

**HUENEME ELEMENTARY SCHOOL DISTRICT  
VENTURA COUNTY  
AUDIT REPORT  
For the Fiscal Year Ended  
June 30, 2021**

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



# HUENEME ELEMENTARY SCHOOL DISTRICT

*For the Fiscal Year Ended June 30, 2021*

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# HUENEME ELEMENTARY SCHOOL DISTRICT

*For the Fiscal Year Ended June 30, 2021*

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## *Financial Section*

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Hueneme Elementary School District  
Port Hueneme, 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 Hueneme Elementary School District, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

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

### **Change in Accounting Principle**

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

### **Other Matters**

#### *Required Supplementary Information*

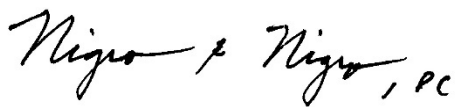
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 58 to 60 and the schedule of expenditures of federal awards on page 61 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 57 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California  
December 15, 2021



## HUENEME ELEMENTARY SCHOOL DISTRICT

### *Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2021*

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

## FINANCIAL HIGHLIGHTS

- The District's financial status decreased overall as a result of this year's operations. Net position of governmental activities decreased by \$258,035, or 0.3%.
- Governmental expenses were about \$121.8 million. Revenues were about \$121.5 million.
- The District acquired approximately \$5.8 million in new capital assets during the year. These additions were incurred primarily from general obligation bonds.
- The District increased its outstanding long-term debt other than pensions by \$21.3 million. This was primarily due the issuance of general obligation bonds.
- Governmental funds increased by \$25.4 million, or 83.7%.

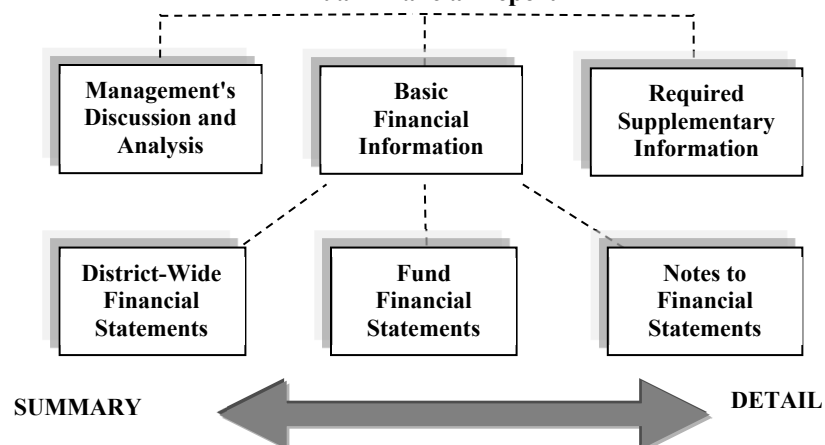
## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**Figure A-1. Organization of Hueneme Elementary School District's Annual Financial Report**



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

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

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

**District-Wide Statements**

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

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

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

**Fund Financial Statements**

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

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

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

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

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

**Net Position.** The District's combined net position was lower on June 30, 2021, than it was the year before decreasing-0.3% to \$(75.0) million (See Table A-1).

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

	<b>Governmental Activities</b>		<b>Variance Increase (Decrease)</b>
	<b>2021</b>	<b>2020*</b>	
<b>Assets</b>			
Current assets	\$ 77,078,675	\$ 37,978,252	\$ 39,100,423
Capital assets	50,958,799	48,603,133	2,355,666
<b>Total assets</b>	<b>128,037,474</b>	<b>86,581,385</b>	<b>41,456,089</b>
<b>Deferred outflows of resources</b>	<b>31,825,632</b>	<b>34,627,797</b>	<b>(2,802,165)</b>
<b>Liabilities</b>			
Current liabilities	22,324,078	8,320,792	14,003,286
Long-term liabilities	98,088,545	76,761,305	21,327,240
Net pension liability	108,303,329	101,615,041	6,688,288
<b>Total liabilities</b>	<b>228,715,952</b>	<b>186,697,138</b>	<b>42,018,814</b>
<b>Deferred inflows of resources</b>	<b>6,158,065</b>	<b>9,264,920</b>	<b>(3,106,855)</b>
<b>Net position</b>			
Net investment in capital assets	8,525,324	12,490,733	(3,965,409)
Restricted	11,261,451	7,874,848	3,386,603
Unrestricted	(94,797,686)	(95,118,457)	320,771
<b>Total net position</b>	<b>\$ (75,010,911)</b>	<b>\$ (74,752,876)</b>	<b>\$ (258,035)</b>

*\*As restated*

**Changes in net position, governmental activities.** The District's total revenues increased 11.8% to \$121.5 million (See Table A-2). The increase is due primarily to Covid-related federal and state funding.

The total cost of all programs and services increased 4.4% to \$121.8 million. The District's expenses are predominantly related to educating and caring for students, 79.6%. The purely administrative activities of the District accounted for just 4.4% of total costs. A significant contributor to the increase in costs was an increase in instruction-related costs due to the COVID-19 pandemic.

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

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

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

	<b>Governmental Activities</b>		<b>Variance Increase (Decrease)</b>
	<b>2021</b>	<b>2020</b>	
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 53,034	\$ 162,291	\$ (109,257)
Operating grants and contributions	27,672,477	10,437,873	17,234,604
General Revenues:			
Property taxes	14,679,130	13,403,460	1,275,670
Federal and state aid not restricted	76,976,320	82,697,747	(5,721,427)
Other general revenues	2,158,681	2,018,486	140,195
<b>Total Revenues</b>	<b>121,539,642</b>	<b>108,719,857</b>	<b>12,819,785</b>
<b>Expenses</b>			
Instruction-related	84,756,919	81,035,571	3,721,348
Pupil services	12,150,991	12,202,707	(51,716)
Administration	5,361,639	4,894,586	467,053
Plant services	10,114,311	9,613,157	501,154
All other activities	9,413,817	8,887,465	526,352
<b>Total Expenses</b>	<b>121,797,677</b>	<b>116,633,486</b>	<b>5,164,191</b>
Increase (decrease) in net position	\$ (258,035)	\$ (7,913,629)	\$ 7,655,594
<b>Net Position</b>	<b>\$ (75,010,911)</b>	<b>\$ (74,752,876)</b>	

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$55.7 million, which is above last year's ending fund balance of \$30.3 million. The primary causes of the increased fund balance are: an increase in COVID-related federal and state funding and the issuance of general obligation bonds.

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

<b>Fund</b>	<b>Fund Balances</b>				
	<b>July 1, 2020*</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Sources and (Uses)</b>	<b>June 30, 2021</b>
General Fund	\$ 13,555,637	\$ 120,822,876	\$ 109,770,784	\$ -	\$ 24,607,729
Cafeteria Fund	1,669,768	3,919,881	4,475,262	-	1,114,387
Building Fund	10,031,668	117,575	7,086,565	20,370,780	23,433,458
Capital Facilities Fund	48,605	43,178	20,637	-	71,146
Bond Interest and Redemption Fund	5,004,126	4,803,456	5,147,709	1,801,103	6,460,976
	<b>\$ 30,309,804</b>	<b>\$ 129,706,966</b>	<b>\$ 126,500,957</b>	<b>\$ 22,171,883</b>	<b>\$ 55,687,696</b>

\* As restated

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

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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)**

**General Fund Budgetary Highlights**

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

1. Revenues – increased by \$24.6 million primarily to reflect federal and state budget actions.
2. Salaries and benefits costs – increased \$4.8 million due to increased costs.
3. Other non-personnel expenses – increased \$9.8 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about \$4.9 million, the actual results for the year show that revenues exceeded expenditures by roughly \$11.1 million. Actual revenues were \$4.2 million more than anticipated, and expenditures were \$2.0 million less than budgeted.

