air purifiers, student meals, and hand sanitizer, 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, 2021, the District had $967,582,293 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 $24,026,755, or 2.5%, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020 As restated
Land and construction in progress	$ 240,298,211	$ 201,190,261
Buildings and improvements	722,874,721	737,998,069
Furniture and equipment	4,409,361	4,367,208
Total	$ 967,582,293	$ 943,555,538

This year's addition of $59.35 million included new furniture, equipment and several construction projects, $39.11 million of which is currently classified as work in progress

We present more detailed information about our capital assets in Note 5 to the financial statements.

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

At the end of this year, the District had $571,316,559 in long-term liabilities other than OPEB and pension versus $484,378,256 last year. The obligations consisted of:

Table 6

	Governmental Activities	
	2021	2020
General obligation bonds	$ 430,023,985	$ 360,662,410
Premium on issuance	21,741,962	19,989,792
Certificates of participation	61,744,136	64,330,673
Premium on issuance	2,059,089	2,189,137
2005 Qualified zone academy bonds	4,500,000	4,500,000
Construction loan	10,037,764	11,400,054
Compensated absences	6,425,690	4,627,547
Supplemental early retirement plan (SERP)	21,622,390	2,904,000
Claims liability	13,161,543	13,774,643
Total	$ 571,316,559	$ 484,378,256

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 $430 million is below the statutorily-imposed limit.

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

OPEB and Pension Liabilities

At year-end, the District had $166,216,390 in net OPEB liability versus $161,519,880 last year, an increase of $4,696,510 or 2.9%. We present more detailed information regarding our pension liability in Note 10 of the financial statements

At year-end, the District had $718,294,910 in aggregate net pension liability versus $664,183,248 last year, an increase of $54,111,662 or 8.1%. We present more detailed information regarding our pension liability in Note 14 of the financial statements

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2020-2021 ARE NOTED BELOW:

General Accomplishments

- **Board Goals**
- **Superintendent's Advisory Committee**
- **Fair Share Bargaining Process**
- **District System Design Partnership Program (DSDP)**

- **2020-2021 California Distinguished School Awarded**
  - Middle College High School
- **WASC Accreditation**
  - Saddleback
    - Accreditation reaffirmed ending June 30, 2024
    - Mid-cycle review 2020-2021
- **Weekly Leadership Team Meetings**
  - w/Guest Speakers August 2020-June 2021
- **Arbinger Outward Mindset**
  - Executive Cabinet & Executive Assistants professional development
- **SEE Summit-Student Social Justice April 2021**
- **2021 Commencement Ceremonies at Angel's Stadium**
- **CALSA Presentation**
  - Harnessing the Voice of Every Stakeholder

Parent Engagement

- June 1 and June 7, 2021 - Return to In-person Instruction Parent Meeting w/Superintendent Almendarez
- August 5 and August 9, 2021 - Superintendent's Town Hall Meeting Re-opening of Schools

Employee Engagement

- **Superintendent Book Clubs**
  - Staff: Kids Deserve It! Sept-Nov 2020 / Be the one for Kids Feb-Mar 2021
  - Leadership Team: Leadershift Sept-Nov 2020 / Hacking Leadership Feb-Mar 2021
  - Students: *Refugee* Feb 2021
- **Superintendent's Staff**
  - Fall 2020 - Staff Development / Administrative Meeting Management
  - Winter & Spring 2021 - Monthly Meetings for Executive Assistants
  - Spring 2021 - CUE Conference Presentation
  - Spring 2021 - CSBA Executive Assistant Certification Program
- **Informal Lunch Meetings**
  - Principals
  - Assistant Principals
  - Directors
  - Coordinators
- **Principal Advisory Committee**
- **SAUSD & SAC Planning Retreat**

Employee Recognitions

- SAUSD's Patricia Mendez named as a 2021 CA Classified School Employee of the Year
- SAUSD's Laura Gomez names as a 2021 CA Teacher of the Year

Community/Stakeholder Engagement

- **Community Engagement**
  - Instituted District System Design Partnership Program (DSDP)
    - Developed a SAUSD Graduate Profile
  - SAUSD partnered w/local agencies to provide COVID-19 Vaccine Clinics
- **Statewide Engagement**
  - CSUF Dean's Advisory
  - CORE District
  - California Collaborative for District Reform
  - California Association of Latino Superintendents and Administrators
- **National Engagement**
  - Council of Great City Schools
  - National Center on Education and the Economy

College Readiness

- More than 3,500 high school graduates in 2021
- 64 high school students graduated with AA degrees in 2021
- Seal of Biliteracy
  - Nearly 900 graduating seniors received Seal in 2021

Social Media Analytics

- Facebook
- Instagram
- Twitter
- Linked In

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2021-2022 budget was adopted according to the statute prior to June 30, 2021. The District's revenue and expenditure projections are reflective of the Governor's May Revise Budget Proposal. In considering the District Budget for the 2021-2021 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 - 1196 from 43,911 in 2020-2021 to 42,715 in 2021-2022
3. Projected funded ADA of 43,621 to calculate LCFF funding
4. Statutory COLA of 5.07%

5. Unduplicated count of 86.62%
6. Decreased LCFF Transfers to Deferred Maintenance Fund
7. Increased Federal funding including a one-time COVID-19 funding
8. Decreased Other State funding including a one-time COVID-19 funding
9. Decreased Other Local funding as MAA revenue is budgeted on cash basis
10. Decreased contribution to Ongoing and Major Maintenance Account due to the exclusion of the STRS on-behalf payments as well as the ESSER I, GEER, Coronavirus Relief (CR, and Prop 98 Learning Loss Mitigation fuds from the 3% calculation of the Total General Fund Expenditures, including other financing transfers out and other uses
11. Mandated Block Grant funding
12. Unrestricted and Restricted Lottery funding

Expenditures:

1. Step and column increase
2. Full-year cost of vacant positions
3. Natural attrition of 74 teacher FTEs (not backfilled)
4. Increased in one-time ESSER I funds for teacher training for in-person learning
5. Increased costs for STRS/PERS and Health and Welfare benefits
6. Increased cost for State Unemployment Insurance from 0.05% to 1.23%
7. 0.00% for Retiree Benefits rate effective 2020-2021. The District will utilize the Retiree Benefits Fund to pay our retiree health benefit costs for a period of four to five years
8. COVID-19 funds (ESSER II, III, and ELO) were budgeted in a place holder and will be moved to the respective expense categories at a later date
9. Increased in utility costs
10. Technology Refresh funds for grades 3, 6, and 9
11. Adoption of Social Studies textbooks for elementary for 2022-23
12. PARS (2018-2023): 4th of a 5-year payment schedule of $1,021,240
13. PARS Supplemental Retirement Program (2021-2026): 1st of a 5-year payment schedule of $4,153,828.37
14. Increased Special Education costs
15. Removal of one-time expenditures
16. Removal of expired CR and Professional Development Block Grant funds
17. Removal of carryover, however, it will be budgeted when the actual amounts are known

Staffing ratios:

	Staffing Ratio	Enrollment
Transitional Kindergarten	25:1	569
Kindergarten	25:1	2291
Grade one	30:1	2,411
Grade two	30:1	2,458
Grade three	30:1	2,508
Grades four through five	31:1	5,383
Grades six through eight	38:1	8,363
Grades nine through twelve	38:1	12,908

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	$ 342,783,301
Receivables	168,870,265
Prepaid expenses	240,970
Stores inventories	3,432,310
Other current assets	155,215
Capital assets not depreciated	240,298,211
Capital assets, net of accumulated depreciation	727,284,082
Total assets	1,483,064,354
Deferred Outflows of Resources	
Deferred charge on refunding	345,854
Deferred outflows of resources related to OPEB	25,204,431
Deferred outflows of resources related to pensions	162,880,247
Total deferred outflows of resources	188,430,532
Liabilities	
Accounts payable	67,150,242
Accrued interest payable	5,163,665
Unearned revenue	9,921,743
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	37,650,335
Long-term liabilities other than OPEB and pensions due in more than one year	533,666,224
Net other postemployment benefits (OPEB) liability	166,216,390
Aggregate net pension liability	718,294,910
Total liabilities	1,538,063,509
Deferred Inflows of Resources	
Deferred amount on refunding	877,529
Deferred inflows of resources related to OPEB	565,874
Deferred inflows of resources related to pensions	38,910,904
Total deferred inflows of resources	40,354,307
Net Position	
Net investment in capital assets	614,246,242
Restricted for	
Debt service	40,790,363
Capital projects	14,737,053
Educational programs	46,689,382
Other activities	57,538,303
Unrestricted (deficit)	(680,924,273)
Total net position	$ 93,077,070

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	$ 527,296,171	$ 1,116,531	$ 158,493,763	$ 22,397	$ (367,663,480)
Instruction-related activities					
Supervision of instruction	31,761,814	187,462	12,622,894	-	(18,951,458)
Instructional library, media, and technology	5,348,534	27,072	847,490	-	(4,473,972)
School site administration	46,806,786	23,129	4,582,728	-	(42,200,929)
Pupil services					
Home-to-school transportation	4,496,673	-	1,807,807	-	(2,688,866)
Food services	34,284,120	279,216	25,923,752	-	(8,081,152)
All other pupil services	54,411,579	133,725	18,517,296	-	(35,760,558)
Administration					
Data processing	7,330,324	-	240,153	-	(7,090,171)
All other administration	56,291,035	43,123	6,380,242	-	(49,867,670)
Plant services	71,478,700	15,087	4,252,254	-	(67,211,359)
Ancillary services	7,915,514	3,286	649,681	-	(7,262,547)
Community services	288,565	-	17,982	-	(270,583)
Enterprise services	279,907	1,950	109,991	-	(167,966)
Interest on long-term liabilities	23,030,676	-	-	-	(23,030,676)
Other outgo	4,851,854	3,828,107	3,860,034	-	2,836,287
Total governmental activities	$ 875,872,252	$ 5,658,688	$ 238,306,067	$ 22,397	(631,885,100)
General Revenues and Subventions					
Property taxes, levied for general purposes					185,512,272
Property taxes, levied for debt service					31,492,211
Taxes levied for other specific purposes					4,865,379
Federal and State aid not restricted to specific purposes					336,575,613
Interest and investment earnings					2,259,476
Miscellaneous					54,331,252
Subtotal, general revenues and subventions					615,036,203
Change in Net Position					(16,848,897)
Net Position - Beginning, as restated					109,925,967
Net Position - Ending					$ 93,077,070

