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Financial and Performance Audits
Building Fund (Measure K)
June 30, 2021

Ontario-Montclair School District

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Financial Audit
Building Fund (Measure K)
June 30, 2021

Ontario-Montclair School District

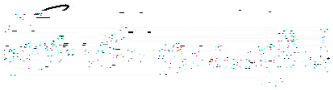
Independent Auditor's Report

Governing Board and
Citizens Oversight Committee
Ontario-Montclair School District
Ontario, California

Report on the Financial Statements
We have audited the accompanying financial statements of the Ontario-Montclair School District's (the District), Building Fund (Measure K), as of and for the year ended June 30, 2021, and the related notes to the 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 statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Ontario

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid, I(,)]4(c)-9.2 (e)-0.8 (s)31.6 (ts)]29 TD[(c)1T70.

Investment in County Treasury

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

General Authorizations

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

	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers.968-4.9 Tw 10..5 (n)3.4.984 -0-4.1 (u)-0.6 (n)8-4.9 T.7 (P)eyeool7 (P)s001 Tw 10.984 -0 0 10.9626 5			

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the San Bernardino County Treasury Investment Pool has been rated AAAf/S1 by Fitch Ratings as of June 30, 2021.

Note 3 - Receivables

Receivables at June 30, 2021, consisted of the following:

Interest	$ 59,068

Note 4 - Accountw T[C)-25 (r)-6(e)0a aing:

Independent Auditor's Report
June 30, 2021

Ontario-Montclair School District

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

Governing Board and
Citizens Oversight Committee
Ontario-Montclair School District
Ontario, 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 Ontario-Montclair School District (the District) Building Fund (Measure K) as of and for the year ended June 30, 2021, and the related notes of the financial statements, and have issued our report thereon dated January 28, 2022.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Building Fund specific to Measure K are intended to present the financial position and the change in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of Ontario-Montclair School District as of June 30, 2021, and the change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ontario-Montclair 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 Ontario-Montclair School District's internal control. Accordingly, we do not express an opinion on the

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 Ontario-Montclair School District's Building Fund (Measure K) financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However,

None reported.

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

Performance Audit
Building Fund (Measure K)
June 30, 2021

Ontario-Montclair School District

Authority for Issuance

The general obligation bonds associated with Measure K were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The bonds are authorized to be issued by a resolution adopted by the Board of Education of the District on July 7, 2016.

The District received authorization from an election held on November 8, 2016, to issue bonds of the District in an aggregate principal amount not to exceed $150,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55% of the votes cast by eligible voters within the District (the 2016 Authorization). The bonds represent the second series of the authorized bonds to be issued under9rst

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

3.

   c. We selected all expenditures that were individually significant expenditures based on our assessment of materiality.

3. Our sample included transactions totaling $9,247,585. This represents 68% of the total expenditures of $13,581,669.

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

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

Conclusion

The results of our tests indicated that, in all significant respects, the Ontario-Montclair School District has properly accounted for the expenditures held in the Building Fund (Measure K) and that such expenditures were made for authorized Bond projects.

None reported.

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