

OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

REGULAR BOARD MEETING  
November 10, 2016  
Yvonne Cook Board Room  
6578 Santa Teresa Blvd. San Jose, CA  
AGENDA

**OPEN SESSION – 6:30 P.M.**  
CALL TO ORDER

SET THE AGENDA

**CLOSED SESSION – 6:32 P.M.**

1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
-Superintendent
2. PUBLIC EMPLOYEE DISCIPLINE/RELEASE/DISMISSAL  
-Government Code section 54957
3. CONFER WITH LABOR NEGOTIATOR  
The Board will confer with the District labor negotiators; Assistant Superintendent Andrew Garcia, Assistant Superintendent Laura Phan, Legal Counsel Adam Fiss regarding California School Employees Association, Chapter 412; and American Federation of State, County and Municipal Employees Union, Council 57, Local 101.
4. CONFER WITH LEGAL COUNSEL – EXISTING LITIGATION  
The Board will confer with District legal counsel regarding existing litigation pursuant to Paragraph (1) of subdivision (d) of Government Code section 54956.9: KNTV Television LLC vs. OGSD, Case No. 116CV289924.

**OPEN SESSION 7:30 p.m.**  
FLAG SALUTE

SUPERINTENDENT'S REPORT

- The Superintendent will report on matters that relate to the District.
- Hispanic Spirit Award Recipient Recognition
  - Communication Vision Awards Recipient Recognition

PUBLIC HEARING

Public hearing on the initial bargaining proposal from American Federation of State, County, and Municipal Employees (AFCSME) to Oak Grove School District.

PUBLIC HEARING

Public hearing on the initial bargaining proposal from Oak Grove School District to American Federation of State, County, and Municipal Employees (AFCSME).

## CLOSED SESSION ITEMS

The Board will report out any action taken in Closed Session as required by law and/or take action as appropriate in Open Session.

## PUBLIC COMMENT

Members of the public may address the Board on any issue or agenda item at this time. Members of the public may also address the Board on an agenda item during consideration of the item. No action can be taken on an item not on the agenda at this time. In accordance with Board Bylaw 9323, individual remarks will be limited to three minutes each, unless otherwise stipulated.

## ITEMS SCHEDULED FOR ACTION (30)

Manzo (5)

### A. CONSENT AGENDA

1. Unadopted Minutes – Regular Board Meeting, October 27, 2016
2. Certificated Personnel Order
3. Classified Personnel Order
4. Donations – Alex Anderson and Del Roble
5. Board Notification of Funding Self-Insured Workers' Compensation Liabilities
6. Initial Bargaining Proposal from OGSD to AFCSME

**RECOMMENDATION:** It is recommended that the Board of Trustees approve the Consent Agenda, as presented.

### B. BUSINESS SERVICES DIVISION

Phan (5)

1. AGREEMENTS WITH DERIVI CASTELLANOS ARCHITECTS (DCA) FOR ARCHITECTURAL DESIGN SERVICES - MODERNIZATION PROJECTS - DAVIS / SAKAMOTO SCHOOLS

The Board will receive architectural design agreements for Davis and Sakamoto, previously brought to the Board as an Information item on the October 27, 2016 Board Meeting in order to provide the Board an opportunity for questions and input. Staff will once again present scope of work for final consideration and approval.

**RECOMMENDATION:** It is recommended that the Board of Trustees authorize Project Agreements with Derivi Castellanos Architects for design services at Davis Intermediate School and Sakamoto Elementary School, not-to-exceed \$2,366,874.00, as presented.

### C. BOARD BUSINESS

Hawkins (5)

1. CALIFORNIA SCHOOL BOARDS ASSOCIATION (CSBA) DELEGATE ASSEMBLY CALL FOR NOMINATIONS

Nominations for representatives to CSBA's Delegate Assembly are being accepted through January 7, 2017.

**RECOMMENDATION:** As appropriate.



2. RESOLUTION NO. 1242-11/16 – BOARD MEMBER ABSENCE  
Pursuant to California Education Code Section 35120(c), a resolution has been prepared entitling a Board Member to be paid for any meeting when absent due to illness/emergency/hardship deemed acceptable by the Board.

Manzo (5)

**RECOMMENDATION:** As appropriate.

3. RESOLUTION NO. 1241-11/16 RECOGNITION OF RETIRING BOARD MEMBER

A resolution has been prepared recognizing and commending retiring Board Member Jeremy Nishihara for his outstanding commitment, service and dedication to education and the Oak Grove School District.

Hawkins /  
Manzo (10)

**RECOMMENDATION:** It is recommended that the Board of Trustees approve Resolution No. 1241-11/16, Recognizing Retiring Board Member Jeremy Nishihara, as presented.

ITEMS SCHEDULED FOR INFORMATION (35)

D. BUSINESS SERVICES DIVISION

1. AUDITOR'S REPORT 2015-2016

A representative of Vavrinek, Trine, Day and Company will respond to questions from the Board regarding the Auditor's Annual Financial Report for the fiscal year ending June 30, 2016.

Phan (15)

2. ATTENDANCE AREA DESIGNATION/HITACHI VICINITY

Upon Board approval, families in the Hitachi Vicinity will have the choice of Anderson Elementary or Baldwin Elementary. Bernal Intermediate School will remain the designated school for grades 7-8.

Phan (15)

E. BOARD BUSINESS

1. AGENDA FORMAT MODIFICATION

On October 27, 2016, the Board of Trustees discussed revising the Regular Board Meeting Agenda to include a section for labor union representatives to address the Board. The following Board Agenda snapshot is presented for Board input and discussion.

Hawkins (5)

COMMUNICATIONS

Correspondence from individuals and/or organizations regarding District programs and/or services.

BOARD DISCUSSION

Board members will report on visits to schools, meetings attended, and other related District matters.

ADJOURNMENT

*NOTE: A person with a disability may request receipt of an agenda in an alternative format or request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting by contacting the Superintendent's Office at (408) 227-8300, extension 100203, at least 48 hours prior to the scheduled Board Meeting. (AB 3035, Chapter 300, Statutes of 2002)*

*Writings that are public records and are provided to all or a majority of the governing board regarding an open session item on this agenda will be made available for public inspection in the District Office located at 6578 Santa Teresa Boulevard, San Jose, CA. during normal business hours.*

*The District shall provide a full copy of the Board Agenda, along with all public back-up materials and information, including presentations to be made at or during the meeting, for public inspection at the meeting. Additionally, the District will provide a copy of any presentations or other materials provided to the Board to any member of the public upon request.*

*The Board encourages the free expression of divergent opinions of any subject. The District maintains complaint procedures and anyone who believes they have experienced any form of adverse actions arising from their public statements made at a Board meeting may utilize the District's Uniform Complaint procedures as outlined in Board policy.*



OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

SUBJECT: **Public Hearing on the Initial Bargaining Proposal from the American Federation of State, County, and Municipal Employees (AFSCME), Council 57-Local 101 to the Oak Grove School District** Public Hearing X

DATE: **November 10, 2016**

REPORTED  
BY/PERSON **Andrew A. Garcia**  
RESPONSIBLE:

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BACKGROUND: Under the Educational Employment Relations Act (EERA), the District and employee organizations shall publicly present their initial proposals related to collective bargaining, which shall thereafter be public records (Government Code § 3547). After the public has had an opportunity to review and provide comment, the Board of Education adopts its initial proposals.

The initial bargaining proposal of AFSCME to OGSD was presented to the Board of Trustees on October 27, 2016. The Board acknowledged receipt of the proposal and set November 10, 2016, as the Public Hearing of the proposal

DISCUSSION: The proposals presented on October 27, 2016, are for the 2016-2019 successor agreement and are presented tonight at a Public Hearing as part of the final approval, adoption and "sunshining".

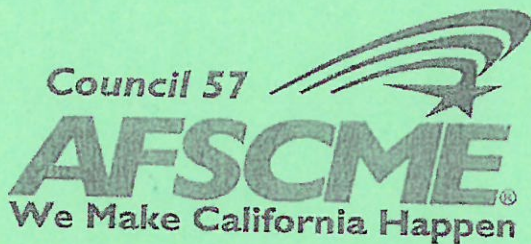
ALTERNATIVES CONSIDERED: No alternatives may be considered. Government Code section 3547 requires all initial proposals of the exclusive representatives and the public school employers that relate to matters within the scope of negotiations be presented at a public meeting. It further prohibits negotiation on such proposals until after the public has had an opportunity to be informed of the proposal and provide any comments, and the proposal has been adopted by the Governing Board.

FISCAL IMPACT: The Board has met in closed session to review the District's current fiscal sustainability and to establish fiscal parameters for collective bargaining to assure the District will be able to meet its financial obligations for the next three years while maintaining the required 3% reserve.

POLICY ALIGNMENT: Board Policy 4041 calls for the Superintendent or designee to identify any portions of the current agreement that hinder efforts to meet the District's Vision, Mission and long-term goals. Collective bargaining is a mutual exchange of positions followed by agreements which enables a group of employees with a "community of interest" to negotiate a binding written contract with an employer.

OUTCOME: The District intends to work with AFSCME in good faith to negotiate over those items included in the District's initial proposal and the initial proposal submitted by AFSCME. The outcome of the negotiations process will be to assure that our employees and the District are equipped to serve the needs of the students in our community.





**Local 101**

80 Swan Way, Suite 110  
Oakland, California 94621-1438  
(510) 577-9694  
(800) 244-8122  
(510) 383-9613 FAX

October 7, 2016

*Sent Via Email*

Andy Garcia  
Assistant Superintendent  
Human Resources Department  
Oak Grove School District  
6578 Santa Teresa Boulevard  
San Jose, CA 95119

Re: Sunshine and Request to Commence Negotiations for Successor Agreement

Dear Mr. Garcia:

In accordance with Article 21 – Duration of the CBA between the Oak Grove School District and AFSCME Local 101, we are hereby serving notice of our intent to enter into contract negotiations for a Successor Agreement. We will reopen Article 3 – Organizational Rights, Article 5 – Pay and Allowances, Article 6 – Health and Welfare Benefits and Article 15 – Discipline. We reserve the right to open additional articles. However, those articles that are not opened for negotiations shall remain in full force and effect.

Pursuant to section 3.6 of the CBA the Union hereby requests paid release time for the following negotiating team members: Mike Poynter, Teri Richardson, James Moreno, Cecilio Jaimes and Angela Isla.

We look forward to meeting with you and your negotiating team.

Sincerely,

Jo Bates  
Business Agent

cc: Mike Poynter  
AFSCME Bargaining Team  
Sylvia Alvarez



OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

SUBJECT: **Public Hearing on the Initial Bargaining Proposal from Oak Grove School District to the American Federation of State, County, and Municipal Employees (AFSCME), Council 57-Local 101** Public Hearing X

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BY/PERSON **Andrew A. Garcia**  
RESPONSIBLE:

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POLICY ALIGNMENT: Board Policy 4041 calls for the Superintendent or designee to identify any portions of the current agreement that hinder efforts to meet the District’s Vision, Mission and long-term goals. Collective bargaining is a mutual exchange of positions followed by agreements which enables a group of employees with a “community of interest” to negotiate a binding written contract with an employer.

OUTCOME: The District intends to work with AFSCME in good faith to negotiate over those items included in the District’s initial proposal and the initial proposal submitted by AFSCME. The outcome of the negotiations process will be to assure that our employees and the District are equipped to serve the needs of the students in our community.



SUNSHINE PROPOSAL  
FROM  
OAK GROVE SCHOOL DISTRICT  
TO  
AFSCME COUNCIL 57, LOCAL 101

October 27, 2016

**Article 5 – Pay and Allowance**

The District has an interest in discussing total compensation within the context of it being fiscally responsible.

**Article 6 – Health and Welfare Benefits**

The District has an interest in continuing to provide a benefit level that is fiscally sound.

**Article 10 – Leaves**

The District has an interest in addressing leave issues, including parental leaves.

**Article 11 – Transfers and Assignments**

The District has an interest in addressing transfer, posting, and assignment issues for bargaining unit employees.

**Article 21 – Duration**

The District has an interest in addressing the duration of the parties' successor collective bargaining agreement.



OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

Minutes / Unadopted  
Regular Board Meeting  
Yvonne Cook Board Room  
October 27, 2016

Dennis Hawkins, President of the Board of Trustees, called the meeting to order at 6:40 p.m. CALL TO ORDER

Members present: Dennis Hawkins, President  
Mary Noel, Vice President  
Carolyn Bauer  
Jeremy Nishihara  
Jacquelyn Adams (Absent)

Others present: José L. Manzo, Superintendent  
Andrew Garcia, Assistant Superintendent  
Interested Community and Staff Members  
Laura Stricker, Recording Secretary

Set the Agenda

Prior to setting the Agenda, President Hawkins requested this meeting be adjourned in honor of former Executive Secretary, Carol Mercer. On motion by Member Bauer and second by Member Noel, the Board of Trustees set the Agenda, with the following vote:

Ayes: Members Nishihara, Bauer, Noel and Hawkins  
Noes: None  
Absent: Member Adams  
Abstaining: None

Closed Session

The Board recessed to Closed Session at 6:42 p.m. to discuss Public Employee Performance Evaluation – Superintendent; Public Employee Discipline/Release/ Dismissal; to Confer with District labor negotiators, Assistant Superintendent of Human Resources Andrew Garcia, and Legal Counsel Adam Fiss and Legal Counsel Janae Novotny regarding California School Employees Association, Chapter 412; and American Federation of State, County and Municipal Employees Union, Council 57, Local 101. The Board reviewed Student Discipline case numbers 16/17-01(S), 16/17-02(S), and 16/17-03.

SET THE AGENDA

CLOSED SESSION



### Open Session

The Board reconvened to Open Session at 7:31 p.m. President Hawkins welcomed those in attendance; and explained the process to be followed in conducting the Board Meeting, including the presentation of information to the Board and the manner in which those present could address the Board during the meeting, either regarding specific agenda items or during "Public Comment." Also explained, were the implications/restrictions of the Brown Act on comments made at meetings of governmental bodies in California.

OPEN SESSION

### Flag Salute

Prior to calling for the Flag Salute, President Hawkins mentioned this evening's meeting would be held in memory of former Executive Secretary Carol Mercer. Ms. Mercer worked for the District for 37 years. She supported the office of the Board and Superintendent for 27 years. President Hawkins led the Flag Salute and requested a moment of silence for Ms. Mercer.

FLAG SALUTE

### Superintendent's Report

Superintendent Manzo began by wishing a belated happy birthday to Member Bauer.

SUPT.'S REPORT

The Superintendent reported he had the opportunity to visit Del Roble and Bernal with the Executive Team, and commented it was wonderful to see the students highly engaged in meaningful learning activities. He thanked Principal Yolanda Ross and Principal Dr. Jamal Splane for their time highlighting the great work at both schools.

Superintendent Manzo also reported visiting the following school sites:

- Stipe
- Christopher
- Oak Ridge
- Herman
- Ledesma
- Santa Teresa
- Miner
- Sakamoto

During his visit to Sakamoto, the Superintendent reported he enjoyed the opportunity to participate with staff in the discussion on how to ensure students are successful.

The Superintendent met with Koffee Klatch parents for the first time last week. The group received information on the LCAP, Measure EE, and CASSPP.



### Superintendent's Report (continued)

Superintendent Manzo reported meeting with the Student Advisory Council today for the first time this year, and mentioned he is looking forward to working with this wonderful group of students throughout the year.

The Superintendent reported last week we held the District-wide disaster drill along with the State's "Great Shake Out" on October 20th. He remarked the drill provides us the opportunity to not only practice for an emergency, but also test our systems and learn what adjustments need to be made to improve our practices and protocols. Superintendent Manzo thanked Chief Operations Officer Neil Rauschhuber, Managers Fred Dickey and Anthony Valdez, the Maintenance and Operations staff, and all staff for their support in making the drill successful.

Superintendent Manzo thanked Director Oscar Ortiz and ALLIED for recognizing the accomplishments of our Hispanic students this past Saturday at the Hispanic Student Recognition Ceremony. He commented regretfully he was not able to attend. He thanked the teachers and staff that nominated students, and parents and employees for attending the celebration in support of the students. The Superintendent mentioned the adult nominees will be recognized at the November 10<sup>th</sup> Board Meeting. He thanked President Hawkins for attending the celebration and sharing words of encouragement and support with students and families.

### Closed Session

President Hawkins reported no Action was taken during Closed Session regarding Public Employee Performance Evaluation – Superintendent; and Public Employee Discipline/Release/Dismissal; or in Conferring with District labor negotiators, regarding various bargaining units.

The Board reviewed three student discipline cases during closed session and took the following action during open session.

On motion by Member Noel and second by Member Bauer, the Board of Trustees expels student 16/17-01(S) through the 2016-2017 spring semester with the enforcement of the expulsion being suspended. Based upon successful completion and documentation of completion of all rehabilitation requirements, student 16/17-01(S) may petition the Oak Grove School District (or subsequent school district) for reinstatement at a comprehensive public school, with the following roll call vote:

Ayes:	Members Nishihara, Bauer, Noel and Hawkins
Noes:	None
Absent:	Member Adams
Abstaining:	None

SUPT.'S REPORT

CLOSED SESSION



Closed Session (continued)

On motion by Member Noel and second by Member Nishihara, the Board of Trustees expels student 16/17-02(S) through the 2016-2017 spring semester. Based upon successful completion and documentation of completion of all rehabilitation requirements, student 16/17-02(S) may petition the Oak Grove School District (or subsequent school district) for reinstatement at a comprehensive public school, with the following roll call vote:

Ayes: Members Nishihara, Bauer, Noel and Hawkins  
Noes: None  
Absent: Member Adams  
Abstaining: None

On motion by Member Noel and second by Member Bauer, based upon the current information, the Board of Trustees rescinds the suspended expulsion of student 16/17-03 and hereby reinstates the expulsion order. The Board will review the case in the 2016-2017 spring semester to determine whether or not the student has completed the requirements of the rehabilitation plan and is eligible to be reinstated, with the following roll call vote:

Ayes: Members Nishihara, Bauer, Noel and Hawkins  
Noes: None  
Absent: Member Adams  
Abstaining: None

Public Comment

There was no one from the public to speak.

Consent Agenda

Superintendent Manzo presented the Consent Agenda, noting these are routine items requiring Board Action and recommended approval as presented.

On motion by Member Bauer and second by Member Nishihara, the Board of Trustees approved the Consent Agenda as presented, with the following roll call vote:

Ayes: Members Nishihara, Bauer, Noel and Hawkins  
Noes: None  
Absent: Member Adams  
Abstaining: None

CLOSED SESSION

PUBLIC COMMENT

CONSENT AGENDA



Initial Bargaining Proposal from American Federation of State, County and Municipal Employees (AFCSME), Council 57, Local 101 to Oak Grove School District (OGSD)

Assistant Superintendent Andrew Garcia introduced the item stating Government Code section 3547 requires all initial bargaining proposals relating to matters within the scope of representation to be presented at a Public Hearing and the public provided with an opportunity to express itself regarding the proposal.

On motion by Member Nishihara and second by Member Bauer, the Board of Trustees approved the initial bargaining proposal from AFCSME to OGSD and set the date of November 10, 2016 for Public Hearing, with the following roll call vote:

Ayes: Members Nishihara, Bauer, Noel and Hawkins  
Noes: None  
Absent: Member Adams  
Abstaining: None

Initial Bargaining Proposal from Oak Grove School District (OGSD) to American Federation of State, County, and Municipal Employees (AFCSME), Council 57, Local 101

Assistant Superintendent Andrew Garcia introduced the item stating Government Code section 3547 requires all initial bargaining proposals relating to matters within the scope of representation to be presented at a Public Hearing and the public provided with an opportunity to express itself regarding the proposal.

On motion by Member Nishihara and second by Member Bauer, the Board of Trustees approved the initial bargaining proposal from OGSD to AFCSME and set the date of November 10, 2016 for Public Hearing, with the following roll call vote:

Ayes: Members Nishihara, Bauer, Noel and Hawkins  
Noes: None  
Absent: Member Adams  
Abstaining: None

Property Lease Agreement – Victory Outreach Church

Superintendent Manzo began by noting the Board had received information about this item at the last Board Meeting. It was the consensus of the Board, at that meeting, to bring this item back for action.

Member Bauer expressed concern regarding the renewal language in the agreement where it is stated either party may elect not to renew the lease

INITIAL  
BARGAINING  
PROPOSAL  
AFCSME TO OGSD

INITIAL  
BARGAINING  
PROPOSAL OGSD  
TO AFCSME

PROPERTY LEASE  
AGREEMENT  
VICTORY  
OUTREACH  
CHURCH



Property Lease Agreement – Victory Outreach Church (continued)

by providing written notice to the other party 120 days in advance. She believes that length of time is too long, and suggested it be 30 days.

President Hawkins questioned the term of the lease where it is stated the lease can be renewed for five additional one-year terms. He expressed concern for a long term renewal for the property and suggested there be no automatic renewal period, or perhaps just one which would allow the District time to review its real estate situation. He also asked for clarification if both the sanctuary and the classroom building are included in the lease agreement.

Superintendent Manzo confirmed both are part of the agreement and commented the sanctuary building reverts back to the District in 2018. There was discussion on the 120-day advanced notification requirement and it was decided that the language protects the District as well as the Leasee.