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 107,491,585	$ 93,485,513	$ 95,597,319	$ 296,574,417
Receivables	153,354,079	46,823	10,919,659	164,320,561
Due from other funds	4,144,986	945,545	13,696,852	18,787,383
Prepaid expenditures	87,653	-	759	88,412
Stores inventories	1,391,074	-	2,041,236	3,432,310
Other current assets	155,215	-	-	155,215
Total assets	$ 266,624,592	$ 94,477,881	$ 122,255,825	$ 483,358,298
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 54,910,781	$ 6,404,448	$ 4,290,039	$ 65,605,268
Due to other funds	13,739,576	7,385,434	4,901,477	26,026,487
Unearned revenue	6,618,229	-	3,303,514	9,921,743
Total liabilities	75,268,586	13,789,882	12,495,030	101,553,498
Fund Balances				
Nonspendable	1,628,727	-	2,047,943	3,676,670
Restricted	43,259,723	80,687,999	78,833,355	202,781,077
Committed	48,220,795	-	3,006,933	51,227,728
Assigned	12,905,137	-	25,872,564	38,777,701
Unassigned	85,341,624	-	-	85,341,624
Total fund balances	191,356,006	80,687,999	109,760,795	381,804,800
Total liabilities and fund balances	$ 266,624,592	$ 94,477,881	$ 122,255,825	$ 483,358,298

Total Fund Balance - Governmental Funds		$ 381,804,800
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	$ 1,454,483,136	
Accumulated depreciation is	(486,900,843)	
Net capital assets		967,582,293
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.		(5,163,665)
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.		43,443,733
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	345,854	
Net other postemployment benefits (OPEB) liability	25,204,431	
Aggregate net pension liability	162,880,247	
Total deferred outflows of resources		188,430,532
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	(877,529)	
Net other postemployment benefits (OPEB) liability	(565,874)	
Aggregate net pension liability	(38,910,904)	
Total deferred inflows of resources		(40,354,307)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(718,294,910)

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.		$ (166,216,390)
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	$ (351,580,063)	
Unamortized premium on issuance of bonds	(21,741,962)	
Certificates of participation	(44,191,542)	
Unamortized premium on issuance of certificates	(2,059,089)	
2005 Qualified zone academy bonds	(4,500,000)	
Construction loan	(10,037,764)	
Compensated absences (vacations)	(6,425,690)	
Supplemental early retirement plan (SERP)	(21,622,390)	
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	(78,443,922)	
Accumulated accretion on certificates of participation	(17,552,594)	
Total long-term liabilities		(558,155,016)
Total Net Position - Governmental Activities		$ 93,077,070

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 505,591,657	$ -	$ 5,789,160	$ 511,380,817
Federal sources	114,154,699	-	23,004,642	137,159,341
Other State sources	120,120,727	-	11,257,237	131,377,964
Other local sources	13,258,994	757,507	46,106,265	60,122,766
Total revenues	753,126,077	757,507	86,157,304	840,040,888
Expenditures				
Current				
Instruction	445,595,101	-	10,865,859	456,460,960
Instruction-related activities				
Supervision of instruction	26,555,739	-	674,595	27,230,334
Instructional library, media, and technology	4,835,396	-	1,798	4,837,194
School site administration	41,184,596	-	885,380	42,069,976
Pupil services				
Home-to-school transportation	4,342,781	-	-	4,342,781
Food services	6,117,933	-	26,330,450	32,448,383
All other pupil services	46,804,188	-	702,148	47,506,336
Administration				
Data processing	6,551,072	-	-	6,551,072
All other administration	31,833,422	-	1,671,015	33,504,437
Plant services	61,166,671	59,114	462,602	61,688,387
Ancillary services	6,853,273	-	452,573	7,305,846
Community services	257,391	-	-	257,391
Other outgo	4,851,854	-	-	4,851,854
Enterprise services	29,402	-	124,635	154,037
Facility acquisition and construction	1,889,684	43,774,198	14,410,199	60,074,081
Debt service				
Principal	-	-	25,455,412	25,455,412
Interest and other	-	1,362,393	12,095,992	13,458,385
Total expenditures	688,868,503	45,195,705	94,132,658	828,196,866
Excess (Deficiency) of Revenues over Expenditures	64,257,574	(44,438,198)	(7,975,354)	11,844,022
Other Financing Sources (Uses)				
Transfers in	9,201	-	14,871,183	14,880,384
Other sources - proceeds from issuance of general obligation bonds	-	80,000,000	-	80,000,000
Other sources - premium on issuance of general obligation bonds	-	-	3,765,498	3,765,498
Transfers out	(5,366,212)	(6,466,222)	(3,038,749)	(14,871,183)
Net Financing Sources (Uses)	(5,357,011)	73,533,778	15,597,932	83,774,699
Net Change in Fund Balances	58,900,563	29,095,580	7,622,578	95,618,721
Fund Balances - Beginning, as restated	132,455,443	51,592,419	102,138,217	286,186,079
Fund Balances - Ending	$ 191,356,006	$ 80,687,999	$ 109,760,795	$ 381,804,800

Total Net Change in Fund Balances - Governmental Funds		$ 95,618,721
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 expenses in the Statement of Activities. This is the amount by which capital outlays exceed depreciation in the period.		
Capital outlays	$ 59,345,308	
Depreciation expense	(35,318,553)	
Net expense adjustment		24,026,755
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 less than the amounts earned by $18,718,390. Vacation earned was more than the amounts used by $1,798,143.		(20,516,533)
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.		(42,427,940)
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.		(7,437,546)
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.		(80,000,000)
Governmental funds report the effect of premiums when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		(3,765,498)

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	$ 2,143,376	
Amortization of deferred charge on refunding	14,329	
Combined adjustment		$ 2,157,705
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	19,940,000	
Certificates of participation	4,153,122	
Construction loan	1,362,290	
Combined adjustment		25,455,412
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 increased by $861,836, and second, $10,868,160 of additional interest was accreted on the District's capital appreciation general obligation bonds and certificates of participation.		(11,729,996)
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.		1,770,023
Change in net position of governmental activities		$ (16,848,897)

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 46,208,884
Receivables	4,549,704
Due from other funds	7,267,584
Prepaid expenses	152,558
Total current assets	58,178,730
Liabilities	
Current liabilities	
Accounts payable	1,544,974
Due to other funds	28,480
Current portion of long-term liabilities	3,170,923
Total current liabilities	4,744,377
Noncurrent liabilities	
Noncurrent portion of long-term liabilities	9,990,620
Net Position	
Restricted	$ 43,443,733

	Governmental Activities - Internal Service Fund
Operating Revenues	
Local and intermediate sources	$ 17,480,417
Operating Expenses	
Payroll costs	8,870,959
Supplies and materials	42,622
Other operating cost	7,261,251
Total operating expenses	16,174,832
Operating income	1,305,585
Nonoperating Revenues	
Interest income	473,639
Transfers out	(9,201)
Total nonoperating revenues	464,438
Change in Net Position	1,770,023
Total Net Position - Beginning	41,673,710
Total Net Position - Ending	$ 43,443,733

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts from customers	$ 78,275
Other operating cash receipts	11,863,683
Cash payments to (credits from) other suppliers of goods or services	722,466
Cash payments to employees for services	(8,856,552)
Other operating cash payments	(7,874,351)
Net Cash Used for Operating Activities	(4,066,479)
Cash Flows from Noncapital Financing Activities	
Transfer to other funds	(9,201)
Investing Activities	
Interest on investments	447,321
Net Decrease in Cash and Cash Equivalents	(3,628,359)
Cash and Cash Equivalents - Beginning	49,837,243
Cash and Cash Equivalents - Ending	$ 46,208,884
Reconciliation of Operating Income to Net Cash Used for Operating Activities	
Operating income	$ 1,305,585
Adjustments to reconcile operating income to net cash used for operating activities	
Changes in assets and liabilities	
Receivables	(3,122,067)
Due from other funds	(2,416,392)
Accounts payable	765,088
Due to other fund	14,407
Claims liability	(613,100)
Net Cash from Operating Activities	$ (4,066,479)

	Custodial Funds
Assets	
Deposits and investments	$ 1,293,045
Net Position	
Restricted for individuals, organizations, and other governments	$ 1,293,045

	Custodial Funds
Additions	
Special tax assessment	$ 602,432
Deductions	
Payments to investors	503,906
Other expenses	23,160
Total deductions	527,066
Change in Fiduciary Net Position	75,366
Net Position - Beginning, as restated	1,217,679
Net Position - Ending	$ 1,293,045

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 Santa Ana Unified School 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, Orange County School of the Arts, 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) does 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 extension 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 $1,559,613.

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. 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.

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, capital 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. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to contributions subsequent to measurement date, differences between contributions made and the District’s proportionate share of contributions, differences between projected and actual earnings on plan investments, differences between expected and actual experience, and changes of assumptions.

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, for pension related items, and for OPEB related items.

The deferred charge on refunding resulted from the excess of the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between contributions made and the District's proportionate share of contributions, differences between expected and actual experiences, and differences between projected and actual earnings on plan investments.

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.

Fund Balances - Governmental Funds

As of June 30, 2021, 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, 2021, $48,220,795 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 $159,753,826 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

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental and reclassification of agency funds to custodial funds. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 18.

New Accounting Pronouncements

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

The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	$ 342,783,301
Fiduciary funds	1,293,045
Total deposits and investments	$ 344,076,346

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

Cash on hand and in banks	$ 5,056,587
Cash in revolving	855,948
Investments	338,163,811
Total deposits and investments	$ 344,076,346

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	$ 333,563,510	375 days
Dreyfus Institutional Treasury & Agency Cash Advantage Fund	144,327	27 days
Invesco Government and Agency Money Market Fund	59	51 days
Natixis	4,455,915	10/27/21
Total	$ 338,163,811	

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 investments in Dreyfus Institutional Treasury & Agency Cash Advantage Fund, Invesco Government and Agency Money Market Fund, and Natixis have been rated Aaa-mf, Aaa-mf, and P-1, respectively, by Moody's rating service as of June 30, 2021.

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, 2021, the District's bank balance of $3,987,415 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.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investments in Natixis of $4,455,915, the District has a custodial credit risk exposure of $4,455,915 because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the number of securities that can be held by counterparties.