That amount consists primarily of restricted program dollars that were not spent as of June 30, 2021, that will be carried over into the 2021-22 budget, offset by STRS on-behalf contributions from the State that were not budgeted.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2020-21 the District had acquired \$5.8 million in new capital assets related to construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$3.4 million.

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

	<b>Governmental Activities</b>		<b>Variance Increase (Decrease)</b>
	<b>2021</b>	<b>2020</b>	
Land	\$ 1,219,959	\$ 1,219,959	\$ -
Improvement of sites	5,282,514	5,706,189	(423,675)
Buildings	36,997,611	36,564,104	433,507
Equipment	763,166	869,138	(105,972)
Construction in progress	6,695,549	4,243,743	2,451,806
Total	<u>\$ 50,958,799</u>	<u>\$ 48,603,133</u>	<u>\$ 2,355,666</u>

**Long-Term Debt**

At year-end the District had \$98.1 million in long-term debt other than pensions – an increase of 27.8% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements).

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

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**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

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

	<b>Governmental Activities</b>		<b>Variance</b>
	<b>2021</b>	<b>2020</b>	<b>Increase (Decrease)</b>
General obligation bonds	\$ 69,521,845	\$ 49,917,518	\$ 19,604,327
Compensated absences	813,165	650,634	162,531
Other postemployment benefits	27,753,535	26,193,153	1,560,382
Total	<u>\$ 98,088,545</u>	<u>\$ 76,761,305</u>	<u>\$ 21,327,240</u>

Net pension liability increased during the year by \$6.7 million.

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

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

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

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

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

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

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

When the minimum funding requirement is growing quickly, the Constitution requires the state to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the June 2021 budget plan, the total required deposit is \$4.5 billion—\$1.9 billion in 2020-21 and \$2.6 billion in 2021-22. The largest discretionary allocation of Proposition 98 funding is \$12.5 billion to pay down the deferrals the state adopted as part of the June 2020 budget plan. Beginning in 2021-22, schools and community colleges will receive all their funding according to the regular monthly payment schedule.

## HUENEME ELEMENTARY SCHOOL DISTRICT

### *Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2021*

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

##### **Makes Required Reserve Deposit, Pays Down Deferrals, and Funds New Programs (continued)**

The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, these augmentations focus on providing academic support for disadvantaged students, reopening schools and addressing learning loss, enhancing the education workforce, and implementing new curriculum or instructional practices in certain subjects. The community college augmentations focus on increasing the number of full-time faculty, addressing deferred maintenance at campus facilities, and funding basic student needs (including mental health services). The budget also provides a 5.07 percent baseline increase for the primary school and community college funding formulas.

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

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

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

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

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

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

Patricia Marshall  
Chief Business Official  
Hueneme Elementary School District  
205 N. Ventura Road  
Port Hueneme, CA 93041  
(805) 488-3588

**HUENEME ELEMENTARY SCHOOL DISTRICT***Statement of Net Position**June 30, 2021*

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	Total Governmental Activities
<b>ASSETS</b>	
Deposits and investments	\$ 63,689,235
Accounts receivable	13,163,609
Inventories	225,831
Capital assets:	
Non-depreciable capital assets	7,915,508
Depreciable capital assets	93,157,026
Less accumulated depreciation	(50,113,735)
Total assets	<u>128,037,474</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	27,566,246
Deferred outflows related to OPEB	3,142,471
Deferred amounts on refunding	1,116,915
Total deferred outflows of resources	<u>31,825,632</u>
<b>LIABILITIES</b>	
Accounts payable	7,740,603
Note payable	13,970,000
Unearned revenue	613,475
Long-term liabilities other than pensions:	
Due within one year	3,670,621
Due after one year	94,417,924
Net pension liability	108,303,329
Total liabilities	<u>228,715,952</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	4,650,516
Deferred inflows related to OPEB	1,507,549
Total deferred inflows of resources	<u>6,158,065</u>
<b>NET POSITION</b>	
Net investment in capital assets	8,525,324
Restricted for:	
Capital projects	71,146
Debt service	6,460,976
Categorical programs	4,591,412
Student activity	137,917
Unrestricted	<u>(94,797,686)</u>
Total net position	<u>\$ (75,010,911)</u>



# HUENEME ELEMENTARY SCHOOL DISTRICT

## Statement of Activities

For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instructional Services:				
Instruction	\$ 71,279,668	\$ 4,760	\$ 15,280,014	\$ (55,994,894)
Instruction-Related Services:				
Supervision of instruction	5,836,435	-	4,316,979	(1,519,456)
Instructional library, media and technology	1,042,020	-	313,540	(728,480)
School site administration	6,598,796	-	187,845	(6,410,951)
Pupil Support Services:				
Home-to-school transportation	1,207,953	-	65,289	(1,142,664)
Food services	4,900,745	5,235	4,056,253	(839,257)
All other pupil services	6,042,293	-	1,464,223	(4,578,070)
General Administration Services:				
Data processing services	648,532	-	276,492	(372,040)
Other general administration	4,713,107	176	1,431,072	(3,281,859)
Plant services	10,114,311	38,050	280,086	(9,796,175)
Facility acquisition and construction	873,366			(873,366)
Ancillary services	28,704	4,813	684	(23,207)
Interest on long-term debt	2,224,753	-	-	(2,224,753)
Other outgo	2,878,367	-	-	(2,878,367)
Depreciation (unallocated)	3,408,627	-	-	(3,408,627)
Total Governmental Activities	<u>\$ 121,797,677</u>	<u>\$ 53,034</u>	<u>\$ 27,672,477</u>	<u>(94,072,166)</u>
<b>General Revenues:</b>				
Property taxes				14,679,130
Federal and state aid not restricted to specific purpose				76,976,320
Interest and investment earnings				268,136
Miscellaneous				<u>1,890,545</u>
Total general revenues				<u>93,814,131</u>
Change in net position				<u>(258,035)</u>
Net position - July 1, 2020, as originally stated				(74,890,793)
Adjustment for restatement (Note 12)				<u>137,917</u>
Net position - July 1, 2020, as restated				<u>(74,752,876)</u>
Net position - June 30, 2021				<u>\$ (75,010,911)</u>

**HUENEME ELEMENTARY SCHOOL DISTRICT***Balance Sheet – Governmental Funds**June 30, 2021*

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Deposits and investments	\$ 31,281,678	\$ 25,482,665	\$ 6,924,892	\$ 63,689,235
Accounts receivable	12,286,470	21,460	855,679	13,163,609
Due from other funds	133,077	-	72,016	205,093
Inventories	201,644	-	24,187	225,831
Total Assets	<u>\$ 43,902,869</u>	<u>\$ 25,504,125</u>	<u>\$ 7,876,774</u>	<u>\$ 77,283,768</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 4,639,649	\$ 2,070,667	\$ 97,188	\$ 6,807,504
Due to other funds	72,016	-	133,077	205,093
Unearned revenue	613,475	-	-	613,475
Note payable	13,970,000	-	-	13,970,000
Total Liabilities	<u>19,295,140</u>	<u>2,070,667</u>	<u>230,265</u>	<u>21,596,072</u>
<b>Fund Balances</b>				
Nonspendable	212,644	-	24,187	236,831
Restricted	3,639,129	23,433,458	7,622,322	34,694,909
Assigned	17,604,978	-	-	17,604,978
Unassigned	3,150,978	-	-	3,150,978
Total Fund Balances	<u>24,607,729</u>	<u>23,433,458</u>	<u>7,646,509</u>	<u>55,687,696</u>
Total Liabilities and Fund Balances	<u>\$ 43,902,869</u>	<u>\$ 25,504,125</u>	<u>\$ 7,876,774</u>	<u>\$ 77,283,768</u>