On motion by Member Bauer and second by Member Noel, the Board of Trustees approved the twelve-month renewable lease agreement with Victory Outreach Church at the Dickinson School site with a provision to section 2, term of the lease, be amended to reflect the leasee would have one, one-year option to renew the lease. Any other change as required in the lease agreement will ensure there is a one-year renewable option, with the following roll call vote:

Ayes:	Members Nishihara, Bauer, Noel and Hawkins
Noes:	None
Absent:	Member Adams
Abstaining:	None

Agreement for Architectural Design Services with AEDIS Architects – Measure P Streetscape – Miner School

Superintendent Manzo introduced the item commenting the Board previously received a presentation with regard to the Miner Streetscape Project. As part of the discussion from that presentation, the Board requested this item be brought back for action.

Superintendent Manzo provided clarification that the project still needs to be fully designed. Information presented to the Board at previous meetings were conceptual designs. He commented, as part of the feedback from those presentations, additional design ideas were suggested. The approval of the contract is for the engagement of the firm to fully complete and design the project. There is still a process which will include obtaining additional feedback from staff and the community.

PROPERTY LEASE  
AGREEMENT  
VICTORY  
OUTREACH  
CHURCH

AGREEMENT FOR  
DESIGN SERVICES  
STREETSCAPE  
MINER SCHOOL



Agreement for Architectural Design Services with AEDIS Architects –  
Measure P Streetscape – Miner School (continued)

Member Bauer expressed concern about the impact of traffic to the street where the parking lot is proposed to be enhanced. Superintendent Manzo indicated the design is intended to improve the area as originally presented and approved by the Board.

Member Nishihara requested clarification on the timeline of completion and the structure of outreach meetings. He commented, according to the completion timeline, there will be some disruption to the first part of the school year, and suggested we provide as much information as possible to the public ahead of time.

President Hawkins added he is uncomfortable with the item not coming back to the Board before being submitted to the DSA. He clarified he is not objecting to approving contract, but suggested the item be brought at the December 8<sup>th</sup> meeting for Board approval so the Board can review community and staff input. He also commented he would like to review the construction schedule.

There was discussion on community feedback received and meeting opportunities scheduled for additional feedback. It was suggested these meetings include the architects, staff, and community.

The Board proposed a broad radius for distribution of flyers to the community as well as engaging with the city on any impact to traffic. Dr. Rauschhuber commented, preliminary outreach to the city occurred, however, it did not include the request for a traffic impact study. Member Bauer requested staff find out the cost of a traffic impact report and inform the Board.

On motion by Member Nishihara and second by Member Bauer, the Board of Trustees approved the agreement with Aedis Architects for design services of the streetscape project at Miner Elementary School, in a not-to-exceed amount of \$119,370.00 as presented, with the understanding the community outreach information, project scope, and timeline review will be brought back to the Board at the December 8<sup>th</sup> meeting for action, with the following roll call vote:

Ayes:	Members Nishihara, Bauer, Noel and Hawkins
Noes:	None
Absent:	Member Adams
Abstaining:	None

AGREEMENT FOR  
DESIGN SERVICES  
STREETSCAPE  
MINER SCHOOL



Agreement for Architectural Design Services with AEDIS Architects – Measure P Streetscape – Miner School (continued)

Prior to the roll call vote, community member Jennifer Delaney mentioned she lives in the area and Lean Avenue is a main avenue for traffic and is already congested.

Resolution No. 1239-10/16, In Support of Proposition 55

Superintendent Manzo reported the Board received information regarding this Resolution at a previous Board Meeting. As a result of the conversation with the Board, it was agreed this item would be brought back for action in support of Proposition 55.

On motion by Member Bauer and second by Member Nishihara, the Board of Trustees adopted Resolution No. 1239-10/16 in Support of Proposition 55, The Children's Education and Health Care Protection act of 2016 as presented, with the following roll call vote:

Ayes:	Members Nishihara, Bauer, Noel and Hawkins
Noes:	None
Absent:	Member Adams
Abstaining:	None

Agreements for Architectural Design Services with Derivi Castellanos Architects (DCA) – Modernization - Projects Davis/Sakamoto Schools  
Superintendent Manzo asked Chief Operations Officer Dr. Neil Rauschhuber to provide an update regarding the Davis and Sakamoto summer projects.

Dr. Rauschhuber introduced Craig Scott from DCA and displayed a map of Sakamoto School as it exists and described the roof replacement and HVAC system upgrades proposed. He commented the upgrades and modifications are consistent with what has been completed during previous projects.

The streetscape project was reviewed which provides enhancements to the drop-off/pick-up area. Dr. Rauschhuber noted the design is representative of what has been completed in previous projects throughout the District, and part of the design process is to solicit staff and community input. Clarification was provided that although current portables will be replaced, the YMCA Program will not be displaced as part of the project.

Member Bauer proposed an alternate design and suggested staff present two designs and costs for Board review. There was discussion about design considerations to include traffic flow, impact to the YMCA, and DSA requirements, and specifically a cost comparison of replacing

AGREEMENT FOR  
DESIGN SERVICES  
STREETSCAPE  
MINER SCHOOL

RESOLUTION  
NO. 1239-10/16 IN  
SUPPORT OF  
PROPOSITION 55

AGREEMENTS FOR  
DESIGN SERVICES  
FOR  
MODERNIZATION  
PROJECTS –  
DAVIS/SAKAMOTO



Agreements for Architectural Design Services with Derivi Castellanos Architects (DCA) – Modernization - Projects Davis/Sakamoto Schools (continued)

portables versus bringing them up to the required standard. President Hawkins remarked phasing the project may be an option to minimize disruption to the community. He added there were memorial trees planted at the site and he expressed concern of losing those trees. He suggested making accommodations part of the project to protect or replace the trees. He also suggested extending outreach to the softball leagues, as many of them use the grounds. Dr. Rauschhuber commented he has a meeting set up with the President of the league.

Member Nishihara mentioned if consideration is given to shifting the parking area, that thought be given to minimizing the elimination of the green areas.

Dr. Rauschhuber continued the presentation reviewing the projects proposed for Davis Intermediate which includes roof replacement, HVAC System upgrades, security upgrades, walkway covers, student restroom upgrades, and locker replacement. There was discussion on whether or not there is a cost savings using electrical rather than gas heating. Mr. Scott remarked electricity is generated through solar panels which provides a cost savings to the District. Staff is currently monitoring data to provide a cost comparison which will take up to a year to finalize.

Upgrades to the existing roof which were performed in 2000 were discussed, as it appears some of the work was not completed properly. President Hawkins asked if there is malfeasance on the part of the architect, engineer, or construction manager which is requiring us to replace the roof. Superintendent Manzo commented staff will research what the original approved scope of work was at the time. Dr. Rauschhuber remarked staff is taking pictures and reviewing issues as they are discovered to ensure they do not happen again. President Hawkins commented if the work was not completed correctly the first time, he would like to explore what options there are to seek damages.

Member Noel asked what the warranty is with the work that is being proposed. Dr. Rauschhuber responded there is a 30-year warranty.

The walkway design was reviewed which includes restoring the canopies as they existed in 1964, taking into account current code requirements. Student restroom upgrades will bring them to ADA compliance, and student lockers will be replaced. Dr. Rauschhuber mentioned the Counseling Center needs to be completely rebuilt. Various options were

AGREEMENTS FOR  
DESIGN SERVICES  
FOR  
MODERNIZATION  
PROJECTS –  
DAVIS/SAKAMOTO



Agreements for Architectural Design Services with Derivi Castellanos Architects (DCA) – Modernization - Projects Davis/Sakamoto Schools (continued)

discussed and Superintendent Manzo mentioned the interest of the school is to retain the counseling area.

CSEA President, Judy Barnhart remarked the walkways were previously modified to deter vandalism. Superintendent Manzo shared the original intent was to cover the corridors as staff and students cannot get to and from classrooms without getting significantly wet when it is raining.

President Hawkins thanked Dr. Rauschhuber for the presentation. He reiterated he would like project delivery methods and vendors reviewed to ensure we are getting good value for our past investments.

Member Noel added she believes retaining the counseling center at its current location is preferable.

Proposed Board Agenda Memoranda Format/Content

President Hawkins reported he and Member Adams met with staff to discuss a new format for the Agenda Memoranda. Staff has been using the new format and this is a follow-up to see how it's working.

Superintendent Manzo commented he believes the modified format has allowed staff to be clearer. Member Bauer suggested a section be added to the Agenda for the Labor Representatives to have a brief opportunity to update the Board on issues happening within their respective unit. She also mentioned having students or staff from sites attend the meeting to update the Board on activities at their site.

Member Noel agreed with those additions, and there was discussion on a process in deciding who would come from a school site to report. President Hawkins asked staff to come back to the Board with an information item providing suggestions within the next few meetings.

Member Nishihara expressed concern regarding the Memoranda format, more specifically the public outreach section. He would like to find a way for staff to perform outreach to the community, but that it not be listed as a mandatory item on the Memoranda. President Hawkins mentioned this could be addressed in Board Policies currently under review. President Hawkins suggested staff continue with the format in a "pilot mode" with a final report and action on this item in December or January.

Member Noel remarked the role of the school board also needs to be addressed with the public, as she believes there are misconceptions. She

AGREEMENTS FOR  
DESIGN SERVICES  
FOR  
MODERNIZATION  
PROJECTS –  
DAVIS/SAKAMOTO

PROPOSED BOARD  
AGENDA  
MEMORANDA  
FORMAT/CONTENT



Proposed Board Agenda Memoranda Format/Content (continued)

suggested specifically the Boards' three main responsibilities need to be identified publically. President Hawkins suggested further discussion, and to return to the Board with ideas at a later date

PROPOSED BOARD  
AGENDA  
MEMORANDA  
FORMAT/CONTENT

Acting OGEA President, Dominic Rizzi, stated this generation is strongly engaged with Board activities. He appreciates the suggestion of including a section for the Labor units to report directly to the Board on activities occurring in their respective units.

Communications

The Board received an updated Board Activities Calendar listing a variety of events and activities for Board members' attendance and participation.

COMMUNICATION

Board Discussion

Member Bauer reported she attended the Santa Clara County School Boards Association Fall Dinner noting it was very well attended. She also shared they mentioned several school board member retirements during the event including Member Nishihara.

BOARD  
DISCUSSION

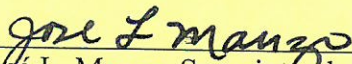
Member Bauer recognized Bernal Intermediate teacher Mrs. Fraschetti for a project she led with students called Letters to the President. She explained students researched a topic about which they are passionate, wrote about it, and created an artistic piece to accompany the report. She was impressed with what students wrote and commented she would forward the website link to Board members.

President Hawkins commented he had the pleasure of representing the Board at the Hispanic Student Awards this past weekend. He thanked Assistant Superintendent Andrew Garcia for attending, and remarked this is one of the Districts highlighted events. He mentioned there was standing room only in the auditorium where approximately 550 students were recognized. President Hawkins thanked ALLIED, teachers, and staff present to recognize the students. He commented guest speaker Liz Gonzales from the YMCA gave a powerful presentation about her own educational journey.

Adjournment

On motion by Member Nishihara and second by Member Bauer, the meeting was adjourned at 9:07 p.m., by unanimous vote.

ADJOURNMENT

  
Jose L. Manzo, Superintendent

\_\_\_\_\_  
Mary Noel, Vice President/Clerk



Regular Board Meeting  
November 10, 2016

### CERTIFICATED PERSONNEL ORDER

NEW HIRES:

David Delatorre  
Davis – RSP  
Effective: 9/25/2016

Enrique Garcia  
Davis – Counselor  
Effective: 11/1/2016

LEAVE OF ABSENCES:

Tina Piazza  
Baldwin – 00K  
Maternity  
Effective: 9/12/2016 – 11/15/2016

Tina Piazza  
Baldwin – 00K  
Child Rearing AB375  
Effective: 11/16/2016 – 1/6/2017

RETURN FROM LEAVE:

Fariba Roberts  
Christopher – 2<sup>nd</sup>  
Effective: 10/17/2016

### CERTIFICATED SERVICE AGREEMENT

NAME	JOB TITLE	SERVICE AGREEMENT DATES
Jepson, Holly	Reading Intervention Teacher – Hayes	10/11/16—5/30/17
Tanner, Terry	Literacy Intervention Teacher - Frost	10/1/16—5/30/17
Wise, Dominique	Globaloria and Enrichment Class Teacher - Christopher	10/20/16—6/30/17



CLASSIFIED PERSONNEL ORDER

NEW HIRE:

Isabel Aguilar  
Food Service Worker I – Bernal Intermediate  
Replacing: Ellen Corniuk  
Effective: 11/2/16

Mary Jane Kanga  
Executive Secretary – District Office, Business  
Replacing: Maria Leal  
Effective: 10/17/16

LEAVE OF ABENCE:

Sabrina Bocanegra  
Inst. Asst., Special Ed. – Baldwin Elementary  
Effective: 10/18/16

Ellen Corniuk  
Food Service Worker I – Bernal Intermediate  
Effective: 11/1/16

Beverlyn Yanit  
Inst. Asst., Special Ed. – Santa Teresa Elementary  
Effective: 11/3/16

LONG-TERM  
SUBSTITUTE:

Rommel Rodriguez  
School Bus Driver – Transportation  
Replacing: Margaret Jauregui  
Effective: 11/2/16

RETIREMENT:

Judy Barnhart  
Purchasing and Financial Technician – District Office, Business  
Effective: 5/17/16

RESIGNATION:

Sheryl Dalton  
School Bus Driver – Transportation  
Effective: 11/10/16

NAME	JOB TITLE/SITE	SERVICE AGREEMENT DATES
Fowler, Darryl	Girls' Basketball Coach - Davis	10/3/16—12/8/16
Kirkendall, Monica	Girls' Basketball Coach - Davis	10/13/16—11/29/16
Le, Huyen	Language Academy Techer – Parkview	10/1/16—5/30/17
Villafana, Maria Elvia	Babysitter - ESD	9/30/16 – 6/6/17





## Alex Anderson Elementary School

A California Distinguished School

5800 Calpine Dr.

San Jose, CA 95123

Christy Flores, Principal

September 26, 2016

Board of Trustees  
Oak Grove School District  
6578 Santa Teresa Boulevard  
San Jose, CA 95119

Dear Board of Trustees:

On behalf of Alex Anderson Elementary School, I respectfully request that you accept the donation of a Savin P-1992M-P2852 printer from Cambrian Bowl in San Jose.

Thank you for your consideration of this request.

Sincerely,

Christy Flores  
Principal

CF:gm

José L. Manzo, Superintendent

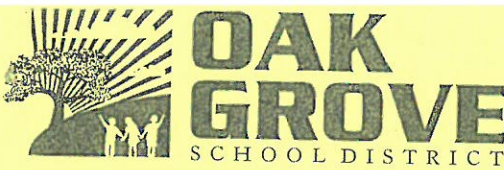
Board of Trustees: Jacquelyn Adams, Carolyn Bauer, Dennis Hawkins, Jeremy Nishihara, Mary Noel

An Equal Opportunity/Affirmative Action Employer



Our mission . . . "to ensure that every child's potential is achieved."





## Del Roble Elementary School

5 Avenida Almendros, San Jose, CA 95123  
408-225-5675 Fax 408-224-8748  
Yolanda A. Ross, Principal

October 26, 2016

Board of Trustees  
Oak Grove School District  
6578 Santa Teresa Blvd.  
San Jose, CA 95119

Dear Honorable Board of Trustees:

On behalf of the staff at Del Roble School, I respectfully request that you accept the donation of \$500. This donation will be used to purchase math instructional supplies for Miss Moreno's classroom. This donation was made possible by The Heising-Simons Foundation through the Mathematics Grant Program.

Thank you for your consideration of this request.

Sincerely,

Yolanda Ross  
Principal

José L. Manzo, Superintendent  
Board of Trustees: Jacquelyn Adams, Carolyn Bauer, Dennis Hawkins, Jeremy Nishihara, Mary Noel  
An Equal Opportunity/Affirmative Action Employer



Our mission . . . "to ensure that every child's potential is achieved."



OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

SUBJECT: **Board Notification of Funding Self-Insured  
Workers' Compensation Liabilities**

Consent X

DATE: **November 10, 2016**

Agenda Item A-5

REPORTED  
BY/PERSON  
RESPONSIBLE: **Laura T. Phan**

RECOMMENDED ACTION: **It is recommended that the Board of Trustees accept the 2015-2016 Public Self-Insurer's Annual Report for Workers' Compensation as approved by the Santa Clara County Schools Insurance Group Joint Powers Association.**

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BACKGROUND: Labor Code Section 3702.6(b) and Education Code 42141 require that the Board of Trustees be advised each year of the current funding status of estimated accrued but unfunded costs for self-insured workers' compensation claims liabilities and compliance with Governmental Accounting Standards Board Statement #10 ("GASB 10"). GASB 10 requires the accrual of a liability for the ultimate payment of claims and expenses based upon a reasonable (actuarial) estimate of all reported and unreported claims for all self-insured years.

DISCUSSION: The Oak Grove School District is a member of the Santa Clara County Schools Insurance Group ("SCCSIG"), a Joint Powers Authority providing risk management programs and services for Santa Clara County school districts. One of the insurance coverage provided by the SIG to the District is workers' compensation.

ALTERNATIVES CONSIDERED: N/A

FISCAL IMPACT: The SCCSIG is self-insured for claims with accident dates from October 1, 1978 through December 31, 1995 and from July 1, 2003 to present. The SCCSIG was fully insured between January 1, 1996 and June 30, 2003, and purchased excess insurance with zero retention since July 1, 2003 from the Protected Insurance Program for Schools (PIPS). The self-insured claims liability from July 1, 2003 through June 30, 2015 is recorded by PIPS.

POLICY ALIGNMENT: The SIG has accrued current and long-term liabilities and established reserves in compliance with GASB 10. As a member of SCCSIG, no current or long-term liabilities must be recorded on the books of the member districts. Copies of the 2015-2016 Public Self-Insurer's Annual Report, the actuarial report by Bickmore Risk Services, and the latest annual audit report of the SCCSIG are available for review on their website at [sccsig.org](http://sccsig.org), under Financial Data, and in the office located at 645 Wool Creek Drive, Suite 62, San Jose, Ca.

OUTCOME: The SCCSIG currently maintains no liability for claims with accident dates subsequent to calendar year 1995.





**Santa Clara County  
Schools' Insurance Group**  
645 Wool Creek Drive  
San Jose, California 95112-2617  
408-283-6230  
[www.sccsig.org](http://www.sccsig.org)



October 12, 2016

Oak Grove Elementary School District  
Laura Phan, Assistant Supt. BSD  
6578 Santa Teresa Blvd.  
San Jose, CA 95119

Regarding: Workers' Compensation Program:

- 2015/2016 Public Self-Insurer's Annual Report
- Compliance with Labor Code 3702.6(b) and Education Code Section 42141

The State of California requires all self-insured organizations to file an Annual Report with the Department of Industrial Relations. As a member of the Santa Clara County Schools' Insurance Group (SCCSIG) this report is filed annually on your behalf. The 2015/2016 Public Self-Insurer's Annual Report was filed on September 12, 2016 with the State of California Department of Industrial Relations.

Labor Code Section 3702.6(b) and Education Code 42141 requires your district Board to be advised regarding the current funding of estimated accrued but unfunded costs for Self-Insured Workers' Compensation Claims liabilities and compliance with Governmental Accounting Standards Board (GASB) Statement #10. GASB Statement #10 requires us to accrue a liability on our financial statements for the ultimate loss of claims and expenses, based on a reasonable estimate for all reported and unreported claims for all self-insured claim years. Liabilities are calculated based on a reconciliation of the Actuarial Report of Ultimate Losses and actual paid losses through June 30, 2016.

In compliance with GASB #10, the SCCSIG accrued \$1,986,000 as of June 30, 2016 was for the total estimated liability for self-insured workers' compensation claims. As a member of the SCCSIG Workers' Compensation fund, there is no liability to be recorded in your long-term debt account (J249A).

The SCCSIG is self-insured for claims with accident dates from October 1, 1978 through December 31, 1995 and from July 1, 2003 to present. The SCCSIG was fully insured between January 1, 1996 and June 30, 2003, and purchased excess insurance with zero retention since July 1, 2003 from the Protected Insurance Program for Schools (PIPS). The self-insured claims liability from July 1, 2003 through June 30, 2015 is recorded by PIPS. Therefore, the SCCSIG currently maintains no liability for claims with accident dates subsequent to calendar year 1995.

The 2015/2016 Public Self-Insurer's Annual Report, the actuarial report by Bickmore Risk Services, and the latest annual independent auditor's report by Crowe Horwath are on file at the SCCSIG office at 645 Wool Creek Drive, Suite 62, San Jose, California 95112. Audited financial statements for fiscal year 2015/2016 and the latest actuary report are also available on our website at [sccsig.org](http://sccsig.org), under Financial Data. The independent auditor's report for fiscal year ending June 30, 2016 will be on file in the SCCSIG office and on our website, when available.

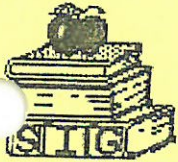
Sincerely,

Allen Partlow  
Accountant

Enclosures: Labor Code 3702.6  
Education Code 42141

"A Joint Powers Authority"





**Santa Clara County  
Schools' Insurance Group**  
645 Wool Creek Drive  
San Jose, California 95112-2617  
408-283-6230  
[www.sccsig.org](http://www.sccsig.org)



- Regarding: **Workers' Compensation Program:**
- **2015/2016 Public Self-Insurer's Annual Report**
  - **Compliance with Labor Code 3702.6(b) and Education Code Section 42141**

**California Codes:**

**Labor Code - Section 3702.6**

- 3702.6 (a) The director shall establish an audit program addressing the adequacy of estimates of future liability of claims for all private self-insured employers, and shall ensure that all private self-insured employers are audited within a three-year cycle by the Office of Self Insurance Plans.
- (b) Each public self-insurer shall advise its governing board within 90 days after submission of the self-insurer's annual report of the total liabilities reported and whether current funding of those workers' compensation liabilities is in compliance with the requirements of Government Accounting Standards Board Publication Number 10.
- (c) The director shall, upon a showing of good cause, order a special audit of any public self-insured employer to determine the adequacy of estimates of future liability of claims.
- (d) For purposes of this section, "good cause" means that there exist circumstances sufficient to raise concerns regarding the adequacy of estimates of future liability of claims to justify a special audit.