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, 2021:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs
Dreyfus Institutional Treasury & Agency Cash Advantage Fund	$ 144,327	$ 144,327
Invesco Government and Agency Money Market Fund	59	59
Natixis	4,455,915	4,455,915
Total	4,600,301	$ 4,600,301
Investments not measured for fair value or subject to fair value hierachy:		
Orange County Treasury Investment Pool	333,563,510	
Total investments	$ 338,163,811	

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

Note 4 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government					
Categorical aid	$ 32,748,003	$ -	$ 6,929,772	$ -	$ 39,677,775
State Government					
LCFF apportionment	93,658,766	-	906,361	-	94,565,127
Categorical aid	19,282,012	-	2,497,644	-	21,779,656
Lottery	3,019,117	-	23,766	-	3,042,883
Local Government					
Interest	345,628	46,823	52,179	22,784	467,414
Other LEA	2,563,421	-	-	-	2,563,421
Other Local Sources	1,737,132	-	509,937	4,526,920	6,773,989
Total	$ 153,354,079	$ 46,823	$ 10,919,659	$ 4,549,704	$ 168,870,265

Note 5 - Capital Assets

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

	As Restated Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 152,003,691	$ -	$ -	$ 152,003,691
Construction in progress	49,186,570	58,503,837	(19,395,887)	88,294,520
Total capital assets not being depreciated	201,190,261	58,503,837	(19,395,887)	240,298,211
Capital Assets Being Depreciated				
Land improvements	101,522,045	801,796	-	102,323,841
Buildings and improvements	1,081,144,802	18,594,091	-	1,099,738,893
Furniture and equipment	11,280,720	841,471	-	12,122,191
Total capital assets being depreciated	1,193,947,567	20,237,358	-	1,214,184,925
Total capital assets	1,395,137,828	78,741,195	(19,395,887)	1,454,483,136
Less Accumulated Depreciation				
Land improvements	(42,507,572)	(4,366,340)	-	(46,873,912)
Buildings and improvements	(402,161,206)	(30,152,895)	-	(432,314,101)
Furniture and equipment	(6,913,512)	(799,318)	-	(7,712,830)
Total accumulated depreciation	(451,582,290)	(35,318,553)	-	(486,900,843)
Governmental activities capital assets, net	$ 943,555,538	$ 43,422,642	$ (19,395,887)	$ 967,582,293

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 25,570,632
Supervision of instruction	1,695,291
All other pupil services	1,942,520
All other administration	2,436,980
Plant services	3,673,130
Total depreciation expenses governmental activities	$ 35,318,553

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, 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	$ -	$ 17,701	$ 4,098,805	$ 28,480	$ 4,144,986
Building Fund	625,713	-	319,832	-	945,545
Non-Major Governmental Funds	6,274,143	7,362,182	60,527	-	13,696,852
Internal Service Fund	6,839,720	5,551	422,313	-	7,267,584
Total	$ 13,739,576	$ 7,385,434	$ 4,901,477	$ 28,480	$ 26,054,967

A balance of $403,183 due to the General Fund from the Charter School Non-Major Governmental Fund resulted from the reimbursement of operating costs.

A balance of $2,074,788 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from the reimbursement of operating costs.

A balance of $1,266,391 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from indirect costs and reimbursement of operating costs.

A balance of $1,479,888 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 $1,131,254 due to the Cafeteria Non-Major Governmental Fund from the Building Fund resulted from allowable project costs.

A balance of $5,130,928 due to the Capital Facilities Non-Major Governmental Fund from the Building Fund resulted from allowable project costs.

A balance of $1,100,000 due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the Building Fund resulted from allowable project costs.

A balance of $6,839,720 due to the Internal Service Fund from the General Fund resulted from insurance premiums.

A balance of $283,610 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, 2021, consisted of the following:

	Transfer From				
Transfer To	General Fund	Building Fund	Non-Major Governmental Fund	Internal Service Funds	Total
General Fund	$ -	$ -	$ -	$ 9,201	$ 9,201
Non-Major Governmental Funds	5,366,212	6,466,222	3,038,749	-	14,871,183
Total	$ 5,366,212	$ 6,466,222	$ 3,038,749	$ 9,201	$ 14,880,384

The General Fund transferred to the Charter School Non-Major Governmental Fund for special education and allocation of various categorical funds.	$ 232,211
The General Fund transferred to the Child Development Non-Major Governmental Fund for reimbursement of operating costs.	23,530
The General Fund transferred to the Cafeteria Non-Major Governmental Fund for LCFF income verification costs.	8,792
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for savings resulting from the solar energy project.	1,387,180
The General Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.	3,714,499
The Building Fund transferred to the Cafeteria Non-Major Governmental Fund for reimbursement of project costs.	246,202
The Building Fund transferred to the Capital Facilities Non-Major Governmental Fund for reimbursement of project costs.	5,120,020
The Building Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of project costs.	1,100,000
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.	1,430,996
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.	1,607,753
The Internal Service Fund transfer to the General Fund for reimbursement of operational costs.	9,201
Total	$ 14,880,384

Note 7 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries and benefits	$ 26,958,698	$ 80,130	$ 1,474,632	$ 930,265	$ 29,443,725
LCFF apportionment	4,445,391	-	2,003	-	4,447,394
Books and supplies	5,217,776	44,181	1,297,303	-	6,559,260
Services and other operating payables	6,779,505	4,757	220,778	553,046	7,558,086
Construction	680,730	6,275,380	925,649	-	7,881,759
Due to other LEAs	8,585,019	-	60,442	-	8,645,461
Vendor payables	2,243,662	-	309,232	61,663	2,614,557
Total	$ 54,910,781	$ 6,404,448	$ 4,290,039	$ 1,544,974	$ 67,150,242

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2021, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	$ 1,077,690	$ 94,752	$ 1,172,442
State categorical aid	1,433,888	3,208,762	4,642,650
Other local	4,106,651	-	4,106,651
Total	$ 6,618,229	$ 3,303,514	$ 9,921,743

Note 9 - 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, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 360,662,410	$ 89,301,575	$ (19,940,000)	$ 430,023,985	$ 19,360,000
Premium on issuance	19,989,792	3,765,498	(2,013,328)	21,741,962	-
Certificates of participation	64,330,673	1,566,585	(4,153,122)	61,744,136	4,260,385
Premium on issuance	2,189,137	-	(130,048)	2,059,089	-
2005 Qualified zone academy bonds	4,500,000	-	-	4,500,000	4,500,000
Construction loan	11,400,054	-	(1,362,290)	10,037,764	1,453,749
Compensated absences	4,627,547	1,798,143	-	6,425,690	-
Supplemental early retirement plan (SERP)	2,904,000	19,686,390	(968,000)	21,622,390	4,905,278
Claims liability	13,774,643	2,557,823	(3,170,923)	13,161,543	3,170,923
Total	$ 484,378,256	$ 118,676,014	$ (31,737,711)	$ 571,316,559	$ 37,650,335

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 are made by the Debt Service Fund for Blended Component Units. The construction loan is paid by the Capital Project 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, 2020	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2021
10/30/02	08/01/32	2.68-5.53%	$ 50,828,156	$ 39,279,171	$ -	$ 2,080,675	$ (3,520,000)	$ 37,839,846
08/06/08	08/01/33	3.50-5.51%	99,997,856	15,286,625	-	1,442,410	(3,250,000)	13,479,035
11/20/09	08/01/47	6.54-7.337%	34,861,114	74,146,614	-	5,778,490	-	79,925,104
11/20/09	09/15/26	5.91%	19,240,000	19,240,000	-	-	-	19,240,000
12/02/10	08/01/20	3.00-5.00%	8,591,011	2,160,000	-	-	(2,160,000)	-
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	4,070,000	-	-	(1,300,000)	2,770,000
09/19/12	08/01/32	2.00-3.40%	19,720,000	17,770,000	-	-	(260,000)	17,510,000
04/18/18	08/01/33	3.00-5.00%	66,985,000	65,435,000	-	-	(205,000)	65,230,000
04/04/19	08/01/48	3.00-5.00%	60,000,000	60,000,000	-	-	(7,100,000)	52,900,000
04/04/19	08/01/29	3.00-5.00%	25,965,000	25,965,000	-	-	(2,145,000)	23,820,000
01/21/21	08/01/50	2.00-5.00%	80,000,000	-	80,000,000	-	-	80,000,000
				$ 360,662,410	$ 80,000,000	$ 9,301,575	$ (19,940,000)	$ 430,023,985

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, 2021, the principal balance outstanding was $37,839,846 (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, 2021, the principal balance outstanding was $13,479,035 (including accreted interest to date). Unamortized premium received on the bonds as of June 30, 2021, was $963,567.

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, 2021, the principal balance outstanding was $79,925,104 (including accreted interest to date). Unamortized premium received on the bonds as of June 30, 2021, was $1,261,836.

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, 2021, the principal balance outstanding was $19,240,000.

2008 General Obligation Bonds, Series D, Series E, Series F

On December 2, 2010, the District issued $6,445,000 in current interest bonds and $2,146,011 (accreting to $5,875,000 at maturity) in capital appreciation bonds with Series D. 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, 2020, with interest rates ranging from 3.00 to 5.00%. As of June 30, 2021, the 2008 General Obligation Bonds, Series D were fully defeased.

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, 2021, the principal balance outstanding was $17,535,000.

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, 2021, 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, 2021, the principal balance outstanding was $2,770,000. Unamortized premium received on the bonds as of June 30, 2021 was $114,826.

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, 2021, the principal balance outstanding was $17,510,000.

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, 2021, the principal balance outstanding was $65,230,000. Unamortized premium received on the bonds as of June 30, 2021 was $9,079,840.

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, 2021, the principal balance outstanding was $52,900,000. Unamortized premium received on the bonds as of June 30, 2021, was $3,056,017.

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, 2021, the principal balance outstanding was $23,820,000. Unamortized premium received on the bonds as of June 30, 2021 was $3,565,301.

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, 2021, the principal balance outstanding was $80,000,000. Unamortized premium received on the bonds as of June 30, 2021, was $3,700,575.