## HUENEME ELEMENTARY SCHOOL DISTRICT

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

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<b>Total fund balances - governmental funds</b>			\$ 55,687,696
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.			
	Capital assets at historical cost:	101,072,534	
	Accumulated depreciation:	<u>(50,113,735)</u>	
	Net:		50,958,799
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			
			(933,099)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:			
			1,116,915
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
	General obligation bonds payable	69,521,845	
	Compensated absences payable	813,165	
	Other postemployment benefits payable	<u>27,753,535</u>	
	Total		(98,088,545)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows of resources and inflows of resources relating to pensions are reported as follows:			
	Deferred outflows of resources relating to pensions	27,566,246	
	Deferred inflows of resources relating to pensions	<u>(4,650,516)</u>	
	Total		22,915,730
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows of resources and inflows of resources relating to OPEB are reported as follows:			
	Deferred outflows of resources relating to OPEB	3,142,471	
	Deferred inflows of resources relating to OPEB	<u>(1,507,549)</u>	
	Total		1,634,922
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.			
			<u>(108,303,329)</u>
<b>Total net position - governmental activities</b>			<u>\$ (75,010,911)</u>

**HUENEME ELEMENTARY SCHOOL DISTRICT***Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Fiscal Year Ended June 30, 2021*

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
LCFF sources	\$ 84,238,859	\$ -	\$ -	\$ 84,238,859
Federal sources	15,361,793	-	3,261,821	18,623,614
Other state sources	13,430,251	-	670,695	14,100,946
Other local sources	7,791,973	117,575	4,833,999	12,743,547
Total Revenues	120,822,876	117,575	8,766,515	129,706,966
<b>EXPENDITURES</b>				
Current:				
Instructional Services:				
Instruction	72,891,267	-	-	72,891,267
Instruction-Related Services:				
Supervision of instruction	5,956,996	-	-	5,956,996
Instructional library, media and technology	676,332	-	-	676,332
School site administration	6,489,302	-	-	6,489,302
Pupil Support Services:				
Home-to-school transportation	1,081,189	-	-	1,081,189
Food services	268,292	-	4,299,408	4,567,700
All other pupil services	5,984,302	-	-	5,984,302
Ancillary services	28,704	-	-	28,704
General Administration Services:				
Data processing services	648,532	-	-	648,532
Other general administration	4,355,991	-	-	4,355,991
Plant services	9,095,689	-	42,777	9,138,466
Transfers of indirect costs	(133,077)	-	133,077	-
Capital Outlay	-	6,751,887	20,637	6,772,524
Intergovernmental Transfers	2,373,012	-	-	2,373,012
Debt Service:				
Costs of issuance	54,253	334,678	116,424	505,355
Principal	-	-	2,888,147	2,888,147
Interest	-	-	2,143,138	2,143,138
Total Expenditures	109,770,784	7,086,565	9,643,608	126,500,957
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	11,052,092	(6,968,990)	(877,093)	3,206,009
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt - general obligation bonds	-	20,200,000	6,795,000	26,995,000
Premium on debt issuance	-	170,780	1,684,679	1,855,459
Transfer to escrow agent for defeased debt	-	-	(6,678,576)	(6,678,576)
Total Other Financing Sources and Uses	-	20,370,780	1,801,103	22,171,883
Net Change in Fund Balances	11,052,092	13,401,790	924,010	25,377,892
Fund Balances, July 1, 2020, as originally stated	13,417,720	10,031,668	6,722,499	30,171,887
Adjustment for restatement (Note 12)	137,917	-	-	137,917
Fund Balances, July 1, 2020, as restated	13,555,637	10,031,668	6,722,499	30,309,804
Fund Balances, June 30, 2021	\$ 24,607,729	\$ 23,433,458	\$ 7,646,509	\$ 55,687,696

## HUENEME ELEMENTARY SCHOOL DISTRICT

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

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Total net change in fund balances - governmental funds \$ 25,377,892

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

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, the cost of capital assets are allocated over their estimated useful life as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	5,789,288	
Depreciation expense:	(3,408,627)	
Net:		2,380,661

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 8,568,147

In governmental funds, proceeds from issuance of long-term debt are reported as other financing sources. In the government wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, including issue premium were: (28,850,459)

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting loss is: (24,995)

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. 118,538

In governmental funds, if debt is issued at a premium or discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premiums for the period is: 559,447

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these charges are recognized as an expenditure. However, in the statement of activities, these amounts are amortized over the life of the refunded debt. The difference between current year charges and the current year amortization is: 519,733

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: (280,755)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis costs and actual employer contributions was: (7,257,342)

In governmental funds, compensated absences are measured by the amount paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and earned was: (162,531)

In governmental funds, OPEB expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (1,206,371)

Change in net position of governmental activities \$ (258,035)

# HUENEME ELEMENTARY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

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

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

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

##### 1. Basis of Presentation

###### District-Wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

###### Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

# HUENEME ELEMENTARY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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

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

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

###### **Fund Financial Statements (continued)**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

###### **Major Governmental Funds**

The District maintains the following major governmental funds:

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

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

###### **Non-Major Governmental Funds**

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

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

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

**Capital Facilities Fund:** This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

**Debt Service Funds:** Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### *Notes to Financial Statements*

*June 30, 2021*

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

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

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

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

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

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

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

###### **3. Revenues - Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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



# HUENEME ELEMENTARY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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

#### C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the Board of Education to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District Board of Education satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

#### D. Encumbrances

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

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

##### 1. Cash and Cash Equivalents

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

##### 2. Inventories

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

##### 3. Prepaid Expenses/Expenditures

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which goods or services are consumed.

##### 4. Capital Assets

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

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

Description	Estimated Lives
Buildings and improvements	20-50 years
Furniture and equipment	5-10 years

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

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

###### 5. Unearned Revenue

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

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

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

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

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

###### 7. Compensated Absences

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

###### 8. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

## HUENEME ELEMENTARY SCHOOL DISTRICT

### *Notes to Financial Statements*

*June 30, 2021*

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

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

###### 9. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

###### 10. Fund Balances

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

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

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

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

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

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### *Notes to Financial Statements*

*June 30, 2021*

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

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

###### **11. Net Position**

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

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

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

##### **F. Minimum Fund Balance Policy**

The District does not have a written minimum fund balance policy. To protect against revenue shortfalls and unexpected one-time expenditures, the District has maintained a reserve for economic uncertainties consisting of unassigned amounts equivalent to 3% of budgeted General Fund expenditures and other financing uses. These amounts represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education.

##### **G. Property Tax Calendar**

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

##### **H. Use of Estimates**

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### *Notes to Financial Statements*

*June 30, 2021*

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

##### **I. New GASB Pronouncements**

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

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

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

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

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

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

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

##### J. Future Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

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

4. In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:
  - The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
  - Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
  - The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans*, as amended, to reporting assets accumulated for postemployment benefits
  - The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
  - Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
  - Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
  - Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
  - Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

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

Earlier application is encouraged and is permitted by topic.

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

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

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

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

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

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

#### NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds/activities	<u>\$ 63,689,235</u>
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Deposits and investments as of June 30, 2021 consist of the following:

Cash in revolving fund	\$ 11,000
Investments	<u>63,678,235</u>
Total deposits and investments	<u>\$ 63,689,235</u>



## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

##### Pooled Funds

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

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

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

##### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depositary Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2021, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

##### Investments - Interest Rate Risk

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

	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement	Rating
Investments:					
County Pool	\$ 63,678,235	\$ 63,678,235	\$ -	Uncategorized	N/A
Total Investments	<u>\$ 63,678,235</u>	<u>\$ 63,678,235</u>	<u>\$ -</u>		

##### Investments - Credit Risk

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

##### Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2021, the District did not have any investments outside of the County Treasury investment pool.