**Education Code - Section 42141**

42141. (a) If a school district of county office of education, either individually or as a member of a joint powers agency, is self-insured for workers' compensation claims, the superintendent of the school district or county superintendent of schools, as appropriate, annually shall provide information to the governing board of the school district or the county board of education, as appropriate, regarding the estimated accrued but unfounded cost of those claims. The estimate of costs shall be based on an actuarial report that incorporates annual fiscal information and is obtained by the superintendent at least every three years. The actuarial report shall be performed by an actuary who is a member of the American Academy of Actuaries. If the school district or county office of education regularly contracts for an actuarial report for other fiscal matters, a separate actuarial report is not required, if the estimate of costs required by this subdivision is separately and clearly set forth in that report.
- (b) The cost information required by subdivision (a) and a copy of the actuarial report on which the estimated costs are based shall be presented by the superintendent at a public meeting of the governing board. At that meeting, the governing board shall disclose, a separate agenda item, whether or not it will reserve a sufficient amount of money in its budget to fund the present value of the accrued but unpaid workers' compensation claims or if it is otherwise decreasing the amount in its workers' compensation reserve fund.
- (c) The governing board annually shall certify to the county superintendent of schools the amount of money, if any, that it has decided to reserve in its budget for the cost of those claims, and shall submit to the county superintendent of schools any budget revisions that may be necessary to account for that budget reserve.
- (d) The county board of education annually shall certify to the Superintendent of Public Instruction the amount of money, if any that has been reserved in the budget of the county office of education for the cost of those claims.

**Governmental Accounting Standards Board:**

**Excerpts from GASB Statement No. 10**

***Accounting and Financial Reporting for Risk Financing and Related Insurance***

This Statement establishes accounting and financial reporting standards for risk financing and insurance-related activities of state and local governmental entities, including public entity risk pools. This Statement generally requires public entity risk pools to follow the current accounting and financial reporting standards for similar business enterprises, based primarily on FASB Statement No. 60, *Accounting and Reporting by Insurance Enterprises*.



OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

SUBJECT: **Initial Bargaining Proposal from Oak Grove School District to American Federation of State, County and Municipal Employees (AFSCME), Council 57-Local 101**

Consent X

DATE: **November 10, 2016**

Agenda Item A-6

REPORTED  
BY/PERSON RESPONSIBLE: **Andrew A. Garcia**

RECOMMENDED ACTION: **It is recommended that the Board of Trustees adopt the initial bargaining proposal of the Oak Grove School District to the American Federation of State, County and Municipal Employees (AFSCME), Council 57 – Local 101**

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BACKGROUND: Board Policy BP 4043.1 states, "All initial contract proposals between the Board and an employee organization which relate to matters within the scope of representation, shall be presented at a public meeting and shall thereafter be public records. After the public has had an opportunity to provide input, the Board shall adopt its initial proposal at a public meeting.

DISCUSSION: The initial bargaining proposal of the Oak Grove School District to the AFSCME has been presented at a public meeting and has become public record. Board policy states once the public has had the opportunity to provide input, the Board shall adopt its initial proposal at a public meeting.

ALTERNATIVES CONSIDERED: Government Code section 3547 prohibits negotiations on contract proposals until after the public has had an opportunity to be informed of the proposal and provide any comments, and the proposal has been adopted by the Governing Board. The public has had the opportunity to provide input and the Board may move for final approval, adoption and "sunshining".

FISCAL IMPACT: The Board met in closed session to review the District's current fiscal sustainability and to establish fiscal parameters for collective bargaining. Parameters assure the District will be able to meet its financial obligations for the next three years while maintaining the required 3% reserve.

POLICY ALIGNMENT: Board Policy 4041 calls for the Superintendent or designee to identify any portions of the current agreement that hinder efforts to meet the District's Vision, Mission and long-term goals. Collective bargaining is a mutual exchange of positions followed by agreements which enables a group of employees with a "community of interest" to negotiate a binding written contract with an employer.

OUTCOME: Government Code Section 3547 (c) states that after the public has had the opportunity to express itself, the School Board shall, at a meeting which is open to the public, adopt the initial proposal.



SUNSHINE PROPOSAL  
FROM  
OAK GROVE SCHOOL DISTRICT  
TO  
AFSCME COUNCIL 57, LOCAL 101

October 27, 2016

**Article 5 – Pay and Allowance**

The District has an interest in discussing total compensation within the context of it being fiscally responsible.

**Article 6 – Health and Welfare Benefits**

The District has an interest in continuing to provide a benefit level that is fiscally sound.

**Article 10 – Leaves**

The District has an interest in addressing leave issues, including parental leaves.

**Article 11 – Transfers and Assignments**

The District has an interest in addressing transfer, posting, and assignment issues for bargaining unit employees.

**Article 21 – Duration**

The District has an interest in addressing the duration of the parties' successor collective bargaining agreement.



OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

SUBJECT: **Agreements with Derivi Castellanos Architects  
(DCA) for Measure P Modernization Projects at  
Davis Intermediate and Sakamoto Elementary** Action X

DATE: **November 10, 2016** Agenda Item B-1

REPORTED  
BY/PERSON  
RESPONSIBLE: **Laura T. Phan**

RECOMMENDED ACTION: **It is recommended that the Board of Trustees authorize Project Agreements with Derivi Castellanos Architects for design services at Davis Intermediate School and Sakamoto Elementary School, not-to-exceed \$2,366,874.00, as presented.**

---

**BACKGROUND:** At the September 22, 2016 Board Meeting, a bond program update presentation was made. The presentation included information regarding future projects at Davis Intermediate School and Sakamoto Elementary School. At the October 27, 2016 Board Meeting, agreements for work outlined below, were presented to the Board as an Information Item. Similar to previous years, Staff is seeking authorization to enter into Project Agreement(s) with DCA to cover design work as follows.

**Davis Intermediate School:**

- HVAC/Roofing - Architect Fee: \$958,784.00
- Covered Walk Ways - Architect Fee: \$84,000.00
- Student Restroom - Architect Fee: \$198,650.00
- Renovate to Counseling Bldg. - Architect Fee: \$106,050.00

**Sakamoto Elementary School:**

- HVAC/Roofing - Architect Fee: \$716,665.00
- Streetscape/Parking Lot - Architect Fee: \$249,795.00
- Structural Solar Modifications – Architect Fee: \$52,930.00

In addition to the design services per the Project Agreements, basic scope of services as outlined in the Master Agreement approved by the Board on January 28, 2016 include:

- Pre Design Coordination
- Schematic Design
- Construction Documents
- DSA Permitting Bid Process
- Construction Administration
- Project(s) Close Out/DSA certification

**DISCUSSION:** In order to provide construction services by June 8, 2017, plans and specification for the above projects will need to be submitted to DSA by December 31, 2016. The timetable for submission will allow appropriate DSA review time and Staff anticipates a permit being issued by April, 2017.

**FISCAL IMPACT:** Total architect fees not to exceed \$2,366,874.

**POLICY ALIGNMENT:** The architectural agreements will support student success by providing modernized facilities that are in good repair.

**OUTCOME:** Design and construction plans to be submitted to DSA by December 31, 2016.





DERIVI  
CASTELLANOS  
ARCHITECTS

Silicon Valley  
95 S Market St, Suite 480  
San Jose, CA 95113  
(408) 320-4871

Central Valley  
924 N Yosemite St  
Stockton, CA 95203  
(209) 462-2873

September 21, 2016

Dr. Neil Rauschhuber  
Chief Operations Officer  
OAK GROVE SCHOOL DISTRICT  
6578 Santa Teresa Boulevard  
San Jose, CA 95119

Re: **PROPOSAL FOR ARCHITECTURAL DESIGN SERVICES**  
HVAC/Roofing Replacement, Covered Walkways & Restroom Modernizations  
Summer 2017 – Caroline Davis Intermediate School

Dr. Rauschhuber:

Thank you for inviting Derivi Castellanos Architects (DCA) to submit our Proposal for Architectural Design Services related to your Project at Caroline Davis Intermediate School planned for Summer 2017.

This Proposal is based in part on site surveys conducted by our staff and consultants who will be working directly on these Projects. We have also reviewed the Final Master Plan Report dated June 11, 2015, prepared by CSDA Design Group. We have based our general approach to the work and recommended system types on our survey findings as well as recent conversations with you and your staff and on our successful experience delivering your HVAC/Roofing Projects in 2015 and 2016. The proposed fee arrangement is a Not-to-Exceed, Fixed-Fee as detailed below. We would be happy to revise our approach, recommended system types or any other point of our Proposal so that it meets your specific needs.

#### DESCRIPTION OF PROJECT

This project consist of the complete replacement of HVAC and Roofing Systems; new Covered Walkways where previously removed; Modernization of two sets of Boys/Girls Restrooms and other miscellaneous campus improvements at Caroline Davis Intermediate School. The HVAC and Roofing Systems are presently failing and are in dire need of complete replacement. The new systems will improve the educational environment by providing better occupant comfort/control, water-tightness, acoustics (reduction of mechanical noise in classrooms), indoor air quality and increased energy efficiency. In addition to the HVAC and Roofing scope, the Project will include structural repairs and patching of finishes as required to accomplish the work. We are also recommending that existing gas main be inspected and replaced if necessary. The expected service life of the new HVAC systems is 15-20 years and the Roofing is 30 years. By moving forward with this project, the District may be able to concurrently apply for Prop 39 funding. The Covered Walkway Scope will provide walkways for students to be protected from sun and rain at areas where they were previously removed. Two sets of Boys/Girls



restroom will be completed gutted and re-constructed to meet current accessibility and health standards. A detailed Scope of Work is attached to this Proposal. It is anticipated that this work will be submitted for approval to the Division of State Architect (DSA) as two packages as soon as possible and will go to construction Summer of 2017.

SCOPE OF SERVICES TO BE PROVIDED BY DCA

A. Pre-Design (PD):

1. Meet with District Representative on-site to review project objectives
2. Site investigation, measurement, photography
3. Draft current Site Plans and Roof Plans for use in design work
4. Coordinate PG&E Release from District, so we can obtain electrical usage data required for design
5. District will provide as-built drawings, points of connection and other site information required for design
6. Two meetings with District to confirm Scope of Work
7. A detailed Scope of Work is attached to this Proposal

B. Schematic Design (SD):

1. Two design meetings (GoToMeetings) with District Representative
2. Schematic Design: Roof Plan, Floor Plan, Reflected Ceiling Plan, HVAC Plan, Plumbing Plan, Electrical Plan, routing for all new utilities, Preliminary Specifications
3. One round of revisions based on direction from District (revisions not to exceed 20% of design area)
4. Obtain approval of 100% Schematic Design from District Representative

C. Design Development (DD):

1. Two design meetings (GoToMeetings) with District Representative
2. Design Development: Roof Plan, Floor Plan, Reflected Ceiling Plan, HVAC Plan, Plumbing Plan, Electrical Plan, Controls, Building Sections, Roofing/Flashing Details, Construction Details, Specifications
3. One round of revisions based on direction from District (revisions not to exceed 20% of design area)
4. Obtain approval of 100% Design Development from District Representative

D. Construction Documents (CD):

1. Three design meetings (GoToMeetings) with District Representative
2. Prepare Construction Documents and Calculations for our Scope of Work required for DSA submittal



3. Scope of Work to include: Roof Plan, Floor Plan, Reflected Ceiling Plan, HVAC Plan, Plumbing Plan, Electrical Plan, Controls, Building Sections, Roofing/Flashing Details, Construction Details, Interior Work, Patching of Finishes, Fire Alarm Modifications, Specifications (spec book)
4. One round of revisions based on direction from District (revisions not to exceed 10% of design area)
5. Obtain approval of 90% Construction Documents from District Representative

E. Permitting:

1. Coordinate submittal of Construction Documents to Oakland Division of State Architect (DSA) for Plan Review
2. Make all necessary corrections to Construction Documents based on DSA comments
3. Coordinate resubmittal of corrected Construction Documents to DSA for approval
4. Provide DSA-approved Construction Documents in PDF format to District for bidding and construction
5. This project will be submitted to DSA as two submittals: (1) HVAC/Roofing, (2) Covered Walkways/Restrooms
6. DSA Fees and reproduction costs will be paid by District

F. Bid Process:

1. District will be responsible for management and direction of the Bid Process
2. District will be responsible advertising, prequalification, program management and other District requirements
3. DCA will provide support to the District during the bid process
4. District will pay for printing and other reimbursables related to the Bid Process

G. Construction Administration:

1. DCA will provide comprehensive Construction Administration services, including leading weekly construction meetings
2. Construction Administration will include: weekly meetings, meeting minutes, submittals, field visits, clarifications, RFIs, CCDs, change order reviews, pay application reviews, punchlist, certification of completion, coordination with Contractor, IOR and District Staff
3. DCA will not be responsible for project schedule or budget
4. District will pay for printing and other reimbursables as needed for IOR and other District vendors
5. Construction period will be up to 12 weeks

H. Closeout/Certification

1. An allowance of for coordination of DSA Certification has been included



I. Sub-consultants

It is anticipated that the following Sub-consultants will be retained by DCA to perform design services required to complete the services outlined above.

- a. Structural (for HVAC/Roofing related work only): Don C. Urfer Assoc.
- b. Plumbing: ACIES Engineering
- c. Mechanical/HVAC: ACIES Engineering
- d. Electrical, Low Voltage: ACIES Engineering
- e. HVAC Controls: Total Control

EXCLUSIONS

1. Work on any adjacent existing facilities (portable buildings)
2. Upgrades to existing fire alarm systems
3. Upgrades to existing fire sprinkler systems
4. Responsibility for any existing deficiencies or violations on the sites
5. Responsibility for any uncertified projects on the sites
6. Geotechnical investigation
7. Inspection services
8. Artistic renderings, three dimensional drawings, BIM, other formats beyond the typical two dimensional industry-standard CAD drawings
9. Management of District's vendors (low voltage, data, security, etc.)
10. Any work with hazardous materials
11. Construction Management
12. Responsibility or Guarantee of projects budgets or schedules
13. Architectural work at interior spaces (i.e. interior modernization)
14. Site accessibility work (not anticipated to become part of this project; DCA will do a survey at the beginning of our design work to assess the potential need for modifications and will bring this to the attention of OGSD if required)
15. DCA provides the following standard insurance coverages; if additional coverages are requested by District, they will be provided upon acceptance by District of additional premium:
  - a. General Liability: \$1 million per occurrence/\$2 million aggregate
  - b. Auto: \$1 million per occurrence/\$2 million aggregate
  - c. Workers Comp: per statute
  - d. Professional Errors & Omissions: \$1 million per occurrence/\$2 million aggregate

Notwithstanding the foregoing, the parties agree that Additional Services (i.e., services beyond those included as Basic Services in this Agreement), including, but not limited to, architectural design and services related to the Project, may be provided by Architect and paid for by District if such services are described and authorized in a duly authorized written amendment to this Agreement. Additional Services, when authorized, will be billed and paid on a time and material basis, at Architect's then-current rates.



**TIMELINE**

It is anticipated that DCA will be authorized to proceed no later than 10/14/16 in order to be able to submit the plans for DSA review in time for bidding and construction in Summer 2017. Bidding and construction will be the responsibility of the District and is anticipated to take place as soon as possible concurrently with DSA approval. Construction of this project is planned for Summer 2017. This proposal is valid for 30 days.

**CONSTRUCTION BUDGET AND FEE SUMMARY**

<b>Site/Project</b>	<b>Construction Budget</b>	<b>Architect Fee (%)</b>	<b>Architect Fee (\$)</b>
Davis – Roofing & HVAC	\$9,131,280	10.50%	\$958,784
Davis – Covered Walkways	\$800,00	10.50%	\$84,000
Davis – Restrooms & Misc Scope	\$1,891,900	10.50%	\$198,650
<b>Total</b>	<b>\$12,790,880</b>	<b>10.50%</b>	<b>\$1,241,434</b>

- NOTES: [1] Architect Fee is proposed as a Not-to-Exceed, Fixed Fee Amount.  
 [3] Scope of Work and Construction Budget Worksheets attached.  
 [4] District will have the ability to increase the approved Scope of Work and Construction Budget during the design process. Any such increases will result in a pro-rated increase to the Architect Fee.  
 [5] Reimbursable costs are not included in the above figures.

**COMPENSATION SCHEDULE**

The basis of Client payments to Architect shall be: Lump Sum by Percent Complete, as follows:

Pre-design	12%	of Total Architect Fee
Schematic Design/Design Development	25%	of Total Architect Fee
Construction Documents	30%	of Total Architect Fee
Permitting	5%	of Total Architect Fee
Bidding	5%	of Total Architect Fee
Construction Administration	15%	of Total Architect Fee
Substantial Completion	5%	of Total Architect Fee
DSA Certification	3%	of Total Architect Fee



Terms of payment to the Architect: Architect will be paid Lump Sum based on Percent Complete. Client will be billed monthly. Invoiced amounts are payable and due within thirty (30) days from receipt of invoice. Additional Services authorized by Client will be performed on a Time & Materials basis per attached DCA Hourly Rate Schedule dated January 1, 2016.

#### INDEMNIFICATION

Architect will defend, indemnify and hold the District, its officers, employees, and agents harmless from and against any and all liability, loss, expense, including reasonable attorney's fees, or claims for injury or damages arising out of its performance under this Agreement, but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of the Architect, its officers, agents, or employees.

#### RELATIONSHIP OF PARTIES

Architect's relationship to District in the performance of the work of this agreement is that of an independent contractor.

#### NON-ASSIGNABILITY

The obligations of the parties under this Agreement are not assignable to any third party.

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This agreement may be terminated by either party upon not less than twenty-one days' written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination.

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THIS PROPOSAL IS RESPECTFULLY SUBMITTED

DERIVI CASTELLANOS ARCHITECTS

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Date

THIS PROPOSAL IS ACCEPTED AS PRESENTED

OAK GROVE SCHOOL DISTRICT

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Date



HOURLY RATE SCHEDULE  
Effective January 1, 2016

Managing Partner	\$200.00
------------------	----------

ARCHITECTURAL SERVICES

Principal Architect	\$170.00
Architect	\$150.00
Sr. Project Coordinator	\$120.00
Project Coordinator	\$110.00
Sustainability/LEED Coordinator	\$110.00
BIM/VDC Coordinator	\$110.00
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Drafter	\$80.00
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Consultants	actual cost +10%

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Reimbursable costs shall be billed at actual cost plus 10% and include reproduction, office consumables, mileage, shipping, telephone, software services, meeting costs, travel time, lodging, other miscellaneous services and expenses required to accomplish the work. Mileage will be reimbursed at the IRS standard mileage rate. These expenses shall not be considered a part of the overall maximum fee. All invoices are due and payable within 30 days of invoice date. All invoices for which payment is not received within 45 days will be assessed a 1.5% per month late charge (18% Annual Percentage Rate). This Fee Schedule is subject to adjustment every year on January 1st.



## PROPOSED SCOPE OF WORK

### Caroline Davis Intermediate School

HVAC/Roofing Replacement, Covered Walkways & Restroom Modernizations  
September 21, 2016

#### *School Description*

Original School – DSA #25387, November 24 , 1964 . Approaching 52 years old.  
Modernization – DSA #101181, January 3 , 2000 – mechanical not included.

Units A thru L. Total of 65,240 SF

• Unit A	Multi-Purpose/Kitchen	Type V- One-Hour.	10,320 SF
• Unit B	Classrooms	Type V-N	6,842 SF
• Unit C	Admin/Library	Type V-N	8,914 SF
• Unit D	Classrooms	Type V-N	9,158 SF
• Unit E	Classrooms	Type V-N	4,230 SF
• Unit F	Classrooms	Type V-N	9,149 SF
• Unit G	Exercise Room/Lockers	Type V-N	6,759 SF
• Unit H	Classrooms	Type V-N	8,400 SF
• Unit I	Counseling Office	Type V-N	928 SF
• Unit K	Storage	Type V-N	270 SF
• Unit L	Office/Classroom	Type V-N	270 SF

Also on-site are 10 portable classrooms adjacent to track , the Boys and Girls Club building and 2 portable Classrooms adjacent on the north end of campus. Of these , 5 of the 10 will receive roofing work as needed and new thermostats. One of the 2 will have a remodel to create a Lactation Center. Remaining buildings are not included in the Scope of Work.

No buildings on site have fire sprinkler systems currently. Sprinklers will not be added.

#### *Notes:*

- Most buildings are conditioned by large and small rooftop gas/electric AC units , some of which are serving multiple Classrooms.
- All equipment appears original.
- Master Plan Report as prepared by CSDA Design Group 6.11.15 recommends full replacement of all mechanical equipment and air distribution systems.
- Davis does have solar arrays on campus.



## PHASING OF WORK

Phase 1 2013 CBC: Submit by December 15<sup>th</sup>, 2016

- A. Roof Replacement
- B. Mechanical Upgrades and Controls.

Phase 2 2016 CBC: Submit January/ February, 2017

- C. Walkway Covers—steel framed w/steel decking. Includes lights.
- D. Campus Upgrades including:
  - Modernization of 2 Girls Toilet Rooms and 2 Boys Toilet Rooms.
  - Expand (E) Bicycle Parking. Additional concrete, fencing & gate.
  - New Landscape and Irrigation.
  - Locker Replacement at Building G.
  - Replace (E) sliding exterior door at Building A Music Room.
  - Lactation Center. A remodel of one of the portable Classrooms.
  - New Camera/Security System.
  - All New Door Hardware.