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
2022	$ 19,104,236	$ 255,764	$ 11,988,457	$ 31,348,457
2023	17,913,435	816,559	11,487,240	30,217,234
2024	16,229,332	1,375,668	11,093,659	28,698,659
2025	13,177,518	1,932,464	10,828,946	25,938,928
2026	14,264,695	760,305	10,521,771	25,546,771
2027-2031	106,210,690	11,455,511	40,859,574	158,525,775
2032-2036	71,771,012	38,322,102	22,361,789	132,454,903
2037-2041	57,845,422	75,212,743	15,082,828	148,140,993
2042-2046	60,493,180	101,483,565	8,581,738	170,558,483
2047-2051	53,014,465	48,236,412	2,730,360	103,981,237
Total	$ 430,023,985	$ 279,851,093	$ 145,536,362	$ 855,411,440

Certificates of Participation

The outstanding certificates of participation debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding July 1, 2020	Accreted	Redeemed	Outstanding June 30, 2021
10/1/99	04/01/36	3.60-6.25%	$ 17,691,700	$ 24,915,673	$ 1,566,585	$ (2,443,122)	$ 24,039,136
12/5/12	12/01/35	4.25-5.20%	30,000,000	21,170,000	-	(1,280,000)	19,890,000
4/25/18	04/01/37	3.50-5.00%	19,165,000	18,245,000	-	(430,000)	17,815,000
				$ 64,330,673	$ 1,566,585	$ (4,153,122)	$ 61,744,136

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, 2021, the principal balance outstanding was $24,039,136, 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, 2021, the principal balance outstanding was $19,890,000.

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, 2021, the principal balance outstanding was $17,815,000. Unamortized premium received on the certificates of participation as of June 30, 2021 was $2,059,089.

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
2022	$ 4,112,161	$ 148,224	$ 1,764,024	$ 6,024,409
2023	4,085,457	297,016	1,686,555	6,069,028
2024	4,028,753	446,247	1,607,124	6,082,124
2025	3,980,827	599,222	1,527,230	6,107,279
2026	3,951,404	750,319	1,446,124	6,147,847
2027-2031	21,331,568	6,029,147	5,766,693	33,127,408
2032-2036	17,813,966	3,651,014	2,560,780	24,025,760
2037	2,440,000	-	85,400	2,525,400
Total	$ 61,744,136	$ 11,921,189	$ 16,443,930	$ 90,109,255

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, 2021, the principal balance outstanding was $4,500,000.

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, 2021, the outstanding balance on the loan was $10,037,764.

Future payments are as follows:

Year Ending June 30,	Principal	Current Interest	Total
2022	$ 1,453,749	$ 213,219	$ 1,666,968
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	$ 10,037,764	$ 724,761	$ 10,762,525

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to $6,425,690.

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
2022	$ 4,905,278
2023	4,905,278
2024	3,937,278
2025	3,937,278
2026	3,937,278
Total	$ 21,622,390

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 $13,161,543 were discounted at a rate of 0.5% and were accepted as estimated by the District's administrator. See Note 13 for additional details.

Note 10 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 162,518,176	$ 25,204,431	$ 565,874	$ 28,743,906
Medicare Premium Payment (MPP) Program	3,698,214	-	-	424,336
Total	$ 166,216,390	$ 25,204,431	$ 565,874	$ 29,168,242

The details of each plan are as follows:

District Plan

Plan Administration

The California Public Employees' Retirement System (CalPERS) administers the Santa Ana Unified School 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, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	711
Active employees	3,984
	4,695

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, 2020, the District contributed $12,582,715 to the Plan, all of which was used for current premiums. The District contributed $9,147,981 to the Plan during the current fiscal year.

Net OPEB Liability of the District

The District's net OPEB liability of $162,518,176 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

Total OPEB liability	$ 220,188,518
Plan fiduciary net position	(57,670,342)
District's net OPEB liability	$ 162,518,176
Plan fiduciary net position as a percentage of the total OPEB liability	26.19%

Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.63% for 2020
Salary increases	2.75%, average, including inflation
Investment rate of return	6.00%, 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 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous 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, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

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, 2019	$ 212,510,170	$ 54,264,168	$ 158,246,002
Service cost	7,724,764	-	7,724,764
Interest	12,602,874	-	12,602,874
Contributions-employer	-	12,582,715	(12,582,715)
Expected investment income	-	3,255,043	(3,255,043)
Difference between projected and actual earnings on OPEB plan investments	-	178,042	(178,042)
Differences between expected and actual experience in the measurement of the net OPEB liability	(66,575)	-	(66,575)
Benefit payments	(12,582,715)	(12,582,715)	-
Administrative expense	-	(26,911)	26,911
Net change in total OPEB liability	7,678,348	3,406,174	4,272,174
Balance at June 30, 2020	$ 220,188,518	$ 57,670,342	$ 162,518,176

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 (5.0%)	$ 178,773,730
Current discount rate (6.0%)	162,518,176
1% increase (7.0%)	147,651,594

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%)	$ 145,886,003
Current healthcare cost trend rate (4.0%)	162,518,176
1% increase (5.0%)	179,908,610

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

For the year ended June 30, 2021, the District recognized OPEB expense of $28,743,906. At June 30, 2021, 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	$ 9,147,981	$ -
Difference between projected and actual earnings on OPEB plan investments	536,685	504,668
Differences between expected and actual experience in the measurement of the net OPEB liability	15,519,765	61,206
Total	$ 25,204,431	$ 565,874

The deferred outflows of resources for OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on OPEB plan investments and differences bewteen expected and actaul experience in the measurement of the net OPEB liablity will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred outflow/(inflows) of Resources
2022	$ 1,598,907
2023	1,598,904
2024	1,330,563
2025	1,451,311
2026	1,486,917
Thereafter	8,023,974
	$ 15,490,576

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, 2019 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, 2021, the District reported a liability of $3,698,214 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020 and June 30, 2019, respectively, was 0.8727%, and 0.8791%, resulting in a net decrease in the proportionate share of 0.0064%.

For the year ended June 30, 2021, the District recognized OPEB expense of $424,336.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	June 30, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, 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 294 or an average of 0.18% of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, 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, 2020, is 2.21%. 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 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

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

The following presents the District's proportionate share of the net OPEB liability 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 (1.21%)	$ 4,089,404
Current discount rate (2.21%)	3,698,214
1% increase (3.21%)	3,365,338

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 rate, 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)	$ 3,353,296
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	3,698,214
1% increase (5.50% Part A and 6.40% Part B)	4,095,278

Note 11 - 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 $6,605,000 as of June 30, 2021, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 150,000	$ -	$ 5,948	$ 155,948
Stores inventories	1,391,074	-	2,041,236	3,432,310
Prepaid expenditures	87,653	-	759	88,412
Total nonspendable	1,628,727	-	2,047,943	3,676,670
Restricted				
Legally restricted programs	43,259,723	-	5,071,937	48,331,660
Cafeteria program	-	-	12,452,292	12,452,292
Capital projects	-	80,687,999	15,355,098	96,043,097
Debt services	-	-	45,954,028	45,954,028
Total restricted	43,259,723	80,687,999	78,833,355	202,781,077
Committed				
Stabilization	48,220,795	-	-	48,220,795
Deferred maintenance program	-	-	3,006,933	3,006,933
Total committed	48,220,795	-	3,006,933	51,227,728
Assigned				
Capital projects	-	-	25,855,004	25,855,004
PARS	2,042,480	-	-	2,042,480
Godinez rental fees	89,686	-	-	89,686
Walker and Roosevelt joint use	200,000	-	-	200,000
Data warehouse	142,418	-	-	142,418
GASB 31 - Fair market value adjustment of cash in county treasury	-	-	17,560	17,560
Technology refresh	424,165	-	-	424,165
Special education early intervention	3,994,781	-	-	3,994,781
Special education out-of-state transportation	2,000,000	-	-	2,000,000
Sprint - facilities	372,486	-	-	372,486
SCE - facilities	2,079,508	-	-	2,079,508
District operating systems	1,230,352	-	-	1,230,352
Other postemployment benefits	329,261	-	-	329,261
Total assigned	12,905,137	-	25,872,564	38,777,701
Unassigned				
Reserve for economic uncertainties	13,884,694	-	-	13,884,694
Remaining unassigned	71,456,930	-	-	71,456,930
Total unassigned	85,341,624	-	-	85,341,624
Total	$ 191,356,006	$ 80,687,999	$ 109,760,795	$ 381,804,800

Note 13 - 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 16 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, 2020 to June 30, 2021:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2019	$ 14,087,286	$ 864,205	$ 14,951,491
Claims and changes in estimates	2,596,760	351,336	2,948,096
Claims payments	(3,650,195)	(474,749)	(4,124,944)
Liability Balance, June 30, 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
Assets available to pay claims at June 30, 2021	$ 25,915,050	$ 309,231	$ 26,224,281

Note 14 - 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, 2021, 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	$ 485,342,821	$ 119,702,370	$ 35,880,799	$ 63,875,888
CalPERS	229,214,831	41,914,666	3,017,656	45,104,839
CalPERS - Safety Risk Pool	3,737,258	1,263,211	12,449	365,644
Total	$ 718,294,910	$ 162,880,247	$ 38,910,904	$ 109,346,371

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, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: 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, 2021, 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	16.15%	16.15%
Required State contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In 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, 2021, are presented above and the District's total contributions were $44,146,072.

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

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

Total Net Pension Liability, Including State Share:

Proportionate share of net pension liability	$ 485,342,821
State's proportionate share of the net pension liability	250,194,282
Total	$ 735,537,103

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.5008% and 0.4970%, resulting in a net increase in the proportionate share of 0.0038%.

For the year ended June 30, 2021, the District recognized pension expense of $63,875,888. In addition, the District recognized pension expense and revenue of $35,049,764 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 44,146,072	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	15,843,139	22,193,299
Differences between projected and actual earnings on pension plan investments	11,528,952	-
Differences between expected and actual experience in the measurement of the total pension liability	856,408	13,687,500
Changes of assumptions	47,327,799	-
Total	$ 119,702,370	$ 35,880,799

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (7,034,897)
2023	3,928,125
2024	7,837,049
2025	6,798,675
Total	$ 11,528,952

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
2022	$ 11,107,581
2023	8,146,555
2024	10,160,914
2025	(2,581,311)
2026	1,074,341
Thereafter	238,467
Total	$ 28,146,547

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, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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 (Pension Consulting Alliance-PCA) 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 future valuation, CalSTRS 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, 2020, 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 (7.10%) and assuming 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%)	$ 733,285,396
Current discount rate (7.10%)	485,342,821
1% increase (8.10%)	280,631,310

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, 2019 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, 2021 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	20.700%	20.700%

The CalPERS Safety Risk Pool provisions and benefits in effect at June 30, 2021 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	25.540%	25.540%

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, 2021, are presented above and the total District contributions for CalPERS and CalPERS Safety Risk Pool were $22,772,359 and $626,328, respectively.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS and CalPERS Safety Risk Pool net pension liability totaling $229,214,831 and $3,737,258, respectively. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's CalPERS proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.7470% and 0.7277%, resulting in a net increase in the proportionate share of 0.0193%. The District's CalPERS Safety Risk Pool's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0561% and 0.0523%, resulting in a net increase in the proportionate share of 0.0038%.