##### Fair Value Measurements

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

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

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

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

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

#### NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Building Fund	Non-Major Governmental Funds	Totals
Federal Government:				
Child nutrition programs	\$ -	\$ -	\$ 725,334	\$ 725,334
Categorical aid programs	3,533,651	-	-	3,533,651
State Government:				
LCFF	5,971,934	-	-	5,971,934
Child nutrition programs	-	-	120,569	120,569
Lottery	574,053	-	-	574,053
Categorical aid programs	312,909	-	-	312,909
Local:				
Interest	21,845	21,460	5,129	48,434
Special education	1,794,197	-	-	1,794,197
Miscellaneous	77,881	-	4,647	82,528
Total	<u>\$ 12,286,470</u>	<u>\$ 21,460</u>	<u>\$ 855,679</u>	<u>\$ 13,163,609</u>

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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#### NOTE 4 – INTERFUND TRANSACTIONS

##### Balances Due To/From Other Funds

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

Due from Cafeteria Fund to General Fund for indirect costs	\$	133,077
Due from General Fund to Cafeteria Fund for COVID extra hours		72,016
Total	\$	<u>205,093</u>

#### NOTE 5 – FUND BALANCES

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	\$ 11,000	\$ -	\$ -	\$ 11,000
Stores inventories	201,644	-	24,187	225,831
Total Nonspendable	<u>212,644</u>	<u>-</u>	<u>24,187</u>	<u>236,831</u>
Restricted:				
Categorical programs	3,501,212	-	-	3,501,212
Student activities	137,917	-	-	137,917
Child nutrition programs	-	-	1,090,200	1,090,200
Capital projects	-	23,433,458	71,146	23,504,604
Debt service	-	-	6,460,976	6,460,976
Total Restricted	<u>3,639,129</u>	<u>23,433,458</u>	<u>7,622,322</u>	<u>34,694,909</u>
Assigned:				
Instruction, facilities, tech programs	8,328,971	-	-	8,328,971
Enrollment volatility	1,462,975	-	-	1,462,975
COVID-19 resources	7,813,032	-	-	7,813,032
Total Assigned	<u>17,604,978</u>	<u>-</u>	<u>-</u>	<u>17,604,978</u>
Unassigned:				
Reserve for economic uncertainties	3,150,978	-	-	3,150,978
Total Unassigned	<u>3,150,978</u>	<u>-</u>	<u>-</u>	<u>3,150,978</u>
Total	<u>\$ 24,607,729</u>	<u>\$ 23,433,458</u>	<u>\$ 7,646,509</u>	<u>\$ 55,687,696</u>

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

#### NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2020	Additions	Retirements	Balance, June 30, 2021
Capital assets not being depreciated:				
Land	\$ 1,219,959	\$ -	\$ -	\$ 1,219,959
Construction in progress	4,243,743	5,144,259	2,692,453	6,695,549
Total capital assets not being depreciated	5,463,702	5,144,259	2,692,453	7,915,508
Capital assets being depreciated:				
Improvement of sites	10,895,269	125,057	-	11,020,326
Buildings	75,217,214	3,122,598	-	78,339,812
Equipment	3,732,056	89,827	24,995	3,796,888
Total capital assets being depreciated	89,844,539	3,337,482	24,995	93,157,026
Accumulated depreciation for:				
Improvement of sites	(5,189,080)	(548,732)	-	(5,737,812)
Buildings	(38,653,110)	(2,689,091)	-	(41,342,201)
Equipment	(2,862,918)	(170,804)	-	(3,033,722)
Total accumulated depreciation	(46,705,108)	(3,408,627)	-	(50,113,735)
Total capital assets being depreciated, net	43,139,431	(71,145)	24,995	43,043,291
Governmental activity capital assets, net	\$ 48,603,133	\$ 5,073,114	\$ 2,717,448	\$ 50,958,799

#### NOTE 7 – NOTE PAYABLE

On April 7, 2021, the District borrowed \$13,970,000 in federally taxable State Aid Intercept Notes through the California School Finance Authority bearing interest at 0.22%. The notes were issued to finance cash shortfalls occurring in 2020-21. Interest and principal are due and payable on December 30, 2021.

Below is a schedule of changes in short term debt:

	Balance, July 1, 2020	Additions	Deductions	Balance, July 1, 2021
Tax revenue anticipation notes	\$ -	\$ 13,970,000	\$ -	\$ 13,970,000

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

Changes in long-term debt for the fiscal year ended June 30, 2020, were as follows:

	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	\$ 43,763,412	\$ 26,995,000	\$ 8,568,147	\$ 62,190,265	\$ 2,967,310
Accreted Interest	3,773,450	343,315	461,853	3,654,912	482,690
Unamortized Issuance Premium	2,380,656	1,855,459	559,447	3,676,668	220,621
Total - G.O. Bonds	49,917,518	29,193,774	9,589,447	69,521,845	3,670,621
Compensated Absences	650,634	162,531	-	813,165	-
Other Postemployment Benefits	26,193,153	2,285,491	725,109	27,753,535	-
Totals	\$ 76,761,305	\$ 31,641,796	\$ 10,314,556	\$ 98,088,545	\$ 3,670,621

The postemployment healthcare benefits and compensated absences are liquidated by the funds recording the associated salary expense. The general obligation bonds are liquidated through property tax collections as administered by the County through the Bond Interest and Redemption Fund.

#### A. General Obligation Bonds

##### Election of 1997

On March 4, 1997, the voters of the District approved a measure authorizing the District to issue up to \$4.7 million of general obligation bonds for the purpose of renovating and modernizing school facilities.

##### Election of 2000

On June 6, 2000, the voters of the District approved a measure authorizing the District to issue up to \$6.95 million of general obligation bonds for the purpose of repairing, renovating and modernizing three elementary schools and two junior high schools.

##### Election of 2004

On November 2, 2004, the voters of the District approved a measure by a 74% affirmative vote authorizing the District to issue up to \$17.1 million of general obligation bonds for the purpose of repairing, renovating and modernizing three elementary schools and two junior high schools and to improve pedestrian safety in school parking lots.

##### Election of 2012 (Measure T)

On November 6, 2012, the voters of the District approved a measure by more than a 55% affirmative vote authorizing the District to issue up to \$19.6 million of general obligation bonds. The Bonds were issued to finance the repair, upgrading, modernization, renovation, construction and equipping of certain District property and facilities, to pay capitalized interest on the Bonds, and to pay certain costs of issuing the Bonds.

##### Election of 2018 (Measure B)

On June 5, 2018, the voters of the District approved a measure by more than a 55% affirmative vote authorizing the District to issue up to \$34.2 million of general obligation bonds. The Bonds will be issued to improve the quality of education; upgrade, modernize, and construct classrooms, restrooms and school facilities; repair or replace leaky roofs; renovate plumbing, sewer, and build new classrooms.

# HUENEME ELEMENTARY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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

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

##### 2020 Refunding Bonds

On September 30, 2020, the District issued \$6,795,000 2020 General Obligation Refunding Bonds. The bonds bear fixed interest rates of 0.389% to 2.739% with annual maturities from August 1, 2021, through August 1, 2039. The net proceeds of \$6,678,576 (after issuance costs of \$116,424) were used to refund a portion of the District's outstanding General Obligation Bonds, 2012 Election, Series A and Series B, and pay the costs of issuing the bonds.

The refunding decreased the District's total debt service payments by \$917,694. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new debt) of \$693,934.

##### Defeasance of Debt

The District has defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2021, the principal balance outstanding on the defeased debt amounted to \$5,680,000.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2021, deferred amounts on refunding were \$1,116,915.