## SCOPE OF WORK

### *Phase 1*

#### **A. Roof Replacement**

##### Architectural:

- Removal and replacement of all roofing materials.
- Pre-finished Metal w/standing seam at sloped roof areas.
- Membrane roofing system with Gravel Surface at flat roof areas.
- New roof drains with overflows to replace existing, add overflow piping as needed.
- New crickets and tapered rigid insulation to create minimum 2% slope.
- New pre-finished metal copings to replace all existing copings.
- New flashing as needed.
- Restore or recreate roof hatches and roof access as needed.
- Remove/replace interior ceiling/wall finishes as needed for access to install new work.
- Remove/replace exterior finishes as needed.

##### Structural:

- Replace plywood roof sheathing as needed.
- Structural modifications as needed to accommodate new equipment.
- Structural repairs of existing construction as needed.

#### **B. Mechanical Upgrades**

##### Mechanical:

- Replace existing gas-fired RTU's with electric heat-pumps at classroom buildings.
- Replace existing gas-fired RTU's with in-kind at Building G – Locker Room.
- Replace existing make-up air/exhaust fan system in kind at multipurpose building.
- Replace existing gas-fired RTU's in kind at admin building.



Plumbing:

- New roof drains and overflow, per architect plans.
- New condensate drain piping.
- Gas piping modifications to serve new equipment as needed.
- Removal of existing roof HVAC gas piping.

Electrical:

- Electrical distribution to new equipment.

Fire Alarm:

- Integrate new duct smoke detectors with existing fire alarm system.

**Phase 2**

**C. Walkway Covers**

- Approximately 1,000 LF x 8'-0" wide Walkway Covers.
- Walkways will match the all steel walkway covers installed in 1995.
- Coordination with the District and DSA on structural solution.
- Includes surface mounted light fixtures and exposed conduit.

**D. Campus Upgrades**

- Modernization of 2 Girls Toilet Rooms and 2 Boys Toilet Rooms.
  - Replace all plumbing fixtures
  - Replace all light fixtures.
- Expand (E) Bicycle Parking. Additional concrete paving, fencing & gate.
- New Landscape and Irrigation as needed.
- Locker Replacement at Building G.

Girls Lockers :	2 Tier 15W x 12D	106 (212)
	3 Tier 15W x 12D	94 (282)
Boys Lockers :	2 Tier 15W x 12D	106 (212)
	3 Tier 15W x 12D	<u>94 (282)</u>
		400 (988)
- Replace (E) sliding exterior door at Building A Music Room.
- Lactation Center. A remodel of one of the portable Classrooms.
- New Camera/Security System.
- All New Door Hardware. 110 Doors.



**OAK GROVE SCHOOL DISTRICT**  
**HVAC & Roofing Project**

**Construction Budget**

Caroline Davis Intermediate School

Phase 1: HVAC & Roofing Scope

September 21, 2016

Work Item	Qty	Unit	Unit Cost	Division Subtotal
Demo existing HVAC & roofing	65,240	sf	3.00	195,720
Demo existing HVAC & roofing - 5 portables	5,000	sf	3.00	15,000
Remove existing ceilings for access (50% to remain)	65,240	sf	2.00	130,480
Remove existing exterior finishes	15,000	sf	3.00	45,000
Structural work allowance	65,240	sf	10.00	652,400
New roofing, crickets	65,240	sf	14.00	913,360
New roofing, complete - 5 portables	5,000	sf	12.00	60,000
New flashings and metal copings	71,764	sf	5.00	358,820
Repairs to existing parapets, etc.	1	ls	75,000.00	75,000
New comp shingle roofing at mansards (50% to remain)	20,000	sf	12.00	240,000
New roof hatch & ladder	8	ea	6,500.00	52,000
Replace existing ceilings removed for access (50% to remain)	65,240	sf	3.00	195,720
Cut/patch misc. interior finishes	65,240	sf	8.00	521,920
Cut/patch misc. exterior finishes	15,000	sf	10.00	150,000
Plumbing - roof drainings	65,240	sf	2.00	130,480
Plumbing- new condensate drains	65,240	sf	4.00	260,960
Plumbing - gas to units for MPR, Kitchen	2	ea	15,000.00	30,000
HVAC - new equipment & ductwork	65,240	sf	38.00	2,479,120
HVAC - new interior trim	65,240	sf	4.00	260,960
DDC controls	225	pt	1,500.00	337,500
New T-stats at portables	5	ea	3,500.00	17,500
Electrical - power to HVAC & controls	65,240	sf	20.00	1,304,800
Exterior painting/Touch up	65,240	sf	2.50	163,100
Misc. site work	1	ls	50,000.00	50,000
Hazmat removal	65,240	sf	4.00	260,960
New site gas line	1	ls	100,000.00	100,000
Field modifications to existing fire alarm system	65,240	sf	1.00	65,240
Field modifications to existing fire sprinklers	65,240	sf	1.00	65,240
Contingencies & soft costs by District				0
				0
				0
Direct Costs Subtotal:				9,131,280



**Construction Budget**  
**Caroline Davis Intermediate School**  
**Phase 2: Covered Canopy**  
**September 21, 2016**

[illegible]



OAK GROVE SCHOOL DISTRICT  
HVAC & Roofing Project

Construction Budget  
Caroline Davis Intermediate School  
Phase 2: Restrooms & Misc. Scope  
September 21, 2016

Work Item	Qty	Unit	Unit Cost	Division Subtotal
Restroom Remodel, complete gut and re-construction	800	sf	800.00	640,000
Lockers	988	ea	225.00	222,300
Expand bicylce parking, fencing	1	ls	75,000.00	75,000
Landscaping & irrigation allowance	1	ls	50,000.00	50,000
Replace existing sliding door at Bldg A	256	sf	350.00	89,600
New Lactation Center - remodel portable classroom	960	sf	250.00	240,000
New Security Camera System	1	ls	350,000.00	350,000
All new door hardware	150	dr	1,500.00	225,000
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				0
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				0
				0
				0
				0
Direct Costs Subtotal:				1,891,900





DERIVI  
CASTELLANOS  
ARCHITECTS

Silicon Valley  
95 S Market St, Suite 480  
San Jose, CA 95113  
(408) 320-4871

Central Valley  
924 N Yosemite St  
Stockton, CA 95203  
(209) 462-2873

September 21, 2016

Dr. Neil Rauschhuber  
Chief Operations Officer  
OAK GROVE SCHOOL DISTRICT  
6578 Santa Teresa Boulevard  
San Jose, CA 95119

Re: **PROPOSAL FOR ARCHITECTURAL DESIGN SERVICES**  
Re-purpose Existing Entry Building as a Counseling Center  
Summer 2017 – Caroline Davis Intermediate School

Dr. Rauschhuber:

Thank you for inviting Derivi Castellanos Architects (DCA) to submit our Proposal for Architectural Design Services related to your Project at Caroline Davis Intermediate School planned for Summer 2017.

This Proposal is based in part on site surveys conducted by our staff and consultants who will be working directly on these Projects. We have also reviewed the Final Master Plan Report dated June 11, 2015, prepared by CSDA Design Group. We have based our general approach to the work and recommended system types on our survey findings as well as recent conversations with you and your staff and on our successful experience delivering your HVAC/Roofing Projects in 2015 and 2016. The proposed fee arrangement is a Not-to-Exceed, Fixed-Fee as detailed below. We would be happy to revise our approach, recommended system types or any other point of our Proposal so that it meets your specific needs.

#### DESCRIPTION OF PROJECT

This project consist of the re-purposing and expansion of the existing entry building to serve as a new Counseling Center. Scope of work will include all new systems and finishes, new structural modifications as-needed, updated sitework and landscaping to create a more welcoming front door to the school for students, parents and the community as they arrive to Caroline Davis Intermediate School. A detailed Scope of Work is attached to this Proposal. It is anticipated that this work will be submitted for approval to the Division of State Architect (DSA) as soon as possible and will go to construction Summer of 2017.

#### SCOPE OF SERVICES TO BE PROVIDED BY DCA

##### A. Pre-Design (PD):

1. Meet with District Representative on-site to review project objectives



2. Site investigation, measurement, photography
3. Draft current Site Plans and Roof Plans for use in design work
4. Coordinate PG&E Release from District, so we can obtain electrical usage data required for design
5. District will provide as-built drawings, points of connection and other site information required for design
6. Two meetings with District to confirm Scope of Work
7. A detailed Scope of Work is attached to this Proposal

B. Schematic Design (SD):

1. Two design meetings (GoToMeetings) with District Representative
2. Schematic Design: Site Plan, Landscape Plan, Roof Plan, Floor Plan, Reflected Ceiling Plan, HVAC Plan, Plumbing Plan, Electrical Plan, routing for all new utilities, Preliminary Specifications
3. One round of revisions based on direction from District (revisions not to exceed 20% of design area)
4. Obtain approval of 100% Schematic Design from District Representative

C. Design Development (DD):

1. Two design meetings (GoToMeetings) with District Representative
2. Design Development: Site Plan, Landscape Plan, Roof Plan, Floor Plan, Reflected Ceiling Plan, HVAC Plan, Plumbing Plan, Electrical Plan, Controls, Building Sections, Roofing/Flashing Details, Grading, Underground Utility Plan, Construction Details, Specifications
3. One round of revisions based on direction from District (revisions not to exceed 20% of design area)
4. Obtain approval of 100% Design Development from District Representative

D. Construction Documents (CD):

1. Three design meetings (GoToMeetings) with District Representative
2. Prepare Construction Documents and Calculations for our Scope of Work required for DSA submittal
3. Scope of Work to include: Site Plan, Landscape Plan, Roof Plan, Floor Plan, Reflected Ceiling Plan, HVAC Plan, Plumbing Plan, Electrical Plan, Controls, Building Sections, Roofing/Flashing Details, Grading, Underground Utility Plan, Construction Details, Interior Work, Patching of Finishes, Fire Alarm Modifications, Specifications (spec book)
4. One round of revisions based on direction from District (revisions not to exceed 10% of design area)
5. Obtain approval of 90% Construction Documents from District Representative



E. Permitting:

1. Coordinate submittal of Construction Documents to Oakland Division of State Architect (DSA) for Plan Review
2. Make all necessary corrections to Construction Documents based on DSA comments
3. Coordinate resubmittal of corrected Construction Documents to DSA for approval
4. Provide DSA-approved Construction Documents in PDF format to District for bidding and construction
5. DSA Fees and reproduction costs will be paid by District

F. Bid Process:

1. District will be responsible for management and direction of the Bid Process
2. District will be responsible advertising, prequalification, program management and other District requirements
3. DCA will provide support to the District during the bid process
4. District will pay for printing and other reimbursables related to the Bid Process

G. Construction Administration:

1. DCA will provide comprehensive Construction Administration services, including leading weekly construction meetings
2. Construction Administration will include: weekly meetings, meeting minutes, submittals, field visits, clarifications, RFIs, CCDs, change order reviews, pay application reviews, punchlist, certification of completion, coordination with Contractor, IOR and District Staff
3. DCA will not be responsible for project schedule or budget
4. District will pay for printing and other reimbursables as needed for IOR and other District vendors
5. Construction period will be up to 26 weeks for new Public Entry Building
6. The proposed Fee is conditional on the design, bidding and construction to be completed concurrently with HVAC/Roofing, Covered Walkways, Restroom Scope submitted under a separate proposal

H. Closeout/Certification

1. An allowance of for coordination of DSA Certification has been included

I. Sub-consultants

It is anticipated that the following Sub-consultants will be retained by DCA to perform design services required to complete the services outlined above.

- a. Civil: Carroll Engineering
- b. Landscape: ANLA
- c. Structural (for HVAC/Roofing related work only): Don C. Urfer Assoc.



- d. Plumbing: ACIES Engineering
- e. Mechanical/HVAC: ACIES Engineering
- f. Electrical, Low Voltage: ACIES Engineering
- g. HVAC Controls: Total Control

#### EXCLUSIONS

1. This scope of services is proposed to be completed concurrently with HVAC/Roofing, Covered Walkways & Restrooms Scope, if Counseling Center scope is completed on a different timeline, DCA's Fee will be adjusted for increased overhead and construction administration costs
2. Work on any adjacent existing facilities (portable buildings)
3. Upgrades to existing fire alarm systems
4. Upgrades to existing fire sprinkler systems
5. Responsibility for any existing deficiencies or violations on the sites
6. Responsibility for any uncertified projects on the sites
7. Geotechnical investigation
8. Inspection services
9. Artistic renderings, three dimensional drawings, BIM, other formats beyond the typical two dimensional industry-standard CAD drawings
10. Management of District's vendors (low voltage, data, security, etc.)
11. Any work with hazardous materials
12. Construction Management
13. Responsibility or Guarantee of projects budgets or schedules
14. Architectural work at interior spaces (i.e. interior modernization)
15. Site accessibility work (not anticipated to become part of this project; DCA will do a survey at the beginning of our design work to assess the potential need for modifications and will bring this to the attention of OGSD if required)
16. DCA provides the following standard insurance coverages; if additional coverages are requested by District, they will be provided upon acceptance by District of additional premium:
  - a. General Liability: \$1 million per occurrence/\$2 million aggregate
  - b. Auto: \$1 million per occurrence/\$2 million aggregate
  - c. Workers Comp: per statute
  - d. Professional Errors & Omissions: \$1 million per occurrence/\$2 million aggregate

Notwithstanding the foregoing, the parties agree that Additional Services (i.e., services beyond those included as Basic Services in this Agreement), including, but not limited to, architectural design and services related to the Project, may be provided by Architect and paid for by District if such services are described and authorized in a duly authorized written amendment to this Agreement. Additional Services, when authorized, will be billed and paid on a time and material basis, at Architect's then-current rates.



#### TIMELINE

It is anticipated that DCA will be authorized to proceed no later than 10/14/16 in order to be able to submit the plans for DSA review in time for bidding and construction in Summer 2017. Bidding and construction will be the responsibility of the District and is anticipated to take place as soon as possible concurrently with DSA approval. Construction of this project is planned for Summer 2017. This proposal is valid for 30 days.

#### CONSTRUCTION BUDGET AND FEE SUMMARY

Site/Project	Construction Budget	Architect Fee (%)	Architect Fee (\$)
Davis – Re-purpose Existing Entry Building as Counseling Center	\$1,010,000	10.50%	\$106,050

- NOTES: [1] Architect Fee is proposed as a Not-to-Exceed, Fixed Fee Amount.  
[3] Scope of Work and Construction Budget Worksheets attached.  
[4] District will have the ability to increase the approved Scope of Work and Construction Budget during the design process. Any such increases will result in a pro-rated increase to the Architect Fee.  
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THIS PROPOSAL IS RESPECTFULLY SUBMITTED

DERIVI CASTELLANOS ARCHITECTS

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Date

THIS PROPOSAL IS ACCEPTED AS PRESENTED

OAK GROVE SCHOOL DISTRICT

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Date



HOURLY RATE SCHEDULE  
Effective January 1, 2016

Managing Partner	\$200.00
------------------	----------

ARCHITECTURAL SERVICES

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Architect	\$150.00
Sr. Project Coordinator	\$120.00
Project Coordinator	\$110.00
Sustainability/LEED Coordinator	\$110.00
BIM/VDC Coordinator	\$110.00
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## PROPOSED SCOPE OF WORK

### **Caroline Davis Intermediate School**

Re-purpose Existing Entry Building as Counseling Center

September 21, 2016

#### *School Description*

Original School – DSA #25387, November 24 , 1964 . Approaching 52 years old.

Modernization – DSA #101181, January 3 , 2000 – mechanical not included.

## SCOPE OF WORK

### ***Re-purposed Entry Building as Counseling Center***

- 1,800 SF , single story , Type V-N. Wood Framed.
- Not Fire Sprinklered.
- Cement plaster exterior. Aluminum Storefront Windows and Entrance Doors.
- Rooftop mechanical. 5–6 ton , electric heat pump with interior ducting.
- Entry canopy on east street frontage.
- Landscape an Irrigation Design at front of new building.
- Program includes : Reception/Lobby, 4 Offices, Conference Room, Work Area, 2 Toilet Rooms and a small Break Room.

#### Mechanical:

- New HVAC design.

#### Plumbing:

- New roof drains and overflow, per architect plans.
- New condensate drain piping.
- New plumbing for toilet cores.

#### Electrical:

- Electrical distribution to new HVAC equipment.
- Electrical distribution to new plumbing equipment.
- New lighting.
- New power outlets.

#### Fire Alarm:

- Fire alarm devices design.
- Integrate new fire alarm devices with existing fire alarm system.



**Construction Budget**  
**Caroline Davis Intermediate School**  
**Re-purpose Counseling Center**  
**September 21, 2016**

[illegible]





DERIVI  
CASTELLANOS  
ARCHITECTS

Silicon Valley  
95 S Market St, Suite 480  
San Jose, CA 95113  
(408) 320-4871

Central Valley  
924 N Yosemite St  
Stockton, CA 95203  
(209) 462-2873

September 21, 2016

Dr. Neil Rauschhuber  
Chief Operations Officer  
OAK GROVE SCHOOL DISTRICT  
6578 Santa Teresa Boulevard  
San Jose, CA 95119

Re: **PROPOSAL FOR ARCHITECTURAL DESIGN SERVICES**  
HVAC/Roofing Replacement & Streetscape Improvements  
Summer 2017 – Sakamoto Elementary School

Dr. Rauschhuber:

Thank you for inviting Derivi Castellanos Architects (DCA) to submit our Proposal for Architectural Design Services related to your HVAC & Roofing Replacement Project at Sakamoto Elementary School planned for Summer 2017.

This Proposal is based in part on site surveys conducted by our staff and consultants who will be working directly on these Projects. We have also reviewed the Final Master Plan Report dated June 11, 2015, prepared by CSDA Design Group. We have based our general approach to the work and recommended system types on our survey findings as well as recent conversations with you and your staff and on our successful experience delivering your HVAC/Roofing Projects in 2015 and 2016. The proposed fee arrangement is a Not-to-Exceed, Fixed-Fee as detailed below. We would be happy to revise our approach, recommended system types or any other point of our Proposal so that it meets your specific needs.

#### DESCRIPTION OF PROJECT

This project consist of the complete replacement of HVAC and Roofing Systems and a Streetscape Improvement at Sakamoto Elementary School. The HVAC and Roofing Systems are presently failing and are in dire need of complete replacement. The new systems will improve the educational environment by providing better occupant comfort/control, water-tightness, acoustics (reduction of mechanical noise in classrooms), indoor air quality and icreased energy efficiency. In addition to the HVAC and Roofing scope, the Project will include structural repairs and patching of finishes as required to accomplish the work. We are also recommending that existing gas main be inspected and replaced if necessary. The expected service life of the new HVAC systems is 15-20 years and the Roofing is 30 years. By moving forward with this project, the District may be able to concurrently apply for Prop 39 funding. The Streetscape scope includes a complete reconfiguration of the drive isles, student drop off and parking areas along with new landscaping, fencing and architectural updates to create a more welcoming and safer experience for students, parents and the community as they arrive to Sakamoto Elementary



School. A detailed Scope of Work is attached to this Proposal. It is anticipated that this work will be submitted for approval to the Division of State Architect (DSA) as two packages as soon as possible and will go to construction Summer of 2017.

SCOPE OF SERVICES TO BE PROVIDED BY DCA

A. Pre-Design (PD):

1. Meet with District Representative on-site to review project objectives
2. Site investigation, measurement, photography
3. Draft current Site Plans and Roof Plans for use in design work
4. Coordinate PG&E Release from District, so we can obtain electrical usage data required for design
5. District will provide as-built drawings, points of connection and other site information required for design
6. Two meetings with District to confirm Scope of Work
7. A detailed Scope of Work is attached to this Proposal

B. Schematic Design (SD):

1. Two design meetings (GoToMeetings) with District Representative
2. Schematic Design: Site Plan, Landscape Plan, Roof Plan, Floor Plan, Reflected Ceiling Plan, HVAC Plan, Plumbing Plan, Electrical Plan, routing for all new utilities, Preliminary Specifications
3. One round of revisions based on direction from District (revisions not to exceed 20% of design area)
4. Obtain approval of 100% Schematic Design from District Representative

C. Design Development (DD):

1. Two design meetings (GoToMeetings) with District Representative
2. Design Development: Site Plan, Landscape Plan, Roof Plan, Floor Plan, Reflected Ceiling Plan, HVAC Plan, Plumbing Plan, Electrical Plan, Controls, Building Sections, Roofing/Flashing Details, Grading, Offsite Improvements (limited to new driveways), Underground Utility Plan, Construction Details, Specifications
3. One round of revisions based on direction from District (revisions not to exceed 20% of design area)
4. Obtain approval of 100% Design Development from District Representative

D. Construction Documents (CD):

1. Three design meetings (GoToMeetings) with District Representative
2. Prepare Construction Documents and Calculations for our Scope of Work required for DSA submittal



3. Scope of Work to include: Site Plan, Landscape Plan, Roof Plan, Floor Plan, Reflected Ceiling Plan, HVAC Plan, Plumbing Plan, Electrical Plan, Controls, Building Sections, Roofing/Flashing Details, Grading, Underground Utility Plan, Offsite Improvements (limited to new driveways), Construction Details, Interior Work, Patching of Finishes, Fire Alarm Modifications, Specifications (spec book)
4. One round of revisions based on direction from District (revisions not to exceed 10% of design area)
5. Obtain approval of 90% Construction Documents from District Representative

E. Permitting:

1. Coordinate submittal of Construction Documents to Oakland Division of State Architect (DSA) for Plan Review
2. Make all necessary corrections to Construction Documents based on DSA comments
3. Coordinate resubmittal of corrected Construction Documents to DSA for approval
4. Provide DSA-approved Construction Documents in PDF format to District for bidding and construction
5. This project will be submitted to DSA as two submittals: (1) HVAC/Roofing & (2) Streetscape
6. DSA Fees and reproduction costs will be paid by District

F. Bid Process:

1. District will be responsible for management and direction of the Bid Process
2. District will be responsible advertising, prequalification, program management and other District requirements
3. DCA will provide support to the District during the bid process
4. District will pay for printing and other reimbursables related to the Bid Process

G. Construction Administration:

1. DCA will provide comprehensive Construction Administration services, including leading weekly construction meetings
2. Construction Administration will include: weekly meetings, meeting minutes, submittals, field visits, clarifications, RFIs, CCDs, change order reviews, pay application reviews, punchlist, certification of completion, coordination with Contractor, IOR and District Staff
3. DCA will not be responsible for project schedule or budget
4. District will pay for printing and other reimbursables as needed for IOR and other District vendors
5. Construction period will be up to 12 weeks

H. Closeout/Certification

1. An allowance of for coordination of DSA Certification has been included



I. Sub-consultants

It is anticipated that the following Sub-consultants will be retained by DCA to perform design services required to complete the services outlined above.