For the year ended June 30, 2021, the District recognized pension expense of $45,104,839 for CalPERS and $365,644 for CalPERS Safety Risk Pool. At June 30, 2021, 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	$ 22,772,359	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,161,890	3,017,656
Differences between projected and actual earnings on pension plan investments	4,771,524	-
Differences between expected and actual experience in the measurement of the total pension liability	11,368,353	-
Changes of assumptions	840,540	-
Total	$ 41,914,666	$ 3,017,656

	CalPERS Safety Risk Pool	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 626,328	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	265,851	-
Differences between projected and actual earnings on pension plan investments	81,227	-
Differences between expected and actual experience in the measurement of the total pension liability	289,805	-
Changes of assumptions	-	12,449
Total	$ 1,263,211	$ 12,449

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 Outflows/(Inflows) of Resources
2022	$ (1,785,602)
2023	1,592,694
2024	2,768,365
2025	2,196,067
Total	$ 4,771,524

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources
2022	$ (36,818)
2023	27,274
2024	50,072
2025	40,699
Total	$ 81,227

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/(Inflows) of Resources
2022	$ 6,581,171
2023	3,976,238
2024	755,907
2025	39,811
Total	$ 11,353,127

The CalPERS' Safety Risk Pool's EARSL is 3.8 years and will be recognized in pension expense as follows:

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources
2022	$ 262,804
2023	192,107
2024	88,296
Total	$ 543,207

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, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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%)	$ 329,538,118
Current discount rate (7.15%)	229,214,831
1% increase (8.15%)	145,951,538

Discount Rate	CalPERS Safety Risk Pool Net Pension Liability
1% decrease (6.15%)	$ 5,625,171
Current discount rate (7.15%)	3,737,258
1% increase (8.15%)	2,188,046

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 $28,314,577 (10.328% 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 15 - 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, 2021.

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, 2021.

Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Carver Elementary - Modernization	$ 1,163	August 2021
Century High - Modernization	11,622,799	December 2022
Chavez High - Modernization	1,077	July 2023
Davis Elementary - Modernization	1,077	July 2023
District Wide - DW Furniture Fixtures & Equipment	859	October 2021
District Wide - DW Marquee (phase I)	457,182	September 2021
District Wide - Single PE/Security (phase I)	87,111	September 2022
Garfield Elementary - Modernization	335,295	August 2021
Heninger Elementary - Modernization	1,077	July 2023
Jefferson Elementary - P2P/MPR/Parking	3,951,989	April 2023
Kennedy Elementary - Modernization	1,077	July 2023
King Elementary - Modernization	2,373,245	August 2021
McFadden Intermediate - Optimization K-8 Conversion & RR	1,987,823	August 2021
Monroe Elementary School - Monroe ECE Relocation	14,438	August 2021
Muir Fundamental - P2P	36,625	August 2021
Pio Pico Elementary - Modernization	1,077	July 2023
Romero-Cruz Academy - Kinder & Playground Expansion	1,737,039	September 2021
Saddleback High - CTE Media Lab	241,645	August 2022
Saddleback High - Interim and New Kitchen	1,049,703	July 2021
Saddleback High - Sports Center	2,072,646	March 2023
Sierra Intermediate - Optimization K8 Conversion &RR	1,214,363	August 2021
Valley High - Auditorium Renovation	2,511,542	April 2024
Valley High - CTE Automotive	679,507	July 2023
Valley High - CTE Culinary Arts	713,690	July 2023
Villa Fundamental - Modernization	352,250	July 2023
Walker Elementary - Modernization	1,077	July 2023
Walker Elementary - Optimization Swing Space	34,176	August 2021
Washington Elementary - Modernization	7,285,002	December 2021
Washington Elementary - Reconstruction	2,355,455	July 2023
Mendez IS Field	3,128	November 2021
Fremont Cafeteria HVAC	945,328	September 2021
	$ 42,070,465	

Note 16 - 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, 2021, the District made payments of $2,420,026 and $792,597 to ASCIP and SELF, respectively, for property and liability coverage, and excess property and liability coverage.

Note 17 - Correction of an Error of Prior Year Net Position

The District's prior year governmental activities net position has been restated as of July 1, 2020 to correct an error reported in the prior year financial statements. The error was related to an overstatement of capital assets and understatement of related accumulated depreciation.

As a result of the restatement described above, the effect on the current fiscal year is as follows:

Government-Wide Financial Statements	
Beginning net position as previously reported as of June 30, 2020	$ 250,452,273
Decrease capital assets	(50,816,357)
Increase accumulated depreciation	(91,473,786)
Net Position As Restated, July 1, 2020 (Before GASB 84 Implementation)	$ 108,162,130

Note 18 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the Santa Ana Unified School District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. In addition, the District restated its custodial funds beginning net position that was previously reported as liabilities. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning fund balance as previously reported as of June 30, 2020	$ 100,374,380	$ 284,422,242
Reclassification of student activity funds from agency funds to a special revenue fund	1,763,837	1,763,837
Fund Balance As Restated, July 1, 2020	$ 102,138,217	$ 286,186,079
Government-Wide Financial Statements		
(Before GASB 84 Implementation After Correction of Error)		
Beginning net position as previously reported as of June 30, 2020		$ 108,162,130
Reclassification of student activity fund from agency funds to a special revenue fund		1,763,837
Net Position As Restated, July 1, 2020		$ 109,925,967
Custodial Fund		
Beginning net position as previously reported as of June 30, 2020		$ -
Inclusion of beginning net position from the adoption of GASB Statement No. 84		1,217,679
Net Position As Restated, July 1, 2020		$ 1,217,679

Required Supplementary Information
June 30, 2021

Santa Ana Unified School District

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
Revenues				
Local Control Funding Formula	$ 461,296,531	$ 506,544,859	$ 505,591,657	$ (953,202)
Federal sources	59,916,484	132,352,332	114,154,699	(18,197,633)
Other State sources	110,100,256	121,180,516	120,120,727	(1,059,789)
Other local sources	9,415,290	12,836,884	13,258,994	422,110
Total revenues [1]	640,728,561	772,914,591	753,126,077	(19,788,514)
Expenditures				
Current				
Certificated salaries	285,494,294	282,690,341	277,881,271	4,809,070
Classified salaries	116,395,427	113,444,227	112,170,751	1,273,476
Employee benefits	173,356,980	161,262,927	160,982,368	280,559
Books and supplies	31,365,621	86,554,254	73,027,512	13,526,742
Services and operating expenditures	63,878,282	76,859,859	58,540,753	18,319,106
Other outgo	3,803,565	4,105,354	3,202,868	902,486
Capital outlay	1,732,300	5,035,712	3,062,980	1,972,732
Total expenditures [1]	676,026,469	729,952,674	688,868,503	41,084,171
Excess (Deficiency) of Revenues over Expenditures	(35,297,908)	42,961,917	64,257,574	21,295,657
Other Financing Sources (Uses)				
Transfers in	25,000,000	9,201	9,201	-
Transfers out	(5,341,512)	(5,342,730)	(5,366,212)	(23,482)
Net financing sources (uses)	19,658,488	(5,333,529)	(5,357,011)	(23,482)
Net Change in Fund Balances	(15,639,420)	37,628,388	58,900,563	21,272,175
Fund Balances - Beginning	132,455,443	132,455,443	132,455,443	-
Fund Balances - Ending	$ 116,816,023	$ 170,083,831	$ 191,356,006	$ 21,272,175

[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 this other fund are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 7,724,764	$ 4,572,723	$ 4,450,339	$ 4,331,230
Interest	12,602,874	11,112,079	10,824,443	10,574,943
Differences between expected and actual experience	(66,575)	18,504,337	-	-
Benefit payments	(12,582,715)	(9,852,624)	(10,566,691)	(11,167,212)
Net change in total OPEB liability	7,678,348	24,336,515	4,708,091	3,738,961
Total OPEB Liability - Beginning	212,510,170	188,173,655	183,465,564	179,726,603
Total OPEB Liability - Ending (a)	$ 220,188,518	$ 212,510,170	$ 188,173,655	$ 183,465,564
Plan Fiduciary Net Position				
Contributions - employer	$ 12,582,715	$ 9,852,624	$ 50,566,691	$ 21,167,212
Expected Investment Income	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	(12,582,715)	(9,852,624)	(10,566,691)	(11,167,212)
Administrative expense	(26,911)	(10,901)	(19,810)	(1,322)
Net change in plan fiduciary net position	3,406,174	3,630,516	40,448,960	10,184,692
Plan Fiduciary Net Position - Beginning	54,264,168	50,633,652	10,184,692	-
Plan Fiduciary Net Position - Ending (b)	$ 57,670,342	$ 54,264,168	$ 50,633,652	$ 10,184,692
Net OPEB Liability - Ending (a) - (b)	$ 162,518,176	$ 158,246,002	$ 137,540,003	$ 173,280,872
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	26.19%	25.53%	26.91%	5.55%
Covered Payroll	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]
Measurement Date	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.

	2021	2020	2019	2018
Year ended June 30,				
Proportion of the net OPEB liability	0.8727%	0.8791%	0.8603%	0.9252%
Proportionate share of the net OPEB liability	$ 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]
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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	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.