A summary of all bonds issued and outstanding at June 30, 2021 follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2020	Issuances	Redemptions	Refundings	Balance, June 30, 2021
<b>Election of 1997</b>									
Series A	6/18/1998	6/1/2023	4.40% - 5.40%	\$ 2,085,011	\$ 214,335	\$ -	\$ 57,541	\$ -	\$ 156,794
Series B	5/6/1999	5/1/2024	4.20% - 5.20%	2,611,156	345,500	-	73,955	-	271,545
<b>Election of 2000</b>									
Series B	6/18/2002	6/1/2027	4.00% - 5.73%	3,563,545	768,581	-	111,651	-	656,930
<b>Election of 2004</b>									
Series B	8/9/2007	8/1/2032	4.00% - 6.859%	7,599,996	1,469,996	-	-	-	1,469,996
<b>Election of 2012</b>									
Series A	5/6/2013	8/1/2037	3.00% - 5.00%	4,000,000	1,840,000	-	35,000	1,660,000	145,000
Series B	2/3/2015	8/1/2039	2.00% - 5.00%	11,000,000	10,605,000	-	160,000	4,020,000	6,425,000
Series C	6/28/2017	8/1/2029	2.00% - 4.00%	4,600,000	3,860,000	-	280,000	-	3,580,000
<b>Election of 2018</b>									
Series A	6/11/2019	8/1/2044	3.00% - 5.00%	12,000,000	12,000,000	-	1,225,000	-	10,775,000
Series B	9/30/2020	8/1/2045	2.50% - 4.00%	20,200,000	-	20,200,000	-	-	20,200,000
<b>Refunding Bonds</b>									
2011 Ref.	10/11/2011	8/1/2025	2.00% - 5.00%	3,980,000	1,475,000	-	210,000	-	1,265,000
2014 Ref.	5/2/2014	8/1/2029	3.25%	8,700,000	7,050,000	-	470,000	-	6,580,000
2017 Ref.	6/28/2017	8/1/2029	2.00% - 4.00%	4,675,000	4,135,000	-	265,000	-	3,870,000
2020 Ref.	9/30/2020	8/1/2039	0.389% - 2.739%	6,795,000	-	6,795,000	-	-	6,795,000
<b>Totals</b>					<b>\$ 43,763,412</b>	<b>\$ 26,995,000</b>	<b>\$ 2,888,147</b>	<b>\$ 5,680,000</b>	<b>\$ 62,190,265</b>
					Balance, July 1, 2020	Additions	Deductions	Refundings	Balance, June 30, 2021
<b>Accreted Interest:</b>					\$ 464,866	\$ 32,130	\$ 127,459	\$ -	\$ 369,537
Election of 1997, Ser. A					658,693	47,179	146,045	-	559,827
Election of 1997, Ser. B					1,285,338	109,307	188,349	-	1,206,296
Election of 2000, Ser. B					1,364,553	154,699	-	-	1,519,252
<b>Totals</b>					<b>\$ 3,773,450</b>	<b>\$ 343,315</b>	<b>\$ 461,853</b>	<b>\$ -</b>	<b>\$ 3,654,912</b>

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

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

The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Totals
2021-2022	\$ 2,967,310	\$ 2,675,500	\$ 5,642,810
2022-2023	2,227,718	2,750,713	4,978,430
2023-2024	2,293,554	2,587,824	4,881,377
2024-2025	2,332,707	2,184,607	4,517,314
2025-2026	2,544,991	2,109,077	4,654,068
2026-2031	12,194,322	9,605,608	21,799,930
2031-2036	9,829,663	8,709,406	18,539,069
2036-2041	13,855,000	3,321,003	17,176,003
2041-2046	13,945,000	1,004,238	14,949,238
Totals	\$ 62,190,265	\$ 34,947,976	\$ 97,138,240

##### B. Other Postemployment Benefits (OPEB) Liability

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

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 27,215,280	\$ 3,142,471	\$ 1,507,549	\$ 1,877,562
MPP Program	538,255	-	-	53,918
Total	\$ 27,753,535	\$ 3,142,471	\$ 1,507,549	\$ 1,931,480

The details of each plan are as follows:

##### District Plan

###### **Plan Description**

The District's single-employer defined benefit OPEB plan offers medical and prescription drug benefits to its employees and retirees through Gold Coast Joint Benefits Trust. Dental and vision coverages are also offered through Gold Coast. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

###### **Benefits Provided**

Certificated, Classified, Certificated Management, Classified Management, and Confidential employees who have attained age 55 and completed at least 15 years of continuous service with the District immediately prior to retirement are eligible to receive District-paid medical and prescription drug coverage for the retiree and eligible dependents up to a District cap, which is \$18,504 annually. Retirees may elect dental and vision coverage and are responsible for the full cost of premiums for those coverages, if elected. Classified employees who are less than 50% full-time do not earn eligibility for District-paid retiree health benefits. District-paid benefits end at age 65.

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

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

###### District Plan (continued)

###### *Employees Covered By Benefit Terms*

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	64
Active employees	592
Total	<u>656</u>

###### *Total OPEB Liability*

The District's total OPEB liability of \$27,215,280 for the Plan was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

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

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

Valuation Date	June 30, 2021
Inflation	2.50 percent
Salary increases	2.75 percent
Healthcare cost trend rates	4.00 percent per year

###### *Discount Rate*

The discount rate of 2.16% is based on the Bond Buyer 20-bond General Obligation Index.

###### *Mortality Rates*

Mortality rates were based on the 2020 CalSTRS and 2017 CalPERS mortality tables.

##### Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	<u>\$ 25,708,816</u>
Changes for the year:	
Service cost	1,118,976
Interest	569,926
Differences between expected and actual experience	398,402
Changes of assumptions	144,269
Benefit payments	<u>(725,109)</u>
Net changes	<u>1,506,464</u>
Balance at June 30, 2021	<u><u>\$ 27,215,280</u></u>



## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

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

###### District Plan (continued)

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

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

Discount Rate	OPEB Liability
1% decrease	\$ 29,061,329
Current discount rate	\$ 27,215,280
1% increase	\$ 25,425,313

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

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

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ 24,197,818
Current trend rate	\$ 27,215,280
1% increase	\$ 30,752,404

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,877,562. In addition, at June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 472,299	\$ 1,507,549
Changes of assumptions	2,670,172	-
Total	\$ 3,142,471	\$ 1,507,549

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

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

###### District Plan (continued)

The deferred outflows and inflows of resources related to changes of assumptions and differences between expected and actual experience in the measurement of the total OPEB liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the current measurement period is 11.9 years and 9 years for the previous measurement periods.

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

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 439,918	\$ 251,258
2023	439,918	251,258
2024	439,918	251,258
2025	439,918	251,258
2026	439,918	251,258
Thereafter	942,881	251,259
Totals	<u>\$ 3,142,471</u>	<u>\$ 1,507,549</u>

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

###### *Plan Description*

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

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

###### *Benefits Provided*

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

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

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

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

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

###### **Total OPEB Liability**

At June 30, 2021, the District reported a liability of \$538,255 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2020, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<u>Percentage Share of MPP Program</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2021</u>	<u>Fiscal Year Ending June 30, 2020</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
Measurement Date			
Proportion of the Net OPEB Liability	0.127011%	0.130059%	-0.003048%

For the year ended June 30, 2021, the District reported OPEB expense of \$53,918.

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

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

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

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

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

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

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population of 159,339.

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

###### *Discount Rate*

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

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

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

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

Discount Rate	MPP OPEB Liability
1% decrease	\$ 595,190
Current discount rate	\$ 538,255
1% increase	\$ 489,806

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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

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

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

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

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

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	\$ 488,054
Current trend rate	\$ 538,255
1% increase	\$ 596,045

#### NOTE 9 – PENSION PLANS

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

For the fiscal year ended June 30, 2021, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 81,217,719	\$ 22,141,398	\$ 3,758,263	\$ 13,310,003
CalPERS	27,085,610	5,424,848	892,253	4,993,873
Total	\$ 108,303,329	\$ 27,566,246	\$ 4,650,516	\$ 18,303,876

The details of each plan are as follows:

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

###### **Plan Description**

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

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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#### NOTE 9 – PENSION PLANS (continued)

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

###### Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

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

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

###### Contributions

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

The contribution rates for each program for the year ended June 30, 2021, are presented above, and the District's total contributions were \$7,135,961.