- a. Civil: Carroll Engineering
- b. Landscape: ANLA
- c. Structural (for HVAC/Roofing related work only): Don C. Urfer Assoc.
- d. Plumbing: ACIES Engineering
- e. Mechanical/HVAC: ACIES Engineering
- f. Electrical, Low Voltage: ACIES Engineering
- g. HVAC Controls: Total Control

EXCLUSIONS

- 1. Work on any adjacent existing facilities (portable buildings)
- 2. Upgrades to existing fire alarm systems
- 3. Upgrades to existing fire sprinkler systems
- 4. Responsibility for any existing deficiencies or violations on the sites
- 5. Responsibility for any uncertified projects on the sites
- 6. Geotechnical investigation
- 7. Inspection services
- 8. Artistic renderings, three dimensional drawings, BIM, other formats beyond the typical two dimensional industry-standard CAD drawings
- 9. Management of District's vendors (low voltage, data, security, etc.)
- 10. Any work with hazardous materials
- 11. Construction Management
- 12. Responsibility or Guarantee of projects budgets or schedules
- 13. Architectural work at interior spaces (i.e. interior modernization)
- 14. Site accessibility work (not anticipated to become part of this project; DCA will do a survey at the beginning of our design work to assess the potential need for modifications and will bring this to the attention of OGSD if required)
- 15. DCA provides the following standard insurance coverages; if additional coverages are requested by District, they will be provided upon acceptance by District of additional premium:
  - a. General Liability: \$1 million per occurrence/\$2 million aggregate
  - b. Auto: \$1 million per occurrence/\$2 million aggregate
  - c. Workers Comp: per statute
  - d. Professional Errors & Omissions: \$1 million per occurrence/\$2 million aggregate

Notwithstanding the foregoing, the parties agree that Additional Services (i.e., services beyond those included as Basic Services in this Agreement), including, but not limited to, architectural design and services related to the Project, may be provided by Architect and paid for by District if such services are described and authorized in a duly authorized written amendment to this Agreement. Additional Services, when authorized, will be billed and paid on a time and material basis, at Architect's then-current rates.



### TIMELINE

It is anticipated that DCA will be authorized to proceed no later than 10/14/16 in order to be able to submit the plans for DSA review in time for bidding and construction in Summer 2017. Bidding and construction will be the responsibility of the District and is anticipated to take place as soon as possible concurrently with DSA approval. Construction of this project is planned for Summer 2017. This proposal is valid for 30 days.

### CONSTRUCTION BUDGET AND FEE SUMMARY

Site/Project	Construction Budget	Architect Fee (%)	Architect Fee (\$)
Sakamoto – Roofing & HVAC	\$6,825,380	10.50%	\$716,665
Sakamoto – Streetscape	\$2,379,000	10.50%	\$249,795
Total	\$9,204,380	10.50%	\$966,460

- NOTES: [1] Architect Fee is proposed as a Not-to-Exceed, Fixed Fee Amount.  
 [3] Scope of Work and Construction Budget Worksheets attached.  
 [4] District will have the ability to increase the approved Scope of Work and Construction Budget during the design process. Any such increases will result in a pro-rated increase to the Architect Fee.  
 [5] Reimbursable costs are not included in the above figures.  
 [6] Alt 1 assumes removal/re-installation of PV panes is BY OTHERS

### COMPENSATION SCHEDULE

The basis of Client payments to Architect shall be: Lump Sum by Percent Complete, as follows:

Pre-design	12%	of Total Architect Fee
Schematic Design/Design Development	25%	of Total Architect Fee
Construction Documents	30%	of Total Architect Fee
Permitting	5%	of Total Architect Fee
Bidding	5%	of Total Architect Fee
Construction Administration	15%	of Total Architect Fee
Substantial Completion	5%	of Total Architect Fee
DSA Certification	3%	of Total Architect Fee



Terms of payment to the Architect: Architect will be paid Lump Sum based on Percent Complete. Client will be billed monthly. Invoiced amounts are payable and due within thirty (30) days from receipt of invoice. Additional Services authorized by Client will be performed on a Time & Materials basis per attached DCA Hourly Rate Schedule dated January 1, 2016.

#### INDEMNIFICATION

Architect will defend, indemnify and hold the District, its officers, employees, and agents harmless from and against any and all liability, loss, expense, including reasonable attorney's fees, or claims for injury or damages arising out of its performance under this Agreement, but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of the Architect, its officers, agents, or employees.

#### RELATIONSHIP OF PARTIES

Architect's relationship to District in the performance of the work of this agreement is that of an independent contractor.

#### NON-ASSIGNABILITY

The obligations of the parties under this Agreement are not assignable to any third party.

#### TERMINATION OF AGREEMENT

This agreement may be terminated by either party upon not less than twenty-one days' written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination.

#### GOVERNING LAW; DISPUTES

It is mutually agreed and understood by the parties hereto that the laws, statutes, rules, court decisions and the customs prevailing in the State of California will control and prevail in all matters affecting this Agreement.

In the event of a dispute between the parties concerning this Agreement, the parties agree to discuss the problem amicably and attempt to resolve the dispute. Disputes which cannot be settled will be submitted to mediation under terms agreed on by the parties at the time. Should the parties fail to agree on a mediation procedure within ten (10) business days or should a mediation session be held and fail to produce agreement, then the parties reserve their rights in law and equity to enforce their rights in a court of competent jurisdiction.



THIS PROPOSAL IS RESPECTFULLY SUBMITTED

DERIVI CASTELLANOS ARCHITECTS

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Date

THIS PROPOSAL IS ACCEPTED AS PRESENTED

OAK GROVE SCHOOL DISTRICT

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Date



HOURLY RATE SCHEDULE  
Effective January 1, 2016

Managing Partner	\$200.00
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ARCHITECTURAL SERVICES

Principal Architect	\$170.00
Architect	\$150.00
Sr. Project Coordinator	\$120.00
Project Coordinator	\$110.00
Sustainability/LEED Coordinator	\$110.00
BIM/VDC Coordinator	\$110.00
Sr. Designer	\$100.00
Designer	\$90.00
Drafter	\$80.00
Intern	\$70.00
Clerical Assistant	\$55.00
Consultants	actual cost +10%

PROJECT MANAGEMENT/CONSULTING SERVICES:

Funding Advisor	\$200.00
Sr. Project Manager	\$170.00
Project Manager	\$150.00
Energy Project Manager	\$150.00
Cost Estimator	\$150.00
Sr. Project Coordinator	\$120.00
Project Coordinator	\$110.00
Intern	\$70.00
Clerical Assistant	\$55.00
Consultants	actual cost +10%

Reimbursable costs shall be billed at actual cost plus 10% and include reproduction, office consumables, mileage, shipping, telephone, software services, meeting costs, travel time, lodging, other miscellaneous services and expenses required to accomplish the work. Mileage will be reimbursed at the IRS standard mileage rate. These expenses shall not be considered a part of the overall maximum fee. All invoices are due and payable within 30 days of invoice date. All invoices for which payment is not received within 45 days will be assessed a 1.5% per month late charge (18% Annual Percentage Rate). This Fee Schedule is subject to adjustment every year on January 1st.



## PROPOSED SCOPE OF WORK

### Sakamoto Elementary School

HVAC/Roofing Replacement & Streetscape Improvements

September 21, 2016

#### *School Description*

Original School – DSA #33051, July 9, 1970. Approaching 46 years old.

Modernization – DSA #103265, February 23, 2001 – mechanical not included.

Fire Sprinklers added as part of modernization.

Building A area 40,156 SF

There are 6 portable Classrooms that are not included in this Scope other than replacing thermostats to connect to District EMS system.

## SCOPE OF WORK

Package 1 2013 CBC: Submit by December 15<sup>th</sup>, 2016

- A. Roof Replacement
- B. HVAC Upgrades & HVAC Controls
  - Includes Relocation Gas Service and Main Electrical Service
  - Includes removal of (E) Portables (2).

Package 2 2016 CBC: Submit January/ February, 2017

- C. Frontage Improvements
  - Including Encroachment Permit, Fencing/Gates, Landscaping,
  - Relocation of Kinder Play Area, Utility Yard, Trash Enclosure, Site Lighting and (N) Flatwork at school entrance.
  - Allow for possible shade structure (PC)
- D. Install 2 (N) Portable Classrooms. Each 960 SF.
  - Includes associated site work

#### HVAC:

- Remove (E) Chiller, Pump and controls.
- Remove (E) Boilers, Pump and controls. Change to Storage.
- (E) piping to be abandoned in place.
- Use New Daiken Heat pump system.
- (1) new gas/electrical AC unit on roof to condition Multi-Use Room. (10-12 ton).
- 43 (N) Fan Coil air handlers with ducting above ceiling. All (N) ceiling registers and controls.
- (6) (N) exhaust fans on roof to replace existing.
- (1) new gas-fired makeup air unit on roof to serve kitchen
- (1) new exhaust fan on roof for kitchen (for hood) to replace existing
- New ductwork above and below roof, as determined by field surveys, to replace existing
- New supply/return air grilles



- New controls to replace existing (connect to District-wide system)

Plumbing:

- New roof drains and overflows
- New condensate drain piping
- Gas piping modifications to serve new equipment as needed  
New site gas line as needed. Relocate (E) Main Gas Service (substantially reduced load).

Electrical:

- Power distribution to new equipment
- Power for new controls system  
Relocate (E) Main Electric Service and transformer (1000 amp , 3 Ph.).  
Light Fixture Replacement – entire building. New light controls.

Fire/Life Safety:

- New duct smoke detectors, integrated into existing fire alarm system
- *Upgrade or new fire alarm system is not included in this proposal*
- *Upgrade or new fire sprinkler system is not included in this proposal*

Architectural:

- Removal and replacement of all roofing materials
  - a. Pre-finished Metal w/standing seam at sloped roof areas.
  - b. Membrane roofing system with Gravel Surface at flat roof areas.
- New roof drains with overflows to replace existing, add overflow piping through soffits as needed
- New crickets and tapered rigid insulation to create minimum 2% slope
- New pre-finished metal copings to replace all existing copings
- New flashings as needed
- New roof hatch
- Install prefinished metal fascia panels.
- Remove/replace interior ceiling/wall finishes as needed for access to install new work
- Remove/replace exterior finishes as needed
- New Fence / Gates at Relocated Utility Yard.

Structural:

- Replace plywood roof sheathing as needed
- Structural modifications as needed to accommodate new equipment
- Structural repairs of existing construction as needed
- CMU Walls for Utility Yard and Trash Enclosure.



Streetscape Work:

- Approximately 82,000 SF of frontage reconfiguration including :
  - Remove Kinder Play Area. Provide new Kinder Play Area on campus. Location not determined.
  - Remove 2 portable structures.
  - Relocate main electrical service and transformer. Coordinate w/PG&E.
  - Relocate gas service. Coordinate w/PG&E.
  - Enhance Frontage including expanding parking and drop off/pick up areas.
  - Enhance School entrance area with shade structure, seating walls and flagpole.
  - New wrought iron fence /gates. New landscaping.
  - Approximately 80 LF of 8'-0" CMU wall at relocated Utility Yard.
  - New Trash Enclosure.
  - Includes presentation boards and participation in community outreach.
  - District wants to add 2 portable Classrooms at northeast corner of playground (to replace the two units being removed for frontage work).



**OAK GROVE SCHOOL DISTRICT**  
**HVAC & Roofing Project**

**Construction Budget**  
 Sakamoto Elementary  
 Phase 1: HVAC & Roofing Scope  
 September 21, 2016

Work Item	Qty	Unit	Unit Cost	Division Subtotal
Demo existing HVAC & roofing	40,200	sf	3.00	120,600
Remove existing chiller yard, relocate chiller	1	ls	20,000.00	20,000
Remove existing boilers, pumps, controls	1	ls	10,000.00	10,000
Remove existing ceilings for access	40,200	sf	4.00	160,800
Remove existing exterior finishes	1	ls	50,000.00	50,000
Structural work allowance	40,200	sf	10.00	402,000
New roofing, crickets	44,220	sf	14.00	619,080
New flashings and metal copings	44,220	sf	5.00	221,100
Repair to existing parapets, etc.	1	ls	50,000.00	50,000
New metal roofing panels and fascias	12,000	sf	25.00	300,000
New roof hatch	1	ea	4,500.00	4,500
Replace existing ceilings removed for access	40,200	sf	6.00	241,200
Cut/patch misc. interior finishes	40,200	sf	8.00	321,600
Cut/patch misc. exterior finishes	10,000	sf	10.00	100,000
Plumbing - roof drainings	40,200	sf	2.00	80,400
Plumbing- new condensate drains	40,200	sf	4.00	160,800
Plumbing - gas to units for MPR, Kitchen	2	ea	15,000.00	30,000
HVAC - new equipment & ductwork	40,200	sf	38.00	1,527,600
HVAC - new interior trim	40,200	sf	4.00	160,800
DDC controls	150	pt	1,500.00	225,000
New T-stats at portables	6	ea	3,500.00	21,000
Electrical - power to HVAC & controls	40,200	sf	20.00	804,000
Electrical - lighting upgrade to LED, incl. controls	40,200	sf	16.00	643,200
Exterior painting/Touch up	40,200	sf	2.50	100,500
Move, reconfigure chiller yard	1	ls	60,000.00	60,000
Misc. site work	1	ls	50,000.00	50,000
Hazmat removal	40,200	sf	4.00	160,800
New site gas line	1	ls	100,000.00	100,000
Field modifications to existing fire alarm system	40,200	sf	1.00	40,200
Field modifications to existing fire sprinklers	40,200	sf	1.00	40,200
Contingencies & soft costs by District				0
				0
				0
Direct Costs Subtotal:				6,825,380



OAK GROVE SCHOOL DISTRICT  
HVAC & Roofing Project

Construction Budget  
Sakamoto Elementary  
Phase 2: Streetscape  
September 21, 2016

Work Item	Qty	Unit	Unit Cost	Division Subtotal
Site demo	82,000	sf	2.00	164,000
New site paving and concrete	82,000	sf	15.00	1,230,000
New landscaping & irrigation	20,000	sf	8.00	160,000
Relocated main electrical service (not a new service)	1	ls	50,000.00	50,000
Relocated/new kinder play area	1	ls	75,000.00	75,000
Enhanced frontage, seat walls, planters, etc.	1	ls	50,000.00	50,000
New shade structure	1	ea	60,000.00	60,000
New wrought iron fence & gates	1,200	lf	75.00	90,000
Set two new portable classrooms, incl utilities	2	ea	250,000.00	500,000
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				0
				0
				0
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				0
Direct Costs Subtotal:				2,379,000





DERIVI  
CASTELLANOS  
ARCHITECTS

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San Jose, CA 95113  
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September 21, 2016

Dr. Neil Rauschhuber  
Chief Operations Officer  
OAK GROVE SCHOOL DISTRICT  
6578 Santa Teresa Boulevard  
San Jose, CA 95119

Re: **PROPOSAL FOR ARCHITECTURAL DESIGN SERVICES**  
Structural Modifications to Existing Photovoltaic System on Roof  
Summer 2017 – Sakamoto Elementary School

Dr. Rauschhuber:

Thank you for inviting Derivi Castellanos Architects (DCA) to submit our Proposal for Architectural Design Services related to your Project referenced above at Sakamoto Elementary School planned for Summer 2017.

This Proposal is based in part on site surveys conducted by our staff and consultants who will be working directly on these Projects. We have also reviewed the Final Master Plan Report dated June 11, 2015, prepared by CSDA Design Group. We have based our general approach to the work and recommended system types on our survey findings as well as recent conversations with you and your staff and on our successful experience delivering your HVAC/Roofing Projects in 2015 and 2016. The proposed fee arrangement is a Not-to-Exceed, Fixed-Fee as detailed below. We would be happy to revise our approach, recommended system types or any other point of our Proposal so that it meets your specific needs.

#### DESCRIPTION OF PROJECT

This project consist of the removal and re-installation of the existing Photovoltaic panels, and supporting structure, currently installed on the roof of Building A at Sakamoto Elementary School. The Photovoltaic panels need to be removed/reinstalled to allow for installation of a new roof under a separate contract. This project is not intended to change the existing Photovoltaic system's operation or capacity. It is anticipated that this work will be submitted for approval to the Division of State Architect (DSA) as soon as possible and will go to construction as early as Spring of 2017.

#### SCOPE OF SERVICES TO BE PROVIDED BY DCA

1. Schematic drawing of as-built conditions for the purposes of bidding
2. Structural design and details for coordinate the removal/re-installation of Photovoltaic panels and supporting structure with new roofing system



3. Construction details for re-installation of Photovoltaic panels
4. Scope of Work notes on drawing sheets
5. Review of Scope of Work by Photovoltaic Consultant
6. Coordinate submittal of Construction Documents to Oakland Division of State Architect (DSA) for Plan Review
7. Make all necessary corrections to Construction Documents based on DSA comments
8. DCA will provide support to the District during the bid process
9. Construction Administration services per DSA requirements
10. Project closeout and DSA Certification

#### EXCLUSIONS

1. This scope of services is proposed to be completed concurrently with HVAC/Roofing & Streetscape Scope, if Photovoltaic scope is completed on a different timeline, DCA's Fee will be adjusted for increased overhead and construction administration costs
2. Any Photovoltaic design or commissioning work is excluded
3. DSA Fees and reproduction costs will be paid by District
4. District will be responsible for management and direction of the Bid Process
5. District will be responsible advertising, prequalification, program management and other District requirements
6. District will pay for printing and other reimbursables related to the Bid Process
7. Work on any adjacent existing facilities (portable buildings)
8. Upgrades to existing fire alarm systems
9. Upgrades to existing fire sprinkler systems
10. Responsibility for any existing deficiencies or violations on the sites
11. Responsibility for any uncertified projects on the sites
12. Geotechnical investigation
13. Inspection services
14. Artistic renderings, three dimensional drawings, BIM, other formats beyond the typical two dimensional industry-standard CAD drawings
15. Management of District's vendors (low voltage, data, security, etc.)
16. Any work with hazardous materials
17. Construction Management
18. Responsibility or Guarantee of projects budgets or schedules
19. Architectural work at interior spaces (i.e. interior modernization)
20. Site accessibility work (not anticipated to become part of this project; DCA will do a survey at the beginning of our design work to assess the potential need for modifications and will bring this to the attention of OGSD if required)
21. DCA provides the following standard insurance coverages; if additional coverages are requested by District, they will be provided upon acceptance by District of additional premium:
  - a. General Liability: \$1 million per occurrence/\$2 million aggregate
  - b. Auto: \$1 million per occurrence/\$2 million aggregate
  - c. Workers Comp: per statute
  - d. Professional Errors & Omissions: \$1 million per occurrence/\$2 million aggregate



Notwithstanding the foregoing, the parties agree that Additional Services (i.e., services beyond those included as Basic Services in this Agreement), including, but not limited to, architectural design and services related to the Project, may be provided by Architect and paid for by District if such services are described and authorized in a duly authorized written amendment to this Agreement. Additional Services, when authorized, will be billed and paid on a time and material basis, at Architect's then-current rates.

#### TIMELINE

It is anticipated that DCA will be authorized to proceed no later than 10/14/16 in order to be able to submit the plans for DSA review in time for bidding and construction in Summer 2017. Bidding and construction will be the responsibility of the District and is anticipated to take place as soon as possible concurrently with DSA approval. Construction of this project is planned for Summer 2017. This proposal is valid for 30 days.

#### ARCHITECT FEE SUMMARY

**Lump Sum Architect Fee:**

**\$52,930.00**

NOTES: [1] Reimbursable costs are not included in the above figures.

Terms of payment to the Architect:

Architect will be paid Lump Sum based on Percent Complete. Client will be billed monthly. Invoiced amounts are payable and due within thirty (30) days from receipt of invoice. Additional Services authorized by Client will be performed on a Time & Materials basis per attached DCA Hourly Rate Schedule dated January 1, 2016.

#### INDEMNIFICATION

Architect will defend, indemnify and hold the District, its officers, employees, and agents harmless from and against any and all liability, loss, expense, including reasonable attorney's fees, or claims for injury or damages arising out of its performance under this Agreement, but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of the Architect, its officers, agents, or employees.