	2021	2020	2019	2018
CalSTRS				
Proportion of the net pension liability	0.5008%	0.4970%	0.4793%	0.5111%
Proportionate share of the net pension liability	$ 485,342,821	$ 448,838,459	$ 440,514,489	$ 472,622,449
State's proportionate share of the net pension liability associated with the District	250,194,282	244,871,344	252,215,147	279,599,448
Total	$ 735,537,103	$ 693,709,803	$ 692,729,636	$ 752,221,897
Covered payroll	$ 275,410,392	$ 270,682,445	$ 260,879,563	$ 270,435,684
Proportionate share of the net pension liability as a percentage of its covered payroll	176.23%	165.82%	168.86%	174.76%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%
CalPERS				
Proportion of the net pension liability	0.7470%	0.7277%	0.7089%	0.7446%
Proportionate share of the net pension liability	$ 229,214,831	$ 212,082,945	$ 189,006,297	$ 177,755,962
Covered payroll	$ 107,580,315	$ 101,186,851	$ 95,150,718	$ 92,901,800
Proportionate share of the net pension liability as a percentage of its covered payroll	213.06%	209.60%	198.64%	191.34%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%
CalPERS - SAFETY RISK POOL				
Proportion of the net pension liability	0.0561%	0.0523%	0.0497%	0.0485%
Proportionate share of the net pension liability	$ 3,737,258	$ 3,261,844	$ 2,913,884	$ 2,899,401
Covered payroll	$ 2,452,341	$ 2,473,738	$ 2,316,124	$ 2,007,112
Proportionate share of the net pension liability as a percentage of its covered payroll	152.40%	131.86%	125.81%	144.46%
Plan fiduciary net position as a percentage of the total pension liability	75%	75%	75%	73%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2017	2016	2015
CalSTRS			
Proportion of the net pension liability	0.5280%	0.5389%	0.5013%
Proportionate share of the net pension liability	$ 427,027,116	$ 362,799,016	$ 292,931,830
State's proportionate share of the net pension liability associated with the District	243,098,920	191,880,686	176,884,886
Total	$ 670,126,036	$ 554,679,702	$ 469,816,716
Covered payroll	$ 261,397,446	$ 245,668,908	$ 224,429,169
Proportionate share of the net pension liability as a percentage of its covered payroll	163.36%	147.68%	130.52%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
CalPERS			
Proportion of the net pension liability	0.7557%	0.7186%	0.7462%
Proportionate share of the net pension liability	$ 149,251,038	$ 105,921,641	$ 84,713,519
Covered payroll	$ 90,150,755	$ 79,423,023	$ 74,554,979
Proportionate share of the net pension liability as a percentage of its covered payroll	165.56%	133.36%	113.63%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%
CalPERS - SAFETY RISK POOL			
Proportion of the net pension liability	0.0484%	0.0494%	0.0302%
Proportionate share of the net pension liability	$ 2,506,207	$ 2,034,198	$ 1,878,447
Covered payroll	$ 2,019,608	$ 1,960,237	$ 1,714,755
Proportionate share of the net pension liability as a percentage of its covered payroll	124.09%	103.77%	109.55%
Plan fiduciary net position as a percentage of the total pension liability	74%	78%	81%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

	2021	2020	2019	2018
CalSTRS				
Contractually required contribution	$ 44,146,072	$ 47,095,177	$ 44,067,102	$ 37,644,921
Contributions in relation to the contractually required contribution	44,146,072	47,095,177	44,067,102	37,644,921
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 273,350,291	$ 275,410,392	$ 270,682,445	$ 260,879,563
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%
CalPERS				
Contractually required contribution	$ 22,772,359	$ 21,215,914	$ 18,276,369	$ 14,777,858
Contributions in relation to the contractually required contribution	22,772,359	21,215,914	18,276,369	14,777,858
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 110,011,396	$ 107,580,315	$ 101,186,851	$ 95,150,718
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%
CalPERS - SAFETY RISK POOL				
Contractually required contribution	$ 626,328	$ 585,138	$ 517,561	$ 402,541
Contributions in relation to the contractually required contribution	626,328	585,138	517,561	402,541
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 2,452,341	$ 2,473,738	$ 2,316,124	$ 2,007,112
Contributions as a percentage of covered payroll	25.540%	23.654%	22.346%	20.056%

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

	2017	2016	2015
CalSTRS			
Contractually required contribution	$ 34,020,809	$ 28,047,946	$ 21,815,399
Contributions in relation to the contractually required contribution	34,020,809	28,047,946	21,815,399
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 270,435,684	$ 261,397,446	$ 245,668,908
Contributions as a percentage of covered payroll	12.58%	10.73%	8.88%
CalPERS			
Contractually required contribution	$ 12,902,202	$ 10,680,160	$ 9,348,884
Contributions in relation to the contractually required contribution	12,902,202	10,680,160	9,348,884
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 92,901,800	$ 90,150,755	$ 79,423,023
Contributions as a percentage of covered payroll	13.888%	11.847%	11.771%
CalPERS - SAFETY RISK POOL			
Contractually required contribution	$ 403,287	$ 371,309	$ 313,139
Contributions in relation to the contractually required contribution	403,287	371,309	313,139
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 2,019,608	$ 1,960,237	$ 1,714,755
Contributions as a percentage of covered payroll	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* – There were no changes in economic assumptions.

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 3.50% to 2.21% 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 District Contributions

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

Supplementary Information
June 30, 2021

Santa Ana Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA 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	$ 9,504,861
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	12,889
Preschool Grants, Part B, Sec 619	84.173	13430	346,321
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	565,829
Preschool Staff Development, Part B, Sec 619	84.173A	13431	4,819
Subtotal Special Education (IDEA) Cluster			10,434,719
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	13,337,979
School Improvement Funding for LEAs	84.010	15438	957,649
Subtotal Title I, Part A			14,295,628
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	424,518
Title I, Part C, Migrant Education (MESRP)	84.011	10144	72,875
Subtotal Title I, Part C			497,393
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	936,992
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETs	84.287	14535	1,095,731
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - ASSETs Equitable Access	84.287	14603	50,000
Subtotal Title IV, Part B			2,082,723
Education Stabilization Fund			
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	6,064,244
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	15,231,734
COVID-19: Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	2,428,037
COVID-19: CARES Act Supplemental Meal Reimbursement	84.425D	15535	1,422,956
Subtotal Education Stabilization Fund			25,146,971
Title II, Part A, Supporting Effective Instruction	84.367	14341	1,935,426
Title III, English Learner Student Program	84.365	14346	2,156,794
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	1,430,929
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	273,377
Early Intervention Grants	84.181	23761	282,678

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department Of Education (cont.)			
Passed through Central County Regional Occupational Program:			
Carl D. Perkins Career and Technical Education:			
Secondary, Section 131	84.048	14894	$ 440,645
Passed through California Department of Rehabilitation:			
Workability II, Transition Partnership	84.126	10006	399,457
Total U.S. Department of Education			59,376,740
U.S. Department Of Health And Human Services			
Passed through Orange County Head Start, Inc.			
Head Start Cluster			
Head Start	93.600	10016	4,196,887
Subtotal Head Start Cluster			4,196,887
Total U.S. Department of Health and Human Services			4,196,887
U.S. Department Of Agriculture			
Passed through CDE:			
Child Nutrition Cluster:			
School Lunch - Section 4	10.555	13523	860,943
School Lunch - Section 11	10.555	13524	6,518,567
School Breakfast Program	10.553	13525	945
School Breakfast Program Severe Need	10.553	13526	4,523,849
Commodities	10.555	13524	1,666,907
Subtotal Child Nutrition Cluster			13,571,211
Child and Adult Care Food Program	10.558	13393	6,845,883
Total U.S. Department of Agriculture			20,417,094
U.S. Department of Defense			
Junior Reserve Officer Training Corps	12.000	[1]	119,876
Total U.S. Department of Defense			119,876
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	17,768
Irvine Mathematics Project	47.076	[2]	168,297
Total National Science Foundation			186,065

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Public Safety Partnership and Community Policing Grants	16.710	[1]	$ 209,552
Total U.S. Department of Justice			209,552
U.S. Department of the Treasury			
Passed through CDE:			
COVID-19: Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	51,967,793
Total U.S. Department of the Treasury			51,967,793
Total Federal Financial Assistance			$ 136,474,007

[1] Direct award – No Pass-Through Identifying number

ORGANIZATION

The Santa Ana Unified School 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.

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
Gregory Magnuson.	Interim Deputy Superintendent, Administrative Services
Jennifer Flores	Associate Superintendent, Human Resources
Hiacynth Martinez, Ed.D.	Assistant Superintendent, Human Resources
Manoj Roychowdhury	Assistant Superintendent, Business Services
Bianca Barquin, Ed.D.	Assistant Superintendent, K-12 Teaching and Learning
Sonia Llamas, Ed.D.	Assistant Superintendent, K-12 School Performance and Culture
Mayra Helguera, Ed.D.	Assistant Superintendent, Special Education/SELPA
Orin Williams	Assistant Superintendent, Facilities/Governmental Relations

Grade Level	Number of Actual Days Traditional Calendar	Number of Actual Days Multitrack Calendar	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	180	-	-	180	Complied
Grades 1 - 3					
Grade 1	180	-	-	180	Complied
Grade 2	180	-	-	180	Complied
Grade 3	180	-	-	180	Complied
Grades 4 - 8					
Grade 4	180	-	-	180	Complied
Grade 5	180	-	-	180	Complied
Grade 6	180	-	-	180	Complied
Grade 7	180	-	-	180	Complied
Grade 8	180	-	-	180	Complied
Grades 9 - 12					
Grade 9	180	-	-	180	Complied
Grade 10	180	-	-	180	Complied
Grade 11	180	-	-	180	Complied
Grade 12	180	-	-	180	Complied

Advanced Learning Academy

Grade Level	Number of Actual Days Traditional Calendar	Number of Actual Days Multitrack Calendar	Number of Days Credited Form J-13A	Total Days Offered	Status
Grade 3					
Grade 3	180	-	-	180	Complied
Grades 4 - 8					
Grade 4	180	-	-	180	Complied
Grade 5	180	-	-	180	Complied
Grade 6	180	-	-	180	Complied
Grade 7	180	-	-	180	Complied
Grade 8	180	-	-	180	Complied
Grades 9 - 12					
Grade 9	180	-	-	180	Complied
Grade 10	180	-	-	180	Complied
Grade 11	180	-	-	180	Complied
Grade 12	180	-	-	180	Complied

Summarized below are the fund balance reconciliation between the Unaudited Actual Financial Report and the audited financial statements:

	Cafeteria Fund	Internal Service Fund
Fund Balance/Net Position		
Balance, June 30, 2021, Unaudited Actuals	$ 11,959,777	$ 42,571,224
Increase in		
Receivables	2,555,589	-
Accounts payable	-	(287,565)
Decrease in		
Claims liability	-	1,160,074
Balance, June 30, 2021, Audited Financial Statement	$ 14,515,366	$ 43,443,733

	(Budget) 2022 [1]	2021	2020	2019
General Fund [3]				
Revenues	$ 865,369,120	$ 753,110,984	$ 670,259,977	$ 697,411,903
Other sources	-	9,201	-	238
Total revenues and other sources	865,369,120	753,120,185	670,259,977	697,412,141
Expenditures	876,519,905	688,868,503	667,835,971	663,110,022
Other uses and transfers out	5,421,534	5,366,212	6,527,715	5,235,068
Total expenditures and other uses	881,941,439	694,234,715	674,363,686	668,345,090
Increase in Fund Balance	$ (16,572,319)	$ 58,885,470	$ (4,103,709)	$ 29,067,051
Ending Fund Balance	$ 173,224,074	$ 189,796,393	$ 130,910,923	$ 135,014,632
Available Reserves [2]	$ 126,818,987	$ 133,562,419	$ 90,898,690	$ 94,605,794
Available Reserves as A Percentage of Total Outgo	14.38%	19.24%	13.48%	14.16%
Long-Term Liabilities	N/A	$ 1,455,827,859	$ 1,310,081,384	$ 1,268,743,890
K-12 Average Daily Attendance at P-2	41,317	43,670	43,670	45,094

The General Fund balance has increased by $54,781,761 over the past two years. However, the fiscal year 2021-2022 budget projects a decrease of $16,572,319 (8.7%). 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 but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by $187,083,969 over the past two years.