# HUENEME ELEMENTARY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

### NOTE 9 – PENSION PLANS (continued)

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

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

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

District's proportionate share of net pension liability	\$	81,217,719
State's proportionate share of the net pension liability associated with the District		41,867,744
Total	\$	123,085,463

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

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.083808%	0.084150%	-0.000342%

For the year ended June 30, 2021, the District recognized pension expense of \$13,310,003. In addition, the District recognized pension expense and revenue of \$1,309,049 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	\$ 7,135,961	\$ -
Net change in proportionate share of net pension liability	3,834,638	289,440
Difference between projected and actual earnings on pension plan investments	3,107,609	1,178,344
Changes of assumptions	7,919,878	-
Differences between expected and actual experience	143,312	2,290,479
Total	\$ 22,141,398	\$ 3,758,263

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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#### NOTE 9 – PENSION PLANS (continued)

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

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 7 years.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 4,132,880	\$ 1,847,835
2023	4,789,936	508,580
2024	4,095,329	365,267
2025	1,525,769	415,552
2026	248,463	401,305
Thereafter	213,060	219,724
Total	<u>\$ 15,005,437</u>	<u>\$ 3,758,263</u>

###### **Actuarial Methods and Assumptions**

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

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of Inflation	2.75%
Wage Growth	3.50%

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



## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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#### NOTE 9 – PENSION PLANS (continued)

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

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

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study.

For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	42%	4.8%
Fixed Income	15%	3.6%
Real Estate	13%	6.3%
Private Equity	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	(0.4%)

###### Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 122,708,659
Current discount rate (7.10%)	81,217,719
1% increase (8.10%)	46,961,104

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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#### NOTE 9 – PENSION PLANS (continued)

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

###### On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$4,738,186.

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

###### Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

###### Benefits Provided

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

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

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

#### NOTE 9 – PENSION PLANS (continued)

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

###### Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021 are presented above, and the total District contributions were \$2,601,525.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$27,085,610. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.088275%	0.087887%	0.000388%

For the year ended June 30, 2021, the District recognized pension expense of \$4,993,873. 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	\$ 2,601,525	\$ -
Net change in proportionate share of net pension liability	139,746	215,199
Difference between projected and actual earnings on pension plan investments	1,240,890	677,054
Changes of assumptions	99,324	-
Differences between expected and actual experience	1,343,363	-
Total	<u>\$ 5,424,848</u>	<u>\$ 892,253</u>

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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#### NOTE 9 – PENSION PLANS (continued)

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

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 4.1 years.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 1,294,950	\$ 607,547
2023	752,974	208,345
2024	479,183	69,419
2025	293,764	6,942
2026	2,452	-
Thereafter	-	-
Total	<u>\$ 2,823,323</u>	<u>\$ 892,253</u>

###### **Actuarial Methods and Assumptions**

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

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

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2021

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#### NOTE 9 – PENSION PLANS (continued)

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

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

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

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

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

###### Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 38,940,504
Current discount rate (7.15%)	27,085,610
1% increase (8.15%)	17,246,644

## HUENEME ELEMENTARY SCHOOL DISTRICT

### *Notes to Financial Statements*

*June 30, 2021*

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#### **NOTE 9 – PENSION PLANS (continued)**

##### **C. Social Security**

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

##### **D. Payables to the Pension Plans**

At June 30, 2021, the District reported payables of \$59,141 and \$9,083 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2021.

#### **NOTE 10 – COMMITMENTS AND CONTINGENCIES**

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

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

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

As of June 30, 2021, the District had commitments with respect to unfinished capital projects of nearly \$7.9 million.

##### **C. Litigation**

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2021.

#### **NOTE 11 – RISK MANAGEMENT**

The District participates in two joint powers agreement (JPA) entities, the Ventura County Schools' Self-Funding Authority (VCSSFA) and Gold Coast Joint Benefits Trust (GCJBT).

VCSSFA provided workers' compensation, property and liability coverage for its member school district through a varying combination of self-insurance and excess coverage. The District pays a premium commensurate with the level of coverage requested.

GCJBT arranges for health and welfare benefits for employees and retirees of participating school districts and their eligible dependents. Member districts pay a monthly premium per eligible participant.

## **HUENEME ELEMENTARY SCHOOL DISTRICT**

### *Notes to Financial Statements*

*June 30, 2021*

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#### **NOTE 11 – RISK MANAGEMENT (continued)**

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influences by the District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. VCSFFA and GCJBT maintain their own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity.

The relationship between the District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes.

#### **NOTE 12 – ADJUSTMENT FOR RESTATEMENT**

The beginning governmental net position as of July 1, 2020 on the Statement of Activities and beginning fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances has been restated to account for the student activities' beginning balance of \$137,917 in the General Fund. Under GASB 84, as explained in Note 1, student activities are reported in governmental funds beginning in the 2020-21 fiscal year.

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*Required Supplementary Information*

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget - Pos (Neg)</b>
<b>Revenues</b>				
LCFF Sources	\$ 77,574,220	\$ 84,238,521	\$ 84,238,859	\$ 338
Federal Sources	5,618,470	18,568,262	15,361,793	(3,206,469)
Other State Sources	3,100,061	6,750,751	13,430,251	6,679,500
Other Local Sources	5,662,968	7,032,809	7,791,973	759,164
Total Revenues	91,955,719	116,590,343	120,822,876	4,232,533
<b>Expenditures</b>				
Current:				
Certificated Salaries	43,810,823	45,441,598	47,137,198	(1,695,600)
Classified Salaries	13,731,223	15,357,762	14,657,861	699,901
Employee Benefits	22,488,682	24,079,417	28,404,490	(4,325,073)
Books and Supplies	5,603,333	12,652,505	7,767,120	4,885,385
Services and Other Operating Expenditures	7,869,078	10,635,902	9,508,312	1,127,590
Transfers of indirect costs	(158,418)	(141,268)	-	(141,268)
Capital Outlay	-	-	55,868	(55,868)
Intergovernmental	3,700,000	3,700,000	2,239,935	1,460,065
Total Expenditures	97,044,721	111,725,916	109,770,784	1,955,132
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,089,002)	4,864,427	11,052,092	6,187,665
Fund Balances, July 1, 2020, as originally stated	10,822,952	13,417,720	13,417,720	-
Adjustment for restatement	-	-	137,917	137,917
Fund Balances, July 1, 2020, as restated	10,822,952	13,417,720	13,555,637	(137,917)
Fund Balances, June 30, 2021	\$ 5,733,950	\$ 18,282,147	\$ 24,607,729	\$ 6,325,582

The actual amounts reported in this schedule include \$4,738,186 recorded as State revenue and employee benefits expenditures for the STRS On-Behalf contributions, but which were not included in the budget.