#### RELATIONSHIP OF PARTIES

Architect's relationship to District in the performance of the work of this agreement is that of an independent contractor.



NON-ASSIGNABILITY

The obligations of the parties under this Agreement are not assignable to any third party.

TERMINATION OF AGREEMENT

This agreement may be terminated by either party upon not less than twenty-one days' written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination.

GOVERNING LAW; DISPUTES

It is mutually agreed and understood by the parties hereto that the laws, statutes, rules, court decisions and the customs prevailing in the State of California will control and prevail in all matters affecting this Agreement.

In the event of a dispute between the parties concerning this Agreement, the parties agree to discuss the problem amicably and attempt to resolve the dispute. Disputes which cannot be settled will be submitted to mediation under terms agreed on by the parties at the time. Should the parties fail to agree on a mediation procedure within ten (10) business days or should a mediation session be held and fail to produce agreement, then the parties reserve their rights in law and equity to enforce their rights in a court of competent jurisdiction.

THIS PROPOSAL IS RESPECTFULLY SUBMITTED

DERIVI CASTELLANOS ARCHITECTS

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Date

THIS PROPOSAL IS ACCEPTED AS PRESENTED

OAK GROVE SCHOOL DISTRICT

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Date



HOURLY RATE SCHEDULE  
Effective January 1, 2016

Managing Partner	\$200.00
------------------	----------

ARCHITECTURAL SERVICES

Principal Architect	\$170.00
Architect	\$150.00
Sr. Project Coordinator	\$120.00
Project Coordinator	\$110.00
Sustainability/LEED Coordinator	\$110.00
BIM/VDC Coordinator	\$110.00
Sr. Designer	\$100.00
Designer	\$90.00
Drafter	\$80.00
Intern	\$70.00
Clerical Assistant	\$55.00
Consultants	actual cost +10%

PROJECT MANAGEMENT/CONSULTING SERVICES:

Funding Advisor	\$200.00
Sr. Project Manager	\$170.00
Project Manager	\$150.00
Energy Project Manager	\$150.00
Cost Estimator	\$150.00
Sr. Project Coordinator	\$120.00
Project Coordinator	\$110.00
Intern	\$70.00
Clerical Assistant	\$55.00
Consultants	actual cost +10%

Reimbursable costs shall be billed at actual cost plus 10% and include reproduction, office consumables, mileage, shipping, telephone, software services, meeting costs, travel time, lodging, other miscellaneous services and expenses required to accomplish the work. Mileage will be reimbursed at the IRS standard mileage rate. These expenses shall not be considered a part of the overall maximum fee. All invoices are due and payable within 30 days of invoice date. All invoices for which payment is not received within 45 days will be assessed a 1.5% per month late charge (18% Annual Percentage Rate). This Fee Schedule is subject to adjustment every year on January 1st.



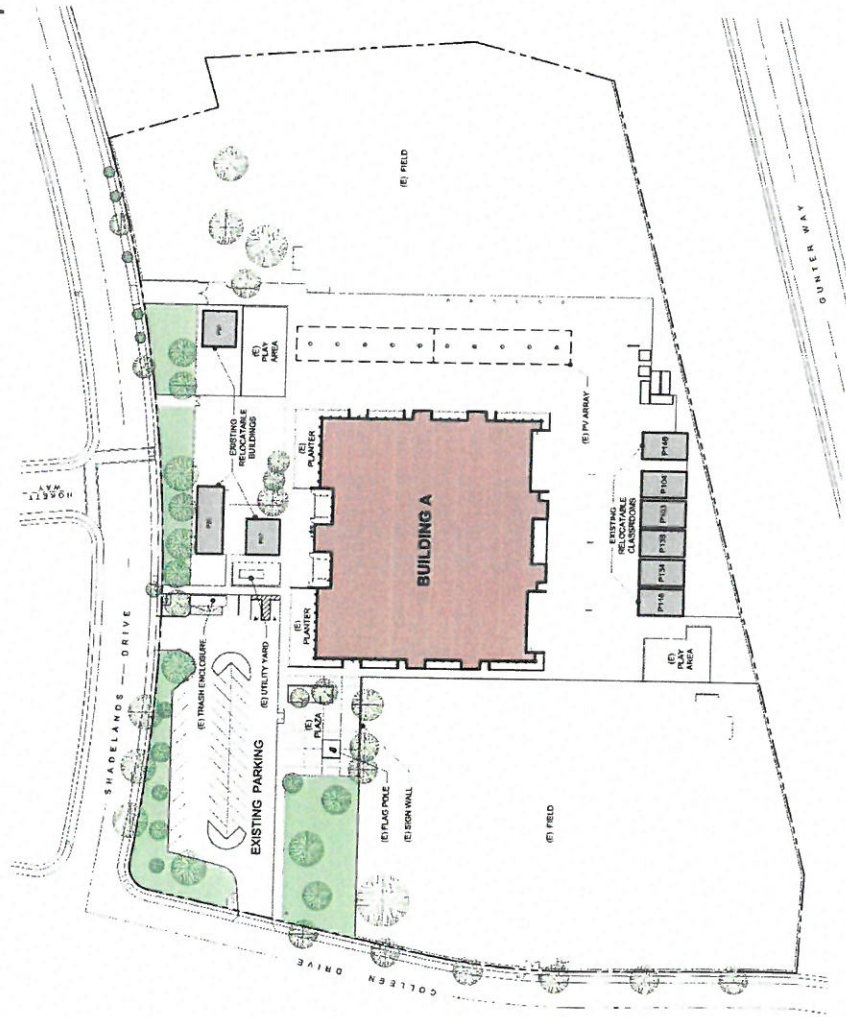
Oak Grove School District  
Summer 2017 Projects

SAKAMOTO ELEMENTARY SCHOOL  
and  
CAROLINE DAVIS INTERMEDIATE SCHOOL





Constructed 1970 - Modernization 2001 - 40,156 Square feet





## SAKAMOTO ELEMENTARY SCHOOL

- ROOF REPLACEMENT
  - Standing Seam Metal on Sloping Roofs.
  - Removal and Re-Installation of Roof Mounted Solar Panels.
- HVAC SYSTEM UPGRADES
  - Remove Existing Chiller and Boilers.
  - Energy Efficient VRV (Variable Refrigerant Volume) System.
  - Light Fixture Upgrades as required by Title 24.
  - New Systems Connect to District's Energy Management System.
  - All Classrooms have their Own Thermostat with +4/-4 Control.
  - Deletes Gas Heating Where Practical.



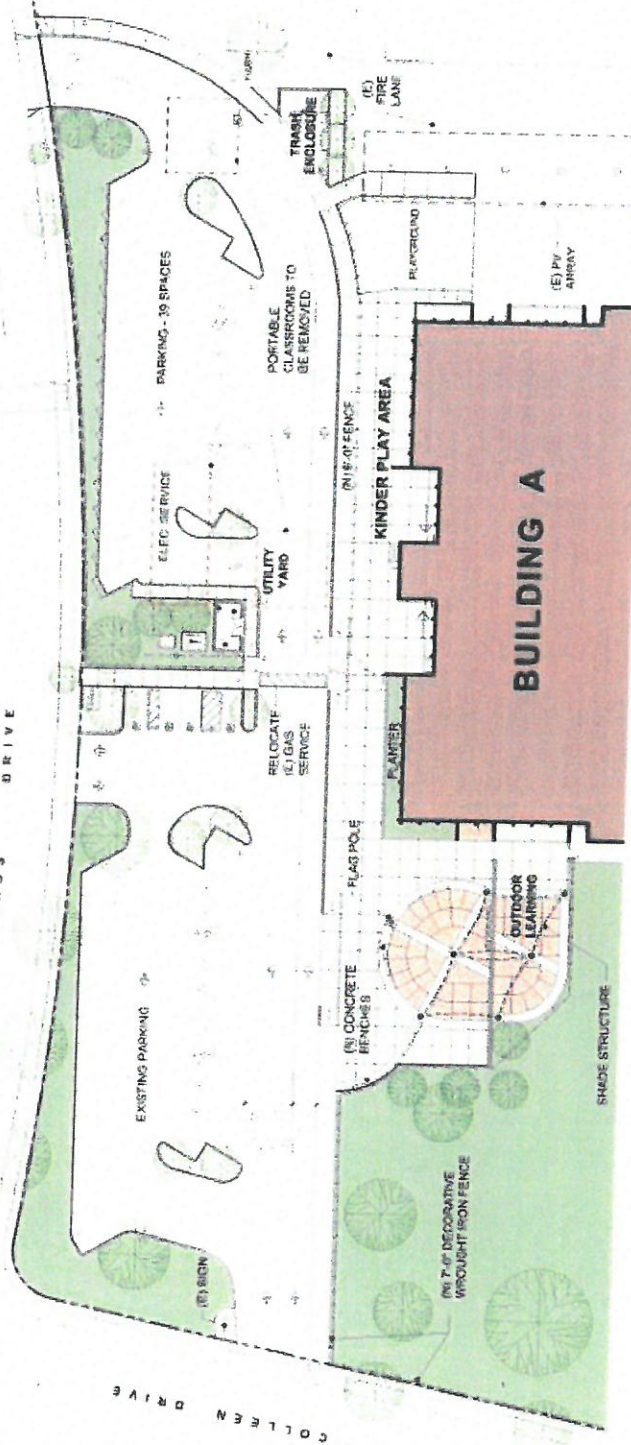
## SAKAMOTO ELEMENTARY SCHOOL

- **STREETSCAPE , DROP-OFF / PICK-UP ENHANCEMENTS**
  - Expands Main On-Site Drive Lane – Providing Safe Transportation and Drop-Off Area.
  - Increases On-Site Parking. Replaces Utility Yard and Trash Enclosure.
  - Streetscape Enhancement including Decorative Fencing and Gates.
  - Upgrade of Plaza Area at School Entrance. Expands Queuing Area for Students.
  - New Shade Structure and Outdoor Learning Environment.
  - New Landscaping and Irrigation System. New Site Lighting.
  - Requires Relocation of Existing Gas and Electrical Services.
  - Requires Removal of 3 Non-Certified Portables.
  - Re-Use and Installation of 2 Portable Classrooms.



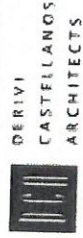
HOKETT WAY

SHADELANDS DRIVE



## CONCEPT SITE PLAN

# SAKAMOTO ELEMENTARY SCHOOL



DERIVI  
CASTELLANOS  
ARCHITECTS



# CAROLINE DAVIS INTERMEDIATE SCHOOL

Constructed 1964 - Modernization 2000 - 65,240 Square feet





## CAROLINE DAVIS INTERMEDIATE SCHOOL

### • ROOF REPLACEMENT

- Standing Seam Metal on Sloping Roofs.
- New Roof Access Ladders & Hatches – 8 Buildings.
- Upgrades Technology of Camera/Security System.

### • HVAC SYSTEM UPGRADES

- Remove Old Split Systems. Remove all Ground Floor Furnaces.
- Install New Roof Top Heat Pump Units. One per Classroom.
- New Systems Connect to District's Energy Management System.
- All Classrooms have their Own Thermostat with +4/-4 Control.
- Deletes Gas Heating Where Practical.



## CAROLINE DAVIS INTERMEDIATE SCHOOL

### OTHER IMPROVEMENTS:

- WALKWAY COVERS

- Construct Walkway Covers Where They have Been Removed.
- New Structures Must Be Independent from Existing Buildings per DSA.

- STUDENT RESTROOMS UPGRADES

- Girls/Boys Toilet Rooms at Elective Wing to be ADA compliant.
- Girls/Boys Toilet Rooms at Administration Building.

- LOCKERS REPLACEMENT



## CAROLINE DAVIS INTERMEDIATE SCHOOL

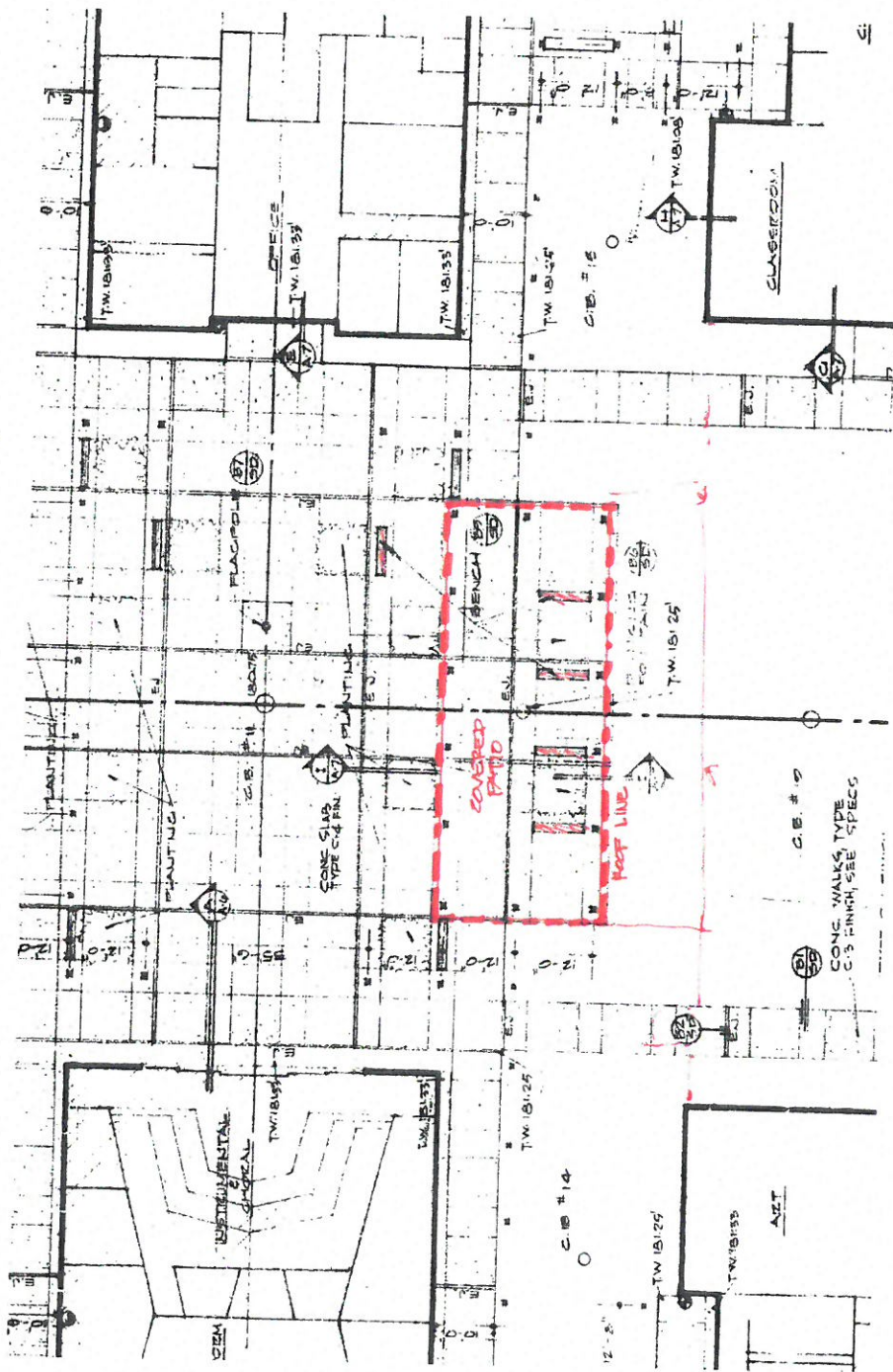
### • COUNSELING WING

- Inspection has revealed Significant Rot in Roof Framing.
- Original Structure was a Patio Cover Originally Constructed in 1964.
- Walls were added in in 1979 to Create a 950 SF Counseling Office.
- Modifying Roof Structure Triggers Current Code Compliance.
- Per DSA , Code Compliance will not Allow Existing Columns to Remain.

Roof Replacement and Mechanical Upgrade is not recommended with Counseling Wing in it's current state. DCA will work with District and School Community to determine the best approach for this building.

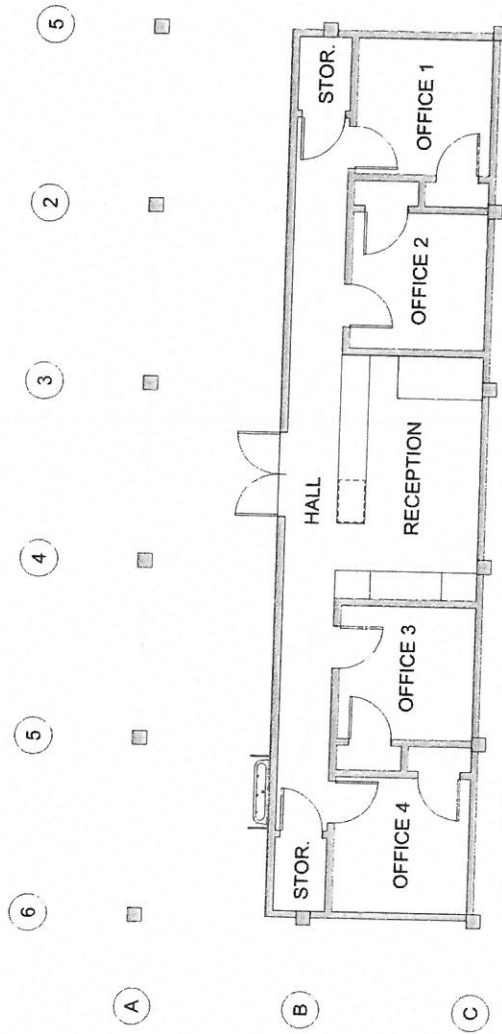


Original Davis Construction Drawing from 1964





# Existing Floor Plan of Counseling Offices





OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

SUBJECT: **California School Boards Association (CSBA)** Action X  
**Delegate Assembly Call for Nominations**

DATE: **November 10, 2016** Agenda Item C-1

REPORTED  
BY/PERSON  
RESPONSIBLE: **Dennis Hawkins**

RECOMMENDED **As appropriate.**  
ACTION:

---

BACKGROUND: Each year, member boards elect representatives from 21 geographic regions to CSBA's Delegate Assembly. The Delegate Assembly sets the general policy direction for the association. Delegates ensure that the association promotes the interests of school districts and county offices of education throughout the state.

DISCUSSION: This item comes to the Board for consideration and/or action annually. Information on the CSBA Delegate Assembly Call for Nominations including a memo outlining instructions, a copy of the nomination form, and a copy of the FAQ's regarding Delegate Assembly nominations and elections is attached. A board member must be formally nominated by a board in the region or sub region, and may be nominated by his or her own district or county office. Nominations are being accepted through January 7, 2017

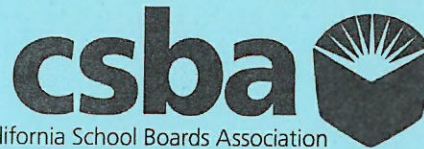
ALTERNATIVES CONSIDERED: Voting for Delegates is an action of the entire board rather than individual board members; therefore, it is done at public meeting and requires a majority vote.

FISCAL IMPACT: N/A

POLICY ALIGNMENT: The CSBA Delegate Assembly has a direct impact on policy recommendations for school districts throughout the state of California.

OUTCOME: Nominees must submit required materials, and are responsible to confirm that all nomination materials have been received by the CSBA Executive Office by January 7.





California School Boards Association

October 24, 2016

**DEADLINE: Saturday, January 7, 2017**  
**BOARD ACTION REQUIRED**  
Please deliver to all governing board members.

## MEMORANDUM

To: All Board Presidents, Superintendents of CSBA Member Boards of Education

From: Chris Ungar, President

Re: Call for Nominations for CSBA Delegate Assembly

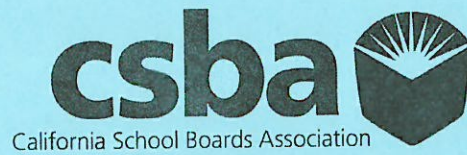
Each year, member boards elect representatives from 21 geographic regions to CSBA's Delegate Assembly. The Delegate Assembly is a vital link in the association's governance and sets the general policy direction for the association. Working with local districts, county offices, the Board of Directors, and Executive Committee, Delegates ensure that the association promotes the interests of school districts and county offices of education throughout the state. There are two required Delegate Assembly meetings each year. In 2017, the first meeting will be May 20-21 in Sacramento and the second one will be November 29-30 in San Diego preceding CSBA's Annual Education Conference and Trade show.

Nomination and candidate biographical sketch forms for CSBA's Delegate Assembly are now being accepted until **Saturday, January 7, 2017**. Nomination instructions are listed below:

- Any CSBA member board is eligible to nominate board members within their geographical region or subregion and may nominate as many individuals as it chooses by submitting a nomination form for each nominee.
- All nominees must serve on CSBA member boards and give their approval prior to being nominated.
- All nominees must submit a **one-page, single-sided**, candidate biographical sketch form. An optional one-page, one-sided résumé may also be submitted but cannot be substituted for the biographical sketch form.
- All nomination materials must be postmarked by the U.S.P.S., faxed or emailed no later than **Saturday, January 7**. It is the nominee's responsibility to confirm that all nomination materials have been received by the CSBA Executive Office by this due date. Late submissions will not be accepted.
- Ballots will be mailed by Wednesday, February 1, 2017 and are due Wednesday, March 15, 2017.
- Elected Delegates serve a two-year term beginning April 1, 2017 through March 31, 2019.

The enclosed nomination materials related to the nomination process are available to download at <https://www.csba.org/About/Leadership/ElectionToCsbaOffice/ElectiontotheDelegateAssembly.aspx>. For more information about the Delegate Assembly, please contact the Executive Office or Charlyn Tuter at [ctuter@csba.org](mailto:ctuter@csba.org) or (800) 266-3382, ext. 3281. Thank you.