Average daily attendance has decreased by 1,424 over the past two years. An additional decline of 2,353 ADA is anticipated during fiscal year 2021-2022.

[1] Budget 2022 is 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 the Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and the Fund 20, Special Reserve Fund for Postemployment Benefits as required by GASB Statement No. 54.

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	Deferred Maintenance Fund	Capital Facilities Fund
Assets						
Deposits and investments	$ 1,642,278	$ 257,996	$ 2,376,180	$ 7,549,869	$ 1,688,019	$ 25,983,536
Receivables	-	1,259,626	1,878,241	7,256,508	1,058	30,565
Due from other funds	-	1,479,888	641,285	1,944,101	2,000,262	5,130,928
Prepaid expenditures	-	-	-	759	-	-
Stores inventories	-	-	-	2,041,236	-	-
Total assets	$ 1,642,278	$ 2,997,510	$ 4,895,706	$ 18,792,473	$ 3,689,339	$ 31,145,029
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ -	$ 236,743	$ 499,312	$ 2,407,274	$ 682,406	$ 44,694
Due to other funds	-	480,074	2,182,473	1,869,833	-	-
Unearned revenue	-	94,752	970,203	-	-	-
Total liabilities	-	811,569	3,651,988	4,277,107	682,406	44,694
Fund Balances						
Nonspendable	-	-	-	2,047,943	-	-
Restricted	1,642,278	2,185,941	1,243,718	12,452,292	-	13,060,478
Committed	-	-	-	-	3,006,933	-
Assigned	-	-	-	15,131	-	18,039,857
Total fund balances	1,642,278	2,185,941	1,243,718	14,515,366	3,006,933	31,100,335
Total liabilities and fund balances	$ 1,642,278	$ 2,997,510	$ 4,895,706	$ 18,792,473	$ 3,689,339	$ 31,145,029

	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects	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	$ 574,937	$ 8,994,993	$ 634,582	$ 41,294,503	$ 4,600,426	$ 95,597,319
Receivables	456	68,424	310	30,317	394,154	10,919,659
Due from other funds	-	2,500,388	-	-	-	13,696,852
Prepaid expenditures	-	-	-	-	-	759
Stores inventories	-	-	-	-	-	2,041,236
Total assets	$ 575,393	$ 11,563,805	$ 634,892	$ 41,324,820	$ 4,994,580	$ 122,255,825
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 73,261	$ 334,502	$ 11,847	$ -	$ -	$ 4,290,039
Due to other funds	-	-	3,725	-	365,372	4,901,477
Unearned revenue	-	2,238,559	-	-	-	3,303,514
Total liabilities	73,261	2,573,061	15,572	-	365,372	12,495,030
Fund Balances						
Nonspendable	-	-	-	-	-	2,047,943
Restricted	500,978	1,175,597	618,045	41,324,820	4,629,208	78,833,355
Committed	-	-	-	-	-	3,006,933
Assigned	1,154	7,815,147	1,275	-	-	25,872,564
Total fund balances	502,132	8,990,744	619,320	41,324,820	4,629,208	109,760,795
Total liabilities and fund balances	$ 575,393	$ 11,563,805	$ 634,892	$ 41,324,820	$ 4,994,580	$ 122,255,825

	Student Activity Fund	Charter School Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
Revenues						
Local Control Funding Formula	$ -	$ 3,789,160	$ -	$ -	$ 2,000,000	$ -
Federal sources	-	479,258	237,038	21,840,050	-	-
Other State sources	-	728,947	9,110,524	1,184,589	-	-
Other local sources	319,177	10,366	15,342	1,136,888	40,734	11,629,811
Total revenues	319,177	5,007,731	9,362,904	24,161,527	2,040,734	11,629,811
Expenditures						
Current						
Instruction	-	3,586,179	7,279,680	-	-	-
Instruction-related activities						
Supervision of instruction	-	17,110	657,485	-	-	-
Instructional library, media and technology	-	1,798	-	-	-	-
School site administration	-	577,481	307,899	-	-	-
Pupil services						
Food services	-	47,319	-	26,283,131	-	-
All other pupil services	-	209,315	492,833	-	-	-
Administration						
All other administration	-	169,291	372,504	1,116,369	-	12,851
Plant services	-	247,479	9,014	16,912	3,763	102,825
Ancillary services	440,736	11,837	-	-	-	-
Enterprise services	-	-	-	124,635	-	-
Facility acquisition and construction	-	-	-	1,278,937	4,553,441	2,081,139
Debt service						
Principal	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-
Total expenditures	440,736	4,867,809	9,119,415	28,819,984	4,557,204	2,196,815
Excess (Deficiency) of Revenues over Expenditures	(121,559)	139,922	243,489	(4,658,457)	(2,516,470)	9,432,996
Other Financing Sources						
Transfers in	-	232,211	23,530	254,994	-	5,120,020
Other sources - premium on issuance of general obligation bonds	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,607,753)
Net Financing Sources (Uses)	-	232,211	23,530	254,994	-	3,512,267
Net Change in Fund Balances	(121,559)	372,133	267,019	(4,403,463)	(2,516,470)	12,945,263
Fund Balances - Beginning, as restated	1,763,837	1,813,808	976,699	18,918,829	5,523,403	18,155,072
Fund Balances - Ending	$ 1,642,278	$ 2,185,941	$ 1,243,718	$ 14,515,366	$ 3,006,933	$ 31,100,335

	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects	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	$ -	$ -	$ -	$ -	$ -	$ 5,789,160
Federal sources	-	-	-	448,296	-	23,004,642
Other State sources	-	140,410	-	92,767	-	11,257,237
Other local sources	38,170	275,358	18,043	31,610,226	1,012,150	46,106,265
Total revenues	38,170	415,768	18,043	32,151,289	1,012,150	86,157,304
Expenditures						
Current						
Instruction	-	-	-	-	-	10,865,859
Instruction-related activities						
Supervision of instruction	-	-	-	-	-	674,595
Instructional library, media and technology	-	-	-	-	-	1,798
School site administration	-	-	-	-	-	885,380
Pupil services						
Food services	-	-	-	-	-	26,330,450
All other pupil services	-	-	-	-	-	702,148
Administration						
All other administration	-	-	-	-	-	1,671,015
Plant services	1,459	75,979	5,171	-	-	462,602
Ancillary services	-	-	-	-	-	452,573
Enterprise services	-	-	-	-	-	124,635
Facility acquisition and construction	3,971,648	2,378,738	146,296	-	-	14,410,199
Debt service						
Principal	-	-	-	19,940,000	5,515,412	25,455,412
Interest and other	-	-	-	10,010,499	2,085,493	12,095,992
Total expenditures	3,973,107	2,454,717	151,467	29,950,499	7,600,905	94,132,658
Excess (Deficiency) of Revenues over Expenditures	(3,934,937)	(2,038,949)	(133,424)	2,200,790	(6,588,755)	(7,975,354)
Other Financing Sources						
Transfers in	-	2,487,180	-	-	6,753,248	14,871,183
Other sources - premium on issuance of general obligation bonds	-	-	-	3,765,498	-	3,765,498
Transfers out	-	(1,430,996)	-	-	-	(3,038,749)
Net Financing Sources (Uses)	-	1,056,184	-	3,765,498	6,753,248	15,597,932
Net Change in Fund Balances	(3,934,937)	(982,765)	(133,424)	5,966,288	164,493	7,622,578
Fund Balances - Beginning, as restated	4,437,069	9,973,509	752,744	35,358,532	4,464,715	102,138,217
Fund Balances - Ending	$ 502,132	$ 8,990,744	$ 619,320	$ 41,324,820	$ 4,629,208	$ 109,760,795

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, 2021. 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 Santa Ana Unified School District, it is not intended to and does not present the net position or changes in net position and fund balance of Santa Ana Unified School 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, 2021, 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, revenues received for COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act – One-time Stipend were not expended as of June 30, 2021. These unspent balances are recorded in restricted ending balance at year-end.

	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues reported from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 137,159,341
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	(237,038)
Build America Bonds	[1]	(448,296)
Total Federal Financial Assistance		$ 136,474,007

[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 Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504, and *Education Code* Sections 47612 for the Charter School.

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

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is 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, 2021

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, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Santa Ana Unified School District's basic financial statements and have issued our report thereon dated January 31, 2022.

Emphasis of Matter – Correction of an Error
As discussed in Note 17 to the financial statements, the District's prior year governmental activities net position has been restated as of July 1, 2021 to correct certain errors noted during our audit related to capital assets. Our opinions are not modified with respect to this matter.

Emphasis of Matter – Change in Accounting Principle
As discussed in Notes 1 and 18 to the financial statements, Santa Ana Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the *accompanying Schedule of Findings and Questioned Costs*, as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Ana Unified School 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*.