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

	<i>Last Ten Fiscal Years*</i>						
	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
<b>CalSTRS</b>							
District's proportion of the net pension liability	0.0838%	0.0841%	0.0836%	0.0833%	0.0820%	0.0820%	0.0690%
District's proportionate share of the net pension liability	\$ 81,217,719	\$ 76,000,914	\$ 76,823,475	\$ 77,012,630	\$ 66,322,420	\$ 55,205,680	\$ 40,321,530
State's proportionate share of the net pension liability associated with the District	41,867,744	41,463,572	43,985,033	45,560,021	37,761,729	29,197,641	24,348,125
Totals	<u>\$ 123,085,463</u>	<u>\$ 117,464,486</u>	<u>\$ 120,808,508</u>	<u>\$ 122,572,651</u>	<u>\$ 104,084,149</u>	<u>\$ 84,403,321</u>	<u>\$ 64,669,655</u>
District's covered-employee payroll	<u>\$ 46,014,579</u>	<u>\$ 46,035,983</u>	<u>\$ 44,784,421</u>	<u>\$ 43,985,429</u>	<u>\$ 41,878,000</u>	<u>\$ 37,390,000</u>	<u>\$ 34,189,000</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176.50%	165.09%	171.54%	175.09%	158.37%	147.65%	117.94%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
<b>CalPERS</b>							
District's proportion of the net pension liability	0.0883%	0.0879%	0.0892%	0.0891%	0.0883%	0.0805%	0.0779%
District's proportionate share of the net pension liability	<u>\$ 27,085,610</u>	<u>\$ 25,614,128</u>	<u>\$ 23,777,959</u>	<u>\$ 21,275,636</u>	<u>\$ 17,439,305</u>	<u>\$ 11,865,779</u>	<u>\$ 8,843,547</u>
District's covered-employee payroll	<u>\$ 12,902,449</u>	<u>\$ 12,207,120</u>	<u>\$ 11,807,192</u>	<u>\$ 11,401,447</u>	<u>\$ 10,597,000</u>	<u>\$ 8,974,000</u>	<u>\$ 8,177,000</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	209.93%	209.83%	201.39%	186.60%	164.57%	132.22%	108.15%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%

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

# HUENEME ELEMENTARY SCHOOL DISTRICT

## Schedule of Pension Contributions

For the Fiscal Year Ended June 30, 2021

	Last Ten Fiscal Years*						
	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
<b>CalSTRS</b>							
Contractually required contribution	\$ 7,135,961	\$ 7,868,493	\$ 7,494,658	\$ 6,462,392	\$ 5,533,367	\$ 4,493,597	\$ 3,320,260
Contributions in relation to the contractually required contribution	7,135,961	7,868,493	7,494,658	6,462,392	5,533,367	4,493,597	3,320,260
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 44,185,516	\$ 46,014,579	\$ 46,035,983	\$ 44,784,421	\$ 43,985,429	\$ 41,878,000	\$ 37,390,000
Contributions as a percentage of covered-employee payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
<b>CalPERS</b>							
Contractually required contribution	\$ 2,601,525	\$ 2,544,492	\$ 2,204,850	\$ 1,833,775	\$ 1,583,433	\$ 1,255,444	\$ 1,056,313
Contributions in relation to the contractually required contribution	2,601,525	2,544,492	2,204,850	1,833,775	1,583,433	1,255,444	1,056,313
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,567,754	\$ 12,902,449	\$ 12,207,120	\$ 11,807,192	\$ 11,401,447	\$ 10,597,000	\$ 8,974,000
Contributions as a percentage of covered-employee payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

**HUENEME ELEMENTARY SCHOOL DISTRICT***Schedule of Changes in the District's Total OPEB Liability and Related Ratios**For the Fiscal Year Ended June 30, 2021*

	Last 10 Fiscal Years*			
	2020-21	2019-20	2018-19	2017-18
<b>Total OPEB liability</b>				
Service cost	\$ 1,118,976	\$ 1,086,384	\$ 930,396	\$ 1,043,926
Interest	569,926	801,238	862,540	791,281
Differences between expected and actual experience	398,402	138,055	(2,261,323)	-
Changes of assumptions or other inputs	144,269	2,377,606	1,033,168	-
Benefit payments	(725,109)	(863,164)	(778,691)	(777,429)
<b>Net change in total OPEB liability</b>	1,506,464	3,540,119	(213,910)	1,057,778
<b>Total OPEB liability - beginning</b>	25,708,816	22,168,697	22,382,607	21,324,829
<b>Total OPEB liability - ending</b>	<u>\$ 27,215,280</u>	<u>\$ 25,708,816</u>	<u>\$ 22,168,697</u>	<u>\$ 22,382,607</u>
 <b>Covered-employee payroll</b>	 \$ 63,579,620	 \$ 61,877,976	 \$ 60,075,705	 \$ 58,884,316
 <b>Total OPEB liability as a percentage of covered-employee payroll</b>	 <u>42.8%</u>	 <u>41.5%</u>	 <u>36.9%</u>	 <u>38.0%</u>

**Notes to Schedule:**

The discount rate was reduced from 2.20% to 2.16% for the most recent measurement period. Assumed rates of retirement, termination, and mortality have been updated to align with those currently being used by the statewide pension systems. Medical trend in future years has been updated to 4% for all years from 8% tiered down by 1% per year to 5% in all future years.

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

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

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Last Ten Fiscal Years\*

	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
District's proportion of net OPEB liability	0.1270%	0.1301%	0.1314%	0.1325%
District's proportionate share of net OPEB liability	\$ 538,255	\$ 484,337	\$ 503,137	\$ 557,605
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	0.40%	0.01%

**Notes to Schedule:***As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.**\* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

## HUENEME ELEMENTARY SCHOOL DISTRICT

### *Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2021*

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#### NOTE 1 – PURPOSE OF SCHEDULES

##### **Budgetary Comparison Schedule**

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

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

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

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

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

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

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

##### **Schedule of District Contributions**

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

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

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

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

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



## HUENEME ELEMENTARY SCHOOL DISTRICT

*Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2021*

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### NOTE 1 – PURPOSE OF SCHEDULES (continued)

#### **Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program**

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

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

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

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*Supplementary Information*

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## HUENEME ELEMENTARY SCHOOL DISTRICT

### *Local Educational Agency Organization Structure*

*June 30, 2021*

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The Hueneme Elementary School District was established in 1873 and consists of an area comprising approximately eight square miles, including the City of Port Hueneme, a small portion of the City of Oxnard, and adjacent unincorporated territory in Ventura County. The District operates nine elementary schools and two junior high schools. There were no boundary changes during the year.

<b>BOARD OF EDUCATION</b>		
<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Siugen Constanza	President	December 2024
Darlene A. Bruno	Board Member	December 2024
Bexy I. Gomez	Board Member	December 2022
Scott E. Swenson	Board Member	December 2022
Charles Weis, Ph.D.	Board Member	December 2022

### **DISTRICT ADMINISTRATORS**

Dr. Christine Walker,  
*Superintendent*

Dr. Carlos Dominguez,  
*Deputy Superintendent, Human Resources*

Helen Cosgrove,  
*Associate Superintendent, Educational Services*

David Ragsdale,  
*Associate Superintendent, Technology and Strategic Operations*

Patricia Marshall,  
*Chief Business Official*

**HUENEME ELEMENTARY SCHOOL DISTRICT***Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2021*

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### *Schedule of Financial Trends and Analysis*

*For the Fiscal Year Ended June 30, 2021*

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General Fund	(Budget) 2022 <sup>2</sup>	2021	2020 <sup>3</sup>	2019
Revenues and other financing sources	\$ 109,688,867	\$ 120,822,876	\$ 108,978,456	\$ 111,716,861
Expenditures	107,167,920	109,770,784	109,027,200	109,258,799
Change in fund balance (deficit)	2,520,947	11,052,092	(48,744)	2,458,062
Ending fund balance	\$ 27,128,676	\$ 24,607,729	\$ 13,555,637	\$ 13,466,464
Available reserves <sup>1</sup>	\$ 3,215,038	\$ 3,150,978	\$ (1,912,524)	\$ 4,323,936
Available reserves as a percentage of total outgo	3.0%	2.9%	-1.8%	4.0%
Total long-term debt	\$ 202,721,253	\$ 206,391,874	\$ 178,376,346	\$ 175,616,691
Average daily attendance at P-2	7,285	N/A	7,692	7,951

The General Fund balance has increased by \$11,141,265 over the past two years. The fiscal year 2021-22 adopted budget projects an increase of \$2,520,947. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in only one of the past three years and anticipates incurring an operating surplus during the 2021-22 fiscal year. Long-term debt has increased by \$30,775,183 over the past two years.