## Frequently Asked Questions regarding Delegate Assembly Nominations and Elections

**Who is eligible to serve on Delegate Assembly?** To be eligible to serve on CSBA's Delegate Assembly, a board member must:

- Be a trustee of a district or county office of education that is a current member of CSBA; and
- Be a trustee of a district or county office of education within the geographic region or subregion which the Delegate will represent.

**What is the term of office to serve on Delegate Assembly?** The term of office for each Delegate is two years beginning April 1, 2017 through March 31, 2019. Within each region, approximately half of the Delegates are elected in even-numbered years and half in odd-numbered years.

**How is a board member nominated to serve on the Delegate Assembly?** A board member must be formally nominated by a board in the region or subregion and may be nominated by his or her own district or county office. The nomination is an action that is taken in a public board meeting and requires a majority vote. A board may nominate as many individuals as it wishes, however, it is the responsibility of the nominating board to obtain permission from the nominee prior to submitting his or her name.

**What does a nomination consist of?** A nomination consists of a completed signed nomination and a one-page candidate biographical sketch form. In addition, an optional, one-page, single-sided, résumé may be submitted, (résumé cannot be substituted for the candidate biographical sketch form). The biographical sketch will be copied exactly as submitted and included with the ballots.

**When are the nomination and biographical sketch forms due?** The nomination and candidate biographical sketch forms must be delivered to CSBA either by fax (916) 371-3407, email [nominations@csba.org](mailto:nominations@csba.org), or mail, postmarked by the U.S.P.S., on or before **Saturday, January 7, 2017**. *It is the nominee's responsibility to confirm that all nomination materials have been received by the CSBA Executive Office.*

**How are nominees elected to serve on Delegate Assembly?** Ballots are mailed by Wednesday, February 1 to each district or county board within the region or subregion. Ballots must be delivered to CSBA via U.S.P.S. postmarked by Wednesday, March 15, in order to be accepted. Ballots may not be faxed or emailed.

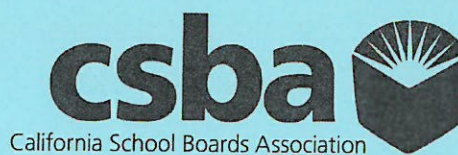
Voting for Delegates is an action of the entire board rather than individual board members; therefore, it is done at a public meeting and requires a majority vote. Each board may vote for as many persons as there are positions to be filled within the region or subregion. All districts and candidates are notified of the results no later than March 31. If there is a tie vote, a run-off election will be held.

**What are the required Delegate Assembly meeting dates?** There are two required Delegate Assembly meetings each year. In 2017, the first meeting will be May 20-21 in Sacramento and the second one will be November 29-30 in San Diego preceding CSBA's Annual Education Conference and Trade show.

**Does CSBA cover expenses for Delegates to attend the Delegate Assembly meetings?** No, CSBA is not able to cover expenses.

For additional information, please contact the Executive Office at (800) 266-3382.





## Delegate Assembly Nomination Form

***DUE: Saturday, January 7, 2017***

Mail to: CSBA | Attn: Executive Office | 3251 Beacon Blvd., West Sacramento, CA 95691 | fax: (916) 371-3407 | or email: [nominations@csba.org](mailto:nominations@csba.org).

CSBA Region/subregion # \_\_\_\_\_

The Board of Education of the \_\_\_\_\_ wishes to  
(Nominating District)

nominate \_\_\_\_\_. The nominee is a member of the  
(Nominee)

\_\_\_\_\_, which is a member of the California  
(Nominee's District)  
School Boards Association.

- ☐ The nominee has consented to this nomination.
- ☐ Attached is the nominee's required one-page, single-sided, candidate biographical sketch form and optional one-page, single-sided résumé.
- ☐ The nominee's required one-page, single-sided, candidate biographical sketch form and optional one-page, single-sided résumé will be sent by Saturday, January 7, 2017.

\_\_\_\_\_  
Board Clerk or Board Secretary (signed)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board Clerk or Board Secretary (printed)

**PLEASE NOTE:** The nomination and candidate biographical sketch forms may be emailed to [nominations@csba.org](mailto:nominations@csba.org), faxed to (916) 371-3407 or mailed to CSBA, Attn: Executive Office, 3251 Beacon Blvd., West Sacramento, CA 95691, postmarked by the U.S.P.S. no later than **Saturday, January 7, 2017**. ***It is the nominee's responsibility to confirm that all nomination materials have been received by the CSBA Executive Office by the due date. Late submissions cannot be accepted.*** If you have any questions, please contact the Executive Office at (800) 266-3382 or Charlyn Tuter at [ctuter@csba.org](mailto:ctuter@csba.org). Thank you.



## 2017 Delegate Assembly Candidate Biographical Sketch Form

***DUE: Saturday, January 7, 2017***

Mail to: CSBA | Attn: Executive Office | 3251 Beacon Blvd., West Sacramento, CA 95691 | fax: (916) 371-3407 | or email: [nominations@csba.org](mailto:nominations@csba.org).

Please complete, sign and date this required one-page candidate biographical sketch form. An optional, one-page, single-sided, résumé may also be submitted; both will be copied exactly as received. Please do not state "see résumé" and please do not re-type this form. Any additional page(s) exceeding this one-page candidate form will **not** be accepted. It is the candidate's responsibility to confirm that all nomination materials have been received by the CSBA Executive Office. Late submissions will not be accepted. If you have any questions, please contact the Executive Office at (800) 266-3382.

Name: _____	CSBA Region-subregion #: _____
District or COE Name: _____	Years on board: _____
Profession: _____	Contact Number: _____ E-mail: _____
Are you a continuing Delegate? <input type="checkbox"/> Yes <input type="checkbox"/> No    If yes, how long have you served as a Delegate? _____	

**Why are you interested in becoming a Delegate? Please describe the skills and experiences you would bring to the Delegate Assembly.**

**Please describe your activities and involvement on your local board, community, and/or CSBA.**

**What do you see as the biggest challenge facing governing boards and how can CSBA help address it?**

**Your signature indicates your consent to have your name placed on the ballot and to serve as a Delegate, if elected.**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



## 2016 CSBA DELEGATE ASSEMBLY ROSTER

**DELEGATES** (Year = term expiration; ◇ = appointed by district)

(As of October 14, 2016)

### **REGION 1 – 4 Delegates (4 elected)**

Director: Jennifer Owen (Fort Bragg USD)

#### **Subregion 1-A (Del Norte, Humboldt)**

Annelia Hillman (Klamath-Trinity Joint USD), 2017

Lisa Ollivier (Eureka City SD), 2018

#### **Subregion 1-B (Lake, Mendocino)**

Taja Odom (Kelseyville USD), 2018

**County:** Frances Costello (Del Norte Cnty. & USD), 2017

### **REGION 2 – 4 Delegates (4 elected)**

Director: Sherry Crawford (Siskiyou COE)

#### **Subregion 2-A (Modoc, Siskiyou, Trinity)**

Gregg Gunkel (Siskiyou Union HSD), 2017

#### **Subregion 2-B (Shasta)**

James (Jim) Schwerdt (Shasta Union HSD), 2017

#### **Subregion 2-C (Lassen, Plumas)**

Dwight Pierson (Plumas County & USD), 2018

**County:** Brenda Duchi (Siskiyou COE), 2018

### **REGION 3 – 8 Delegates (8 elected)**

Director: A.C. (Tony) Ubalde (Vallejo City USD)

#### **Subregion 3-A (Sonoma)**

Dianna MacDonald (Cloverdale USD), 2017

Cassandra Maitlen-Jones (Bennett Valley Un. SD), 2018

#### **Subregion 3-B (Napa)**

Indira Lopez (Calistoga Joint USD), 2017

#### **Subregion 3-C (Solano)**

Michele (Shelley) Dally (Vacaville USD), 2018

David Isom (Fairfield-Suisun USD), 2017

Vacant, 2017

#### **Subregion 3-D (Marin)**

Barbara (Barb) Owens (Tamalpais Union HSD), 2018

**County:** Herman Hernandez (Sonoma COE), 2017

### **REGION 4 – 8 Delegates (8 elected)**

Director: Paige K. Stauss (Roseville Joint Union HSD)

#### **Subregion 4-A (Glenn, Tehama)**

Rod Thompson (Red Bluff Jt. Union HSD), 2018

#### **Subregion 4-B (Butte)**

Judith Peters (Paradise USD), 2017

#### **Subregion 4-C (Colusa, Sutter, Yuba)**

Jim Flurry (Marysville Joint USD), 2018

Sharman Kobayashi (Yuba City USD), 2017

#### **Subregion 4-D (Nevada, Placer, Sierra)**

Julann Brown (Auburn Union ESD), 2017

Trish Gerving (Nevada City SD), 2017

Renee Nash (Eureka Union SD), 2018

**County:** Suzanne Jones (Placer COE), 2018

### **REGION 5 – 10 Delegates (7 elected/3 appointed ◇)**

Director: Jill Wynns (San Francisco County & USD)

#### **Subregion 5-A (San Francisco)**

Emily Murase (San Francisco County & USD)◇, 2017

Rachel Norton (San Francisco County & USD)◇, 2017

Shamann Walton (San Francisco County & USD)◇, 2018

#### **Subregion 5-B (San Mateo)**

Davina Drabkin (Burlingame ESD), 2017

Carrie Du Bois (Sequoia Union HSD), 2017

Marc Friedman (San Mateo Union HSD), 2018

Alisa MacAvoy (Redwood City ESD), 2018

Kevin Martinez (San Bruno Park ESD), 2017

Kalimah Salahuddin (Jefferson Union HSD), 2018

**County:** Beverly Gerard (San Mateo COE), 2017

### **REGION 6 – 19 Delegates (12 elected/7 appointed ◇)**

Director: Darrel Woo (Sacramento City USD)

#### **Subregion 6-A (Yolo)**

Susan Lovenburg (Davis Joint USD), 2018

#### **Subregion 6-B (Sacramento)**

Michael A. Baker (Twin Rivers USD)◇, 2017

Ellen Cochrane (Sacramento City USD)◇, 2018

Pam Costa (San Juan USD)◇, 2017

Craig DeLuz (Robla ESD), 2018

John Gordon (Galt Joint Union ESD), 2017

Jay Hansen (Sacramento City USD)◇, 2017

James Hendricks (Arcohe Union ESD), 2018

Susan Heredia (Natomas USD), 2017

Lisa Kaplan (Natomas USD), 2017

Lucinda Luttgren (San Juan USD)◇, 2018

Crystal Martinez-Alire (Elk Grove USD)◇, 2017

Michael McKibbin (San Juan USD), 2017

Edward Short (Folsom-Cordova USD), 2017

Bobbie Singh-Allen (Elk Grove USD)◇, 2018

Vacant, 2018

#### **Subregion 6-C (Alpine, El Dorado, Mono)**

Misty DiVittorio (Placerville Union ESD), 2018

Suzanna George (Rescue Union ESD), 2017

**County:** Greg Geeting (Sacramento COE), 2018



## 2016 CSBA DELEGATE ASSEMBLY ROSTER

### **REGION 7 – 20 Delegates (15 elected/5 appointed) ♦**

Director: Anne White (Livermore Valley USD)

#### ***Subregion 7-A (Contra Costa)***

Elizabeth Block (West Contra Costa USD) ♦, 2018  
Laura Canciamilla (Pittsburg USD), 2018  
Christine Deane (Contra Costa COE), 2017  
Madeline Kronenberg (West Contra Costa USD), 2017  
Linda K. Mayo (Mt. Diablo USD) ♦, 2017  
Kathi McLaughlin (Martinez USD), 2018  
Yolanda C. Pena Mendrek (Liberty Union HSD), 2017  
Raymond Valverde (Liberty Union HSD), 2018

#### ***Subregion 7-B (Alameda)***

Valerie Arkin (Pleasanton USD), 2018  
Desrie Campbell (Fremont USD), 2018  
Ann Crosbie (Fremont USD) ♦, 2017  
Jamie Hintzke (Pleasanton USD), 2018  
Philip Hu (Alameda USD), 2017  
Beatriz Leyva-Cutler (Berkeley USD), 2017  
Jody London (Oakland USD) ♦, 2017  
William McGee (Hayward USD), 2017  
Amy Miller (Dublin USD), 2018  
Diana J. Prola (San Leandro USD), 2017  
Rosie Torres (Oakland USD) ♦, 2018  
**County:** Aisha Knowles (Alameda COE), 2017

### **REGION 8 – 14 Delegates (12 elected/2 appointed) ♦**

Director: Matthew Balzarini (Lammersville Joint USD)

#### ***Subregion 8-A (San Joaquin)***

Gloria J. Allen (Stockton USD) ♦, 2018  
Sam Fant (Manteca USD), 2018  
Kathleen Garcia (Stockton USD) ♦, 2017  
Ron Heberle (Lodi USD), 2017  
Kathy Howe (Manteca USD), 2018  
George Neely (Lodi USD), 2017  
Jenny Van De Pol (Lincoln USD), 2018

#### ***Subregion 8-B (Amador, Calaveras, Tuolumne)***

Zerrall McDaniel (Calaveras USD), 2017

#### ***Subregion 8-C (Stanislaus)***

Faye Lane (Ceres USD), 2018  
Cynthia Lindsey (Sylvan Union ESD), 2017  
Vacant, 2017

#### ***Subregion 8-D (Merced)***

Adam Cox (Merced City ESD), 2017  
Greg Opinski (Merced Union HSD), 2018  
**County:** Vacant, 2018

### **REGION 9 – 8 Delegates (8 elected)**

Director: Tami Gunther (Atascadero USD)

#### ***Subregion 9-A (San Benito, Santa Cruz)***

Phil Rodriguez (Soquel Union ESD), 2018  
Deborah Tracy-Proulx (Santa Cruz City Schools), 2018  
George Wylie (San Lorenzo Valley USD), 2017

#### ***Subregion 9-B (Monterey)***

Lila Cann (Salinas Union HSD), 2017  
Rita Patel (Carmel USD), 2018

#### ***Subregion 9-C (San Luis Obispo)***

Mark Buchman (San Luis Coastal USD), 2018  
Vicki Meagher (Lucia Mar USD), 2017  
**County:** Sergio Alejo (Monterey COE), 2017

### **REGION 10 – 15 Delegates (11 elected/4 appointed) ♦**

Director: Susan Markarian (Pacific Union ESD)

#### ***Subregion 10-A (Madera, Mariposa)***

Barbara Bigelow (Chawanakee USD), 2017

#### ***Subregion 10-B (Fresno)***

Daniel Babshoff (Kerman USD), 2017  
Cynthia (Cyndi) Berube (Central USD), 2018  
Darrell Carter (Washington USD), 2018  
Gilbert F. Coelho (Firebaugh-Las Deltas USD), 2018  
Valerie F. Davis (Fresno USD) ♦, 2017  
Brian D. Heryford (Clovis USD) ♦, 2017

James Karle (Sanger USD), 2017

Marcia (Marcy) Masumoto (Sanger USD), 2017

Carol Mills (Fresno USD) ♦, 2018

Betsy J. Sandoval (Clovis USD) ♦, 2018

Norman Saude (Sierra USD), 2018

Kathy Spate (Caruthers USD), 2017

#### ***Subregion 10-C (Kings)***

Karen Frey (Corcoran Joint USD), 2018

**County:** Barbara Thomas (Fresno COE), 2018

### **REGION 11 – 9 Delegates (9 elected)**

Director: Suzanne Kitchens (Pleasant Valley SD)

#### ***Subregion 11-A (Santa Barbara)***

Jack C. Garvin (Santa Maria Joint Union HSD), 2018  
S. Monique Limon (Santa Barbara USD), 2017

#### ***Subregion 11-B (Ventura County and Las Virgenes USD)***

John Andersen (Conejo Valley USD), 2018

Greg Barker (Moorpark USD), 2018

Rob Collins (Simi Valley USD), 2018

Vianey Lopez (Hueneme ESD), 2018

Christina Urias (Santa Paul USD), 2017

John Walker (Ventura USD), 2017

**County:** Mark Lisagor (Ventura COE), 2017



## 2016 CSBA DELEGATE ASSEMBLY ROSTER

### **REGION 12 – 13 Delegates (11 elected/2 appointed) ♦**

Director: Bill Farris (Sierra Sands USD)

#### ***Subregion 12-A (Tulare)***

Peter Lara, Jr. (Porterville USD), 2018

Cathy Mederos (Tulare Joint Union HSD), 2017

Dean Sutton (Exeter USD), 2017

Lucia Vazquez (Visalia USD), 2018

#### ***Subregion 12-B (Kern)***

Pam Baugher (Bakersfield City SD), 2017

Jeff Flores (Kern Union HSD) ♦, 2017

Tim Johnson (Sierra Sands USD), 2017

Phillip Peters (Kern Union HSD) ♦, 2018

Elizabeth Naty Santana-Garibaldo (Lamont ESD), 2017

Scott Starkey (Southern Kern USD), 2018

Wesley Thomas (Kernville Union ESD), 2018

Vacant, 2017

**County:** Donald P. Cowan (Kern COE), 2018

### **REGION 15 – 27 Delegates (18 elected/9 appointed) ♦**

Director: Meg Cutuli (Los Alamitos USD)

#### ***County: Orange***

Ginny Aitkens (Saddleback Valley USD) ♦, 2017

Valerie Amezcua (Santa Ana USD) ♦, 2018

Dana Black (Newport-Mesa USD), 2018

Lauren Brooks (Irvine USD), 2018

Bonnie Castrey (Huntington Beach Union HSD), 2017

Gina Clayton-Tarvin (Ocean View SD), 2017

Jeff Cole (Anaheim ESD), 2017

Ian Collins (Fountain Valley ESD), 2017

Debbie Cotton (Ocean View SD), 2017

Lynn Davis (Tustin USD), 2018

Judy Franco (Newport-Mesa USD), 2018

Karin Freeman (Placentia-Yorba Linda USD), 2017

Bob Harden (Garden Grove USD) ♦, 2017

Gila Jones (Capistrano USD) ♦, 2018

Candice (Candi) Kern (Cypress ESD), 2018

Martha McNicholas (Capistrano USD) ♦, 2018

Lan Q. Nguyen (Garden Grove USD) ♦, 2018

Annemarie Randle-Trejo (Anaheim Union HSD) ♦, 2018

Rob Richardson (Santa Ana USD) ♦, 2017

Rosemary Saylor (Huntington Beach City ESD), 2018

Francine Scinto (Tustin USD), 2018

Michael Simons (Huntington Beach Union HSD), 2018

Robert A. Singer (Fullerton Joint Union HSD), 2017

Suzie R. Swartz (Saddleback Valley USD), 2017

Sharon Wallin (Irvine USD) ♦, 2018

Dolores Winchell (Saddleback Valley ESD), 2017

**County:** John W. Bedell (Orange COE), 2017

### **REGION 16 – 20 Delegate (15 elected/5 appointed) ♦**

Director: Karen Gray (Silver Valley USD)

#### ***Subregion 16-A (Inyo)***

Susan Patton (Lone Pine USD), 2017

#### ***Subregion 16-B (San Bernardino)***

Jesse Armendarez (Fontana USD) ♦, 2018

Christina Cameron-Otero (Needles USD), 2017

Niccole Childs (Hesperia USD), 2018

Lorena Corona (Fontana USD) ♦, 2017

Tom Courtney (Lucerne Valley USD), 2017

Barbara J. Dew (Victor Valley Union HSD), 2018

Barbara Flores (San Bernardino City USD) ♦, 2018

Cathline Fort (Etiwanda ESD), 2018

Margaret Hill (San Bernardino City USD) ♦, 2017

Sylvia Orozco (Chino Valley USD) ♦, 2017

Caryn Payzant (Alta Loma ESD), 2018

Barbara Schneider (Helendale SD), 2018

Jane D. Smith (Yucaipa-Calimesa Joint USD), 2018

Wilson So (Apple Valley USD), 2017

Eric Swanson (Hesperia USD), 2017

Kathy A. Thompson (Central ESD), 2017

Charles Uhalley (Chaffey Joint Union HSD), 2017

Donna West (Redlands USD), 2018

**County:** Mark A. Sumpter (San Bernardino COE), 2018

### **REGION 17 – 24 Delegates (18 elected/6 appointed) ♦**

Director: Carol Skiljan (Encinitas Union ESD)

#### ***County: San Diego***

Elvia Aguilar (South Bay Union SD), 2018

Barbara Avalos (National SD), 2018

Kevin Beiser (San Diego USD) ♦, 2017

Brian Clapper (National SD), 2018

Katie Dexter (Lemon Grove SD), 2018

Twila Godley (Lakeside Union SD), 2017

Adrienne Hakes (Oceanside USD), 2018

Beth Hergesheimer (San Dieguito Union HSD), 2017

Elizabeth Jaka (Vista USD), 2018

Claudine Jones (Carlsbad USD), 2018

Michael McQuary (San Diego USD) ♦, 2018

Janet W. Mulder (Jamul-Dulzura Union ESD), 2017

Tamara Otero (Cajon Valley Union SD), 2017

Dawn Perfect (Ramona USD), 2017

Eduardo Reyes (Chula Vista ESD), 2018

Barbara Ryan (Santee SD), 2017

Debra Schade (Solana Beach ESD), 2018

Priscilla Schreiber (Grossmont Union HSD), 2017

Nicholas Segura (Sweetwater Union HSD) ♦, 2018

Charles Sellers (Poway USD) ♦, 2017

Arturo Solis (Sweetwater Union HSD) ♦, 2017

Sharon Whitehurst-Payne (San Diego USD) ♦, 2017

Vacant, 2018

**County:** Mark C. Anderson (San Diego COE), 2017



## 2016 CSBA DELEGATE ASSEMBLY ROSTER

### **REGION 18 – 21 Delegates (16 elected/5 appointed) ♦**

Director: Jerry Bowman (Menifee Union ESD)