Santa Ana Unified School District's Response to Findings

Santa Ana Unified School District's response to the findings identified in our audit are described in the schedule of financial statement findings. Santa Ana Unified School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 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
We have audited Santa Ana Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Santa Ana Unified School District's major federal programs for the year ended June 30, 2021. Santa Ana Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

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

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

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

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
January 31, 2022

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

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

Report on State Compliance

We have audited Santa Ana Unified School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 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, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	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
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
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
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.

The District does not offer an Apprenticeship Program; therefore, we did not perform procedures related to the Apprenticeship Program.

The District does not offer a District of Choice Program; therefore, we did not perform any procedures for the District of Choice Program.

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

The District does not have any Nonclassroom-Based Instruction for Charter Schools; therefore, we did not perform procedures related to the Nonclassroom-Based Instructions/Independent Study for Charter Schools.

The District does not have any Nonclassroom-Based Instruction for Charter Schools; therefore, we did not perform procedures related to the Determination of Funding for Nonclassroom-Based Instructions.

The District did not receive any funding for the Charter School Facility Grant Program; therefore, we did not perform procedures related to the Charter School Facility Grant Program.

Basis for Qualified Opinion on the Comprehensive School Safety Plans
As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*, as finding 2021-003, Santa Ana Unified School District did not comply with requirements regarding Comprehensive School Safety Plans. Compliance with such requirements is necessary, in our opinion, for Santa Ana Unified School District to comply with the requirements referred to above.

Qualified Opinion on Comprehensive School Safety Plans
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Santa Ana Unified School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2021.

Santa Ana Unified School District's responses to the noncompliance finding identified in our audit are described in the accompanying *Schedule of State Compliance Findings and Questioned Costs.* Santa Ana Unified School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Unmodified Opinion on Each of the Other Programs
In our opinion, Santa Ana Unified School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 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
January 31, 2022

Schedule of Findings and Questioned Costs
June 30, 2021

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	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
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: CARES Act Supplemental Meal Reimbursement	84.425D
Child and Adult Care Food Program	10.558
COVID-19: Coronavirus Relief Fund: Learning Loss Mitigation	21.019

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

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified*

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

Name of Program
Comprehensive School Safety Plans

The following findings represent material weaknesses related to the financial statements that are required to be reported in accordance with Government Auditing Standards. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

Capital Assets (Material Weakness)

2021-001 30000

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.

Repeat Finding

Yes, 2020-001.

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.

Corrective Action Plan and Views of Responsible Officials

The Santa Ana Unified School District has hired Duff & Phelps to do a full inventory of all the District's assets. Duff & Phelps concluded the district wide inventory on April 13, 2021. The inventory report from Duff & Phelps was available on June 10, 2021. The Manager of Accounting and the Director of Accounting, Payroll, & Student Attendance used the inventory report from Duff & Phelps to reconcile the District's fixed assets report. Assets that were confirmed to be no longer in the District's possession were removed from the District's Fixed Assets report. Assets that were on the Duff & Phelps inventory report but were not on the District's report were added to the District's fixed assets report. The reconciliation was concluded by June 30, 2021.

The District has utilized Colbi Technologies, a capital program management software, to record all capital facilities projects. The data is used for reports on completed projects and work in progress included in the fixed asset report. Information recorded in Colbi software is periodically reconciled with the District's general leger to ensure accuracy and completeness.

The District has also assigned an Accounting Technician to monitor the other fixed assets such as furniture, vehicles, and equipment on a monthly basis. On the first business day of each month, the Accounting Technician will download the asset tag inventory report from our Logistic Department. The Accounting Technician will then import the report into the Business Intelligence – Unposted but Tagged to generate the monthly fixed assets report. The assets from the monthly fixed assets report will be added to the District's fixed asset report so depreciation can be calculated.

Fixed assets will be removed from the District's fixed assets report as they are sold, disposed, or reported as stolen.

The Logistic Department will send a list of equipment to the Accounting Department as they are transferred, disposed, or sold so the fixed assets report can be updated to reflect the changes.

The Risk Management Department will send a list of equipment to the Accounting Department that are reported as lost, stolen, or damaged. The Accounting Department will use that list to update the District's fixed assets report.

Adjustments (Material Weakness)

2021-002 30000

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.

Repeat Finding

Yes, 2020-002.

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.

Corrective Action Plan and Views of Responsible Officials

The Manager of Accounting will work with the Director of Risk Management to ensure the property and liability reports are sent to the accounting department by mid-July. This would allow the accounting team ample time to review the reports and make the appropriate financial transaction in the correct period.

The accounting department will hold annual year-end training on accruing and recording payables and receivables. The Manager of Accounting would also run year-end open purchase order reports and compare them to items received and payment reports. Invoices that have not been received but are outstanding will be accrued and recorded in the correct accounting period.

The revenue and receivables will be created as the claims are submitted for all funds, including the Cafeteria Non-Major Governmental Fund. The Manager of Accounting will review the financial transactions of the Budget Technician and Accounting Technician in the Nutrition Services Department to ensure the transactions are recorded correctly and in the correct period.

None reported.

The following findings represent instances of noncompliance and questioned costs relating to compliance with state laws and regulations. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

Comprehensive School Safety Plans

2021-003 40000

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.

Repeat Finding

No

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.

Corrective Action Plan/Views of Responsible Official

The Executive Director of Risk Management has been working to ensure the Comprehensive School Safety Plans are completed by every school site for the 2021-2022 school year by March 1, 2022.

The risk management department has communicated the deadline and requirement to all school sites along with reminders. The Risk Management department tracks and monitors the updated and completed safety plans though a database program called “DOC TRACKING” which allows easy identification the sites that have not completed the process. This allows the Risk Management department to follow up and remind the site administrator of the deadline to ensure they will meet it timely.

Currently the district is on track to complete the requirement per California *Education Code* 32286(a) for the 2021-2022 school year. To date twenty-three (23) school sites have already completed the CSSP requirement

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

Capital Assets (Material Weakness)

2020-001 30000

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:

1. 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 changed its capitalization policy from $5,000 to $20,000, except for capital assets purchased with federal funds, which remains $5,000. As detailed in Note 17 the combined effect of the reconciliation and policy change resulted in a $5,035,117 restatement in the District’s net position as of July 1, 2019.

2. Equipment inventory has not been reconciled to ensure that all equipment reported still exists.

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 understated by $5,035,117. In addition, by not performing physical inventory counts of capital assets the amounts recorded for capital assets in the District's financial statements could be misstated. The District increases the risk of loss from damage, theft, or otherwise.

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. See Current Year Financial Statement Findings, item 2021-001 for additional information.

<u>Internal Service Fund – Claims Liabilities and Prepaid Expenses (Material Weakness)</u>

2020-002 30000

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 financial account balances to ensure that they agree to corresponding supporting records.

Condition

The District did not decrease its claims liability by $1,172,991 per the most recent actuarial study performed on the District's self-insured workers' compensation and property and liability programs. In addition, the District did not record $152,558 of prepaid insurance expense related to the excess workers' compensation insurance.

Questioned Costs

There were no questioned costs associated with this condition.

Context

The condition was identified through the course of our review of the District's internal service activities and the associated self-insured workers' compensation and property and liability programs. Specifically, our review of the District's most recent actuarial report revealed that the claims liability related to workers' compensation and property and liability programs decreased significantly but were not adjusted by the District. In addition, we reviewed insurance premium payments and noted that the District had prepaid insurance premiums, for the excess workers compensation insurance, for the months of July through October 2020.

Effect

Due to the conditions identified, the District's internal service fund (Fund 67) was understated by $1,325,549.

Cause

The District did not obtain the actuarial reports for its self-insured workers' compensation and property and liability programs in a timely manner which was the cause for the condition identified above. In addition, the District did not review the insurance policy coverage period and as result a prepaid expense was not recorded.

Recommendation

The District should ensure that actuarial studies are conducted in a timely manner and reviewed within a reasonable time frame 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. In addition, the District should review the insurance policy coverage period to ensure any required prepaid expenses are recorded at yearend.

Current Status

Not implemented. See Current Year Financial Statement Findings, item 2021-002.

State Compliance Findings

Unduplicated Local Control Funding Formula Pupil Counts

2020-003 40000

Criteria or Specific Requirements

California Education Code Section 42238.02(b)(4) states that the school districts should revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education (CDE) was inaccurate. It appears that the District inaccurately reported eligibility for a total of 64 students on the CALPADS Form 1.18 – FRPM/English Learner/Foster Youth – Student List.

In addition, the Advanced Learning Academy inaccurately reported eligibility for one student on the CALPADS Form 1.18 – FRPM/English Learner/Foster Youth – Student List.

Questioned Costs

The District and the Advanced Learning Academy (ALA) overclaimed the total eligible pupils by 64 and one, respectively, resulting in a decrease of approximately $108,802 and $2,003, respectively, in LCFF funding. The estimated penalties were calculated using the CDE's Audit Penalty Calculator.

Context

District-Wide: The condition was identified when we requested supporting documents for the sampled students' English Learner (EL) designation. The students were selected from pupils in the EL category on the CALPADS report 1.18. Four of 40 students tested met the reclassification requirements; however, were inaccurately reported as EL. The auditor inquired further with the District and determined that the District did not account for teachers' recommendations for reclassifications. The District provided the auditor with the teacher's reclassifications recommendations for the entire District, and it was noted that additional 60 students were inaccurately reported as EL.

ALA: The condition was identified when we requested meal applications showing that students were eligible for free or reduced-price meals in the Child Nutrition program. The students were selected from pupils in the Free and Reduced-Price Meal category on the CALPADS report 1.18. One of eight students tested was reported inaccurately. The auditor inquired further with the District and determined that the District made an error during input of the meal application into the nutrition services system for one student at the Advanced Learning Academy. The District reviewed and verified the source documents for all of the FRPM student and noted that it was an isolated error. Auditor selected additional 12 samples and noted no discrepancies.

Effect

The District and ALA overclaimed the total number of eligible pupils. The schedule below shows the exceptions:

	Enrollment Count	Certified Total Unduplicated Count	Adjustment to Total Enrollment Count	Adjustment Based on Eligibility for EL	Adjustment Based on Eligibility for FRPM	Adjusted Total Enrollment	Adjusted Total Unduplicated Pupil Count
District-Wide	45,213	39,890	0	(64)	0	45,213	39,826
Advanced Learning Academy	361	310	0	0	(1)	361	309

Cause

It appears that the condition identified has materialized as a result of the District not accounting for teachers' recommendations for reclassifications.

Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on new eligibility documentation received.

Current status

Implemented.