Average daily attendance decreased by 259 ADA in 2019-20 compared to the previous year. The District did not report ADA in fiscal year 2020-21 and was funded on its fiscal year 2019-20 ADA. Budgeted ADA for fiscal year 2021-22 is 7,285.

<sup>1</sup> Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty in the General Fund.

<sup>2</sup> Revised Final Budget September, 2021

<sup>3</sup> Ending fund balance is restated due to student activities being reported within the General Fund under GASB 84.

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

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	<u>Building Fund</u>
June 30, 2021, annual financial and budget report (SACS) fund balances	\$ 24,306,824
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Accounts payable underreported	<u>(873,366)</u>
June 30, 2021, audited financial statement fund balances	<u><u>\$ 23,433,458</u></u>



# HUENEME ELEMENTARY SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Basic	10.553	13525	\$ 1,113,685	
National School Lunch Program	10.555	13523	1,800,687	
USDA Donated Foods	10.555	N/A	347,449	
Total Child Nutrition Cluster				\$ 3,261,821
Total U.S. Department of Agriculture				3,261,821
U.S. Department of Treasury:				
Passed through California Dept. of Education (CDE):				
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516		3,534,485
Total U.S. Department of Treasury				3,534,485
U.S. Department of Education:				
Federal Impact Aid	84.041	N/A		266,522
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I Grants to Local Educational Agencies Fund:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	924,473	
School Improvement Funding for LEAs	84.010	15438	70,750	
Subtotal Title I Grants Fund				995,223
Title II, Part A, Teacher Quality Improvement	84.367	14341		243,170
Title III, Limited English Proficiency	84.365	14346		310,658
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	934,319	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	2,066,546	
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	362,061	
Subtotal Education Stabilization Fund				3,362,926
Individuals with Disabilities Education Act (IDEA):				
Local Assistance Entitlement	84.027	13379	1,569,667	
IDEA Preschool Grants, Part B, Section 619	84.173	13430	69,314	
Total Special Education (IDEA) Cluster				1,638,981
Total U.S. Department of Education				6,817,480
Total Expenditures of Federal Awards				\$ 13,613,786

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

## HUENEME ELEMENTARY SCHOOL DISTRICT

### *Note to the Supplementary Information*

*June 30, 2021*

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#### NOTE 1 – PURPOSE OF SCHEDULES

##### **Schedule of Instructional Time**

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

##### **Schedule of Financial Trends and Analysis**

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

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

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

##### **Schedule of Expenditures of Federal Awards**

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenue but have not been expended by June 30, 2021.

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 18,623,614
Differences between Federal Revenues and Expenditures:		
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	(4,842,851)
COVID-19 Education Stabilization Fund	84.425D	(166,977)
Total Schedule of Expenditures of Federal Awards		<u>\$ 13,613,786</u>

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***Other Independent Auditors' Reports***

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education  
Hueneme Elementary School District  
Port Hueneme, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hueneme Elementary School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Hueneme Elementary School District's basic financial statements, and have issued our report thereon dated December 15, 2021.

**Internal Control Over Financial Reporting**

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

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

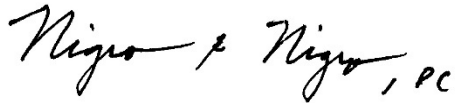
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California  
December 15, 2021



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

Board of Education  
Hueneme Elementary School District  
Port Hueneme, California

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

We have audited Hueneme Elementary 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 Hueneme Elementary School District's major federal programs for the year ended June 30, 2021. Hueneme Elementary School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Hueneme Elementary 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 Hueneme Elementary 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 Hueneme Elementary School District's compliance.

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

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

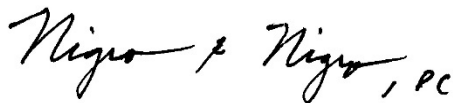
### **Report on Internal Control Over Compliance**

Management of Hueneme Elementary 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 Hueneme Elementary School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.



Murrieta, California  
December 15, 2021





## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education  
Hueneme Elementary School District  
Port Hueneme, California

### Report on State Compliance

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

### Management's Responsibility

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

### Auditors' Responsibility

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

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

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

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

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

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

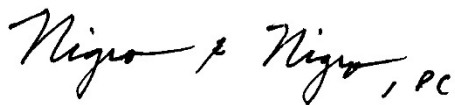
In our opinion, Hueneme Elementary School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2021.

#### ***Other Matter***

The results of our auditing procedures disclosed an instance of noncompliance with the compliance requirements referred to previously, which is required to be reported in accordance with the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and which is described in the accompanying schedule of findings and questioned costs as Finding 2021-001. Our opinion on each state program is not modified with respect to this matter.

#### ***District's Response to Finding***

Hueneme Elementary School District's response to the compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Hueneme Elementary School District's response was not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the response.



Murrieta, California  
December 15, 2021

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*Schedule of Findings and Questioned Costs*

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## HUENEME ELEMENTARY SCHOOL DISTRICT

### Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2021

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#### Financial Statements

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

#### Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516(a)?	No
Identification of major programs:	
Assistance Listing Numbers	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund
84.425C,D	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

#### State Awards

Type of auditors' report issued on compliance for state programs:	Unmodified
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## HUENEME ELEMENTARY SCHOOL DISTRICT

### *Financial Statement Findings*

*For the Fiscal Year Ended June 30, 2021*

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

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

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

## **HUENEME ELEMENTARY SCHOOL DISTRICT**

### *Federal Award Findings and Questioned Costs*

*For the Fiscal Year Ended June 30, 2021*

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

*There were no federal award findings or questioned costs in 2020-21.*

## HUENEME ELEMENTARY SCHOOL DISTRICT

### *State Award Findings and Questioned Costs*

*For the Fiscal Year Ended June 30, 2021*

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

#### **Finding 2021-001: California Clean Energy (40000)**

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

**Condition:** The District completed a project on October 19, 2018, but has not yet filed their final report for this project with the Commission.

**Context:** Not applicable.

**Cause:** The District has attempted to reach out to the California Energy Commission on numerous occasions for guidance on submitting the final report and has received no response.

**Effect:** There were no questioned costs associated with this finding.

**Recommendation:** We recommend that the District file the final report for the project. No future final reports will be required.

**Views of Responsible Official:** We attempted contacting the CA Clean Energy Commission for a year with questions on completing the final report. We had no response back. On December 9, 2021 we submitted the Final Report to the CA Clean Energy Commission.



## HUENEME ELEMENTARY SCHOOL DISTRICT

### Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2021

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Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2020-001: Instructional Materials</i>	<p>California Education Code Section 60119 requires that school districts conduct a public hearing regarding the sufficiency of textbooks and instructional materials. Furthermore, the District must provide 10-day notice of the public hearing. The notice must include the time, place, and purpose of the hearing and must be posted at a minimum of three public locations within the District. The public hearing must be held on or before the 8<sup>th</sup> week of school.</p> <p>The notice posted by the District did not provide for 10-day notice of the public hearing regarding the sufficiency of textbooks and instructional materials. The notice was posted March 5, 2020, but the public hearing was held on March 9, 2020. Additionally, this was after the 8<sup>th</sup> week of school, which began on August 27, 2019. This hearing would have needed to be held on or prior to October 21, 2019.</p>	70000	We recommend that the District ensure that the notice which is posted during the 2020-21 school year adhere to the requirements for the posting of the public notice and that the instructional material public hearing is completed on or before the 8 <sup>th</sup> week of school.	Implemented