#### ***Subregion 18-A (Riverside)***

Bruce N. Dennis (Riverside COE), 2017  
Kenneth Dickson (Murrieta Valley USD), 2017  
Tom Elliott (Perris ESD), 2018  
Tom Hunt (Riverside USD) ♦, 2017  
Ben Johnson, II (Alvord USD), 2018  
Cleveland Johnson (Moreno Valley USD) ♦, 2017  
Wendy Jonathan (Desert Sands USD), 2018  
Marla Kirkland (Val Verde USD), 2018  
Susan Lara (Beaumont USD), 2018  
Patricia Lock-Dawson (Riverside USD) ♦, 2018  
Memo Mendez (Jurupa USD), 2017  
Bill Newberry (Corona-Norco USD) ♦, 2017  
John I. Norman (San Jacinto USD), 2017  
David Allen Pulsipher (Temecula Valley USD), 2017  
Cathy L. Sciortino (Corona-Norco USD) ♦, 2018  
Susan Scott (Lake Elsinore USD), 2018  
Sandra Tusant (Romoland ESD), 2017

#### ***Subregion 18-B (Imperial)***

Ralph Fernandez (Brawley Union HSD), 2017  
Diahna Garcia-Ruiz (Heber ESD), 2017  
Gloria Santillan (Brawley ESD), 2018  
**County:** Susan Manger (Imperial COE), 2018

### **REGION 20 – 12 Delegates (11 elected/1 appointed) ♦**

Director: Albert Gonzalez (Santa Clara USD)

#### ***County: Santa Clara***

Robert Benevento (Morgan Hill USD), 2018  
Frank Biehl (East Side Union HSD), 2018  
Cynthia Chang (Los Gatos-Saratoga Jt. Union HSD), 2018  
Danielle Cohen (Campbell Union SD), 2017  
Pamela Foley (San Jose USD) ♦, 2017  
Anjali Kausar (Cupertino Union SD), 2017  
Bonnie Mace (Evergreen ESD), 2017  
Joe Mitchner (Mountain View-Los Altos Un. HSD), 2018  
Reid Myers (Sunnyvale SD), 2017  
Andres Quintero (Alum Rock Union ESD), 2017  
George Sanchez (Franklin-McKinley ESD), 2017  
**County:** Rosemary Kamei (Santa Clara COE), 2018

### **REGION 21 – 7 Delegates (7 appointed) ♦**

Director: George McKenna (Los Angeles USD)

#### ***County: Los Angeles***

Monica Garcia (Los Angeles USD) ♦, 2017  
Monica Ratliff (Los Angeles USD) ♦, 2017  
Ref Rodriguez (Los Angeles USD) ♦, 2020  
Scott Schmerelson (Los Angeles USD) ♦, 2020  
Richard Vladovic (Los Angeles USD) ♦, 2020  
Steven Zimmer (Los Angeles USD) ♦, 2017  
**County:** Douglas Boyd (Los Angeles COE) ♦, 2018

### **REGION 22 – 6 Delegates (6 elected)**

Director: Victor Torres (Castaic Union SD)

#### ***Los Angeles County: North Los Angeles***

John K. Curiel (Westside Union ESD), 2017  
Steven DeMarzio (Westside Union ESD), 2018  
R. Michael Dutton (Keppel Union ESD), 2017  
Keith Giles (Lancaster ESD), 2018  
Nancy Smith (Palmdale ESD), 2018  
Steven M. Sturgeon (William S. Hart Union HSD), 2017

### **REGION 23 – 16 Delegates (13 elected/3 Appointed) ♦**

Director: Xilonin Cruz-Gonzalez (Azusa USD)

#### ***Los Angeles County: San Gabriel Valley & East Los Angeles***

##### ***Subregion 23-A***

Adele Andrade-Stadler (Alhambra USD), 2017  
Kenneth Bell (Duarte USD), 2017  
Bob Bruesch (Garvey ESD), 2018  
Gregory Krikorian (Glendale USD), 2018  
Gary Scott (San Gabriel USD), 2018

##### ***Subregion 23-B***

Benjamin Cardenas (Montebello USD) ♦, 2017  
Anthony Duarte (Hacienda La Puente USD), 2018  
Helen Hall (Walnut Valley USD), 2017  
Gino (J.D.) Kwok (Hacienda La Puente USD) ♦, 2018  
Vacant, 2017

##### ***Subregion 23-C***

Steven Llanusa (Claremont USD), 2018  
Christina Lucero (Baldwin Park USD), 2017  
Eileen Miranda Jimenez (West Covina USD), 2017  
Roberta Perlman (Pomona USD) ♦, 2017  
Camie Poulos (West Covina USD), 2018  
Paul Solano (Bassett USD), 2018

### **REGION 24 – 16 Delegates (14 elected/2 Appointed) ♦**

Director: Donald E. LaPlante (Downey USD)

#### ***Los Angeles County: Southwest Crescent***

Darryl Adams (Norwalk-La Mirada USD), 2017  
Micah Ali (Compton USD), 2017  
Leighton Anderson (Whittier Union HSD), 2018  
Jan Baird (South Whittier ESD), 2017  
Paul Gardiner (East Whittier City ESD), 2018  
Margie Garrett (Compton USD), 2018  
Vivian Hansen (Paramount USD), 2017  
Megan Kerr (Long Beach USD) ♦, 2017  
Eugene Krank (Hawthorne SD), 2018  
Jose Lara (El Rancho USD), 2017  
Sylvia V. Macias (South Whittier ESD), 2018  
John McGinnis (Long Beach USD) ♦, 2018  
Karen Morrison (Norwalk-La Mirada USD), 2018  
Ann M. Phillips (Lawndale ESD), 2018  
Margarita Rios (Norwalk-La Mirada USD), 2018  
Ana Valencia (Norwalk-La Mirada USD), 2017



OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

SUBJECT:           **Resolution No. 1242-11/16**  
                          **Board Member Absence**

Action   X  

DATE:               **November 10, 2016**

Agenda Item   C-2  

REPORTED  
BY/PERSON  
RESPONSIBLE:      **José L. Manzo**

RECOMMENDED  
ACTION:            **As appropriate.**

---

BACKGROUND: Pursuant to California Education Code section 35120(c), a resolution needs to be approved entitling a Board member to be paid for any meeting when absent due to illness/emergency/hardship deemed acceptable by the Board.

DISCUSSION: As required by Education Code section 35120(c), Resolution No. 1238-10/16 is presented for Board consideration for the absence of Jacquelyn Adams at the October 27, 2016 Regular Board Meeting.

ALTERNATIVES CONSIDERED: As circumstances for absence meet Education Code requirements, no other option was considered.

FISCAL IMPACT: N/A

POLICY ALIGNMENT: This resolution aligns with Board Policy 9250, Remuneration, which specifies members of the Board may be paid for meetings they missed when the Board, by resolution, finds that they were performing designated services for the District at the time of the meeting or that they were absent because of illness, jury duty, or a hardship deemed acceptable by the Board.

OUTCOME: N/A



RESOLUTION NO. 1242-11/16  
BOARD MEMBER ABSENCE

WHEREAS, on October 27, 2016, Jacquelyn Adams, Trustee, was absent from a Regular Board Meeting due to an emergency/illness/hardship; and

WHEREAS, it is stated in the California Education Code Section 35120(c) that a member may be paid for any meeting when absent if the Board by resolution duly adopted and spread upon its minutes finds that at the time of the meeting from which the member is absent he or she was absent because of illness, jury duty, or a hardship deemed acceptable by the Board;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the Oak Grove School District hereby finds that Trustee Adams was, in fact, pursuant to the above Education Code Section, absent due to an illness/hardship deemed acceptable by the Board, and therefore is entitled to compensation.

PASSED AND ADOPTED by the Board of Trustees of the Oak Grove School District of Santa Clara County, State of California, the 10<sup>th</sup> day of November, 2016, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

I hereby certify that the foregoing resolution is duly introduced, passed, and adopted at the time and place and by the vote as noted above.

---

Vice President/Clerk  
Board of Trustees  
Oak Grove School District



OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

SUBJECT: **Resolution No. 1241-11/16 - Resolution  
Recognizing Retiring Board Member**

Action **X**

DATE: **November 10, 2016**

Agenda Item **C-3**

REPORTED  
BY/PERSON  
RESPONSIBLE:

**Dennis Hawkins / Jose L. Manzo**

RECOMMENDED  
ACTION:

**It is recommended that the Board of Trustees approve  
Resolution No. 1241-11/16, Resolution Recognizing Retiring  
Board Member Jeremy Nishihara, as presented.**

---

BACKGROUND: Board Member Jeremy Nishihara was appointed to the Oak Grove Board of Trustees in 2006. His love for education, stem from his father, a retired school psychologist and his mother's 32-year teaching career; during which time she earned the Teacher of the Year award in the Oak Grove School District. His commitment to the Oak Grove School District began early on, as a student who attended Oak Grove schools. Member Nishihara has served the students, teachers, staff and community of Oak Grove School District for 10 tremendous years, his commitment unwavering.

DISCUSSION: Member Nishihara supported the District's Science, Technology, Engineering and Math (STEM) programs, Sobrato Early Academic Learning (SEAL) model implementation, Two-Way Bilingual Immersion (TWBI) program; the passage of Measure S and Measure P to fund school modernization; development of the District's Local Control Accountability Plan and Common Core State Standards implementation; District-wide solar energy program; designation of seven schools as California Distinguished Schools; and promoting technology innovations.

A Resolution has been prepared recognizing and commending retiring Board Member Jeremy Nishihara for his outstanding commitment and dedication to education and the Oak Grove School District.

POLICY ALIGNMENT: Board Member Jeremy Nishihara has ably performed his duties as Board Member, aligning policies in support of the District's Mission "*to ensure that every child's potential is achieved*". He has served as a role model for our staff, students and community by exemplifying the Oak Grove School District's Core Values.



**RESOLUTION NO. 1241-11/16**  
**OAK GROVE SCHOOL DISTRICT BOARD OF TRUSTEES**  
**RECOGNITION OF RETIRING BOARD MEMBER**

**WHEREAS**, Jeremy Nishihara has ably served the Oak Grove students, staff and community as Board Member since his appointment in 2006, and subsequent re-election in 2008 and 2012,

**WHEREAS**, Jeremy Nishihara has been an exemplary member of the Board of Trustees of the Oak Grove School District for ten years, shaping the District's Vision, supporting its Mission, and modeling our Core Values; and,

**WHEREAS**, Jeremy Nishihara has served as a caring and dedicated Board Member committed to each student achieving their potential, and as a tireless advocate for equity for all students in the District; and,

**WHEREAS**, Jeremy Nishihara has provided outstanding leadership and governance in the Oak Grove School District throughout his tenure; and,

**WHEREAS**, Jeremy Nishihara effectively fulfilled his duties as a Trustee through his thoughtful approach to handling the difficult, but necessary, decisions facing the Board, always with the best interests of the students and the District in the forefront; and,

**WHEREAS**, Jeremy Nishihara served on the Board while supporting successful Science, Technology, Engineering and Math (STEM) programs, Sobrato Early Academic Learning (SEAL) model implementation, Two-Way Bilingual Immersion (TWBI) program; the passage of Measure S and Measure P to fund school modernization; development of the District's Local Control Accountability Plan and Common Core State Standards implementation; District-wide solar energy program; designation of seven schools as California Distinguished Schools; and promoting technology innovations; and,

**WHEREAS**, Jeremy Nishihara has been a true team member of the Board of Trustees, serving with respect and support for his colleagues, the Superintendent and administration, all District employees, students, parents and the community;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Trustees does hereby commend Jeremy Nishihara for his commitment, service and dedication to the Oak Grove School District; and,

- **Congratulates** him on his outstanding service to the Oak Grove School District, and his leadership and affection for the employees and children of the District; and,
- **Expresses** heartfelt gratitude to Jeremy for his tireless devotion to the students, staff and parents of our community; and,
- **Extends** best wishes for continued health, happiness and prosperity to Jeremy in all his future endeavors.

**PASSED AND ADOPTED** by the Board of Trustees of the Oak Grove School District of Santa Clara County, State of California, the 10<sup>th</sup> day of November, 2016, by the following roll call vote:

AYES:

NOES:

ABSTAIN:

We hereby certify that the foregoing Resolution is duly introduced, passed and adopted at the time and place and by the vote as noted above.

\_\_\_\_\_  
Jacquelyn Adams, Board Member

\_\_\_\_\_  
Dennis Hawkins, Board Member

\_\_\_\_\_  
Jose L. Manzo, Superintendent

\_\_\_\_\_  
Mary Noel, Board Member

\_\_\_\_\_  
Carolyn Bauer, Board Member



OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

SUBJECT: **2015-2016 Financial Audit Reports**

Information X

DATE: **November 10, 2016**

Agenda Item D-1

REPORTED  
BY/PERSON **Laura T. Phan**  
RESPONSIBLE:

RECOMMENDED  
ACTION:

---

**BACKGROUND:** Education Code Section 41020.3 requires that each school district governing board review the annual financial audit, prescribed pursuant to Section 41020, at one of its regularly scheduled public meetings. Such review shall be placed on the agenda pursuant to Education Code Section 35145.

**DISCUSSION:** As per Proposition 39, subparagraph (C) and (D) of paragraph (3) of subdivision (b) of section 1 of Article XIII A of the California Constitution, a separate performance and a financial audit of the Districts Measure S General Obligation Bond Fund and Measure P General Obligation Bond Fund were completed as required. The purpose of such audits is to verify that the use of the funds is within the scope of the published materials with the "Measure S" and "Measure P" ballots specifying the intended use of bond funds.

**ALTERNATIVES CONSIDERED:** N/A

**FISCAL IMPACT:** There is no finding per audit results.

- Financial Statements:
  - Internal Control-Material weaknesses None reported
  - Significant deficiencies None reported
- Federal Awards Compliance:
  - Major weaknesses None reported
- Finding & Recommendations:
  - Current year audit None
  - Prior year audit None

**POLICY ALIGNMENT:** The District will be managed in a manner which maintains its quality program and competitive position, and staff and community will have a more complete understanding of District fiscal issues.

**OUTCOME:** The representative of Vavrinek, Trine, Day & Company, Certified Public Accountants will respond to questions from the Board regarding the Auditor's Report for the fiscal year ended June 30, 2016. Complete copies of the report are available for review in the Business Services Office.





October 28, 2016

To the Governing Board  
Oak Grove School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oak Grove School District (District) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government *Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 8, 2016. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. The District adopted the provisions of GASB Statement 72, *Fair Value Measurement and Application* for the year ended June 30, 2016. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were the valuation basis for capital assets and other postemployment benefit obligation (OPEB) and pension related liabilities.

We evaluated the key factors and assumptions used to develop the OPEB, the Pension liability and depreciation with respect to capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.



### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 28, 2016.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we applied certain limited procedures to management's discussion and analysis and General fund, budgetary comparison schedule, pension schedules of contributions and proportionate share and other postemployment schedule of finding progress, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Expenditures of Federal Awards and other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

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

*Vavrinck, Trinc. Day & Co. LLP*

Palo Alto, California  
October 28, 2016



**OAK GROVE SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2016**



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# OAK GROVE SCHOOL DISTRICT

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Oak Grove School District  
San Jose, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oak Grove School District (District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. 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, the business-type activities, each major fund, and the aggregate remaining fund information, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter - Change in Accounting Principles***

As discussed in Note 1 to the financial statements, in 2016, the District adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement 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 Statement 67 and 68*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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 required supplementary information, as listed in the table of contents, such as management's discussion and analysis, budgetary comparison schedule, District's proportionate share of net pension liability, District's pension contributions schedule and other postemployment benefit schedule of funding progress 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 accompanying supplementary information, as listed in table of contents, such as the combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, 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 the other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The Schedule of Expenditures of Federal Awards and the accompanying supplementary information are the responsibility of management and were derived from and relates 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2016, 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 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.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California  
October 28, 2016





## OAK GROVE SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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#### ***DISTRICT PROFILE***

The Oak Grove School District is located in the southern part of San Jose, California. The District serves over 10,000 students at its sixteen elementary (K-6) and three intermediate (7-8) schools.

#### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

##### *The Financial Statements*

The financial statements presented herein include all of the activities of the Oak Grove School District (the District) and its business-type activities using the integrated approach as prescribed by GASB Statement Number 34.

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

The *Governmental Activities* are prepared using the economic resource measurement focus and the accrual basis of accounting while governmental funds uses the current resource measure and the modified accrual basis of accounting.

The *Business-type Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *fiduciary activities* are agency funds, which only report a balance sheet and do not have a measurement focus.

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

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

The Primary unit of the government is the Oak Grove School District.



# OAK GROVE SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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### FINANCIAL HIGHLIGHTS

#### 2015-2016 Operations:

- Local Control Funding Formula (LCFF) replaced Revenue Limit as the method to calculate K-12 education entitlements in 2013-2014. The conversion from Revenue Limit to LCFF resulted in many restricted categorical programs, previously included in Other State Revenues, to be consolidated into unrestricted LCFF Sources. As a result of the consolidation, LCFF Sources now account for 78% of the District's General Fund revenues.
- The District's deficit net position at June 30, 2016 is (\$32.18) million, reflecting an increase of \$405 thousand from June 30, 2015.
- Total enrollment continued to decrease from 10,921 in 2014 to 10,632 in 2015, a reduction of 289 students. However, LCFF funding calculation for 2015-16 is based on the higher enrollment and attendance of 2014-15.
- Other general fund state revenues of \$13,031,475 included \$5,504,137 million in one-time Mandated Cost Reimbursement fund as State is in the process of paying off related liability and transferring the program from actual cost to a blanket rate-based disbursement process. Additionally, the District received \$802,923 in one-time Educator Effectiveness.
- In compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, the District also recognized \$2,942,391 as State revenues and expenditures (STRS On Behalf), with net zero effect on fund balance.
- The total cost of health benefits paid for eligible retirees was \$0.58 million.
- The District was awarded with local grants as in the prior year, Heising-Simons Foundation Grant, Sobrato Family Foundation Grant, and Cotsen Grant, for a combined total of \$581 thousand for the teacher mentoring and family engagement program. Additionally, the District received \$150 thousand from Applied Materials Foundation in order to collaborate with Partners in School Innovations with the mission to transform teaching and learning at Edenvale and Christopher schools.
- The District issued 2008 Series C bonds in the amount of \$6.65 million, 2014 Series C bonds in the amount of \$26.2 million, 2015 Refunding Bond in the amount of \$15.41 million and 2016 Series A Refunding B in the amount of \$12 million, generating a total of \$32.7 million for the facility bond modernization program (net of bond issuance costs) and refunding \$32.8 in outstanding general obligation bonds.

#### Available Reserves:

Available reserves is a measure of the district's unrestricted net current assets, exclusive of capital assets and long-term debt. The State requires a 3% reserve level for a district our size. The District reserves are above the required 3% for 2015-2016.

The Oak Grove School District is continuing to be proactive in its financial planning. Examples of this include the ongoing leasing of closed facilities, which increases operating revenues; reducing budgets whenever possible; and judiciously using one-time funding to cover revenue shortfalls when necessary. Continued solvency is crucial to the District's mission which is to provide a high quality education to the students of the Oak Grove School District.



# OAK GROVE SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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### Construction Projects:

The District expended approximately \$22.1 million on facilities modernization and construction projects during the year. Funding for this activity comes from local general obligation bond (GO) proceeds. The GO Bond debt service amount is funded primarily from property taxes authorized by the General Obligation Bond Issue. The District issued 2008 Series C bonds in the amount of \$6.65 million, 2014 Series C bonds in the amount of \$26.2 million, 2015 Refunding Bond in the amount of \$15.4 million and 2016 Series A Refunding B in the amount of \$12 million, respectively. The District's outstanding debt on the GO Bonds is approximately \$208.5 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

#### The Government-wide Financial Statements

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

These two statements report the District's *net position* and changes from the prior year. Net position is the difference between assets and liabilities, and represents one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

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

**Governmental Activities** - This includes the education of kindergarten through grade eight students and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state, and local grants, as well as general obligation bonds, finance these activities.

**Business-Type Activities** - The District charges fees to help cover the costs of child care services it provides. This child care program is included here.



# OAK GROVE SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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### Fund Financial Statements

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

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

**Proprietary funds** - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Activities*. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

**Fiduciary funds** - These are used to account for funds held on behalf of others like our funds for associated student body activities. The District's fiduciary activities are reported in separate *Statements of Fiduciary Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS**

#### Net Position

The District's governmental net position was (\$32.18) million for the fiscal year ended June 30, 2016. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use the net position for day-to-day operations. The analysis below focuses on the District's net position (Table 1) and change in net position (Table 2) of the District's government and business type activities.



# OAK GROVE SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Table 1 – Comparison of Net Position – Governmental Activities

(Amounts in millions)	Statement of Net Position		Change Amount	Percentage of Change
	2015-16	2014-15		
ASSETS				
Current and other assets	\$ 127.44	\$ 111.15	\$ 16.29	15%
Capital assets	174.75	156.58	18.17	12%
TOTAL ASSETS	302.19	267.73	34.46	13%
DEFERRED OUTFLOWS OF RESOURCES	11.66	7.68	3.98	52%
LIABILITIES				
Current liabilities	15.31	12.67	2.64	21%
Long-term liabilities	322.45	276.13	46.32	17%
TOTAL LIABILITIES	337.76	288.80	48.96	17%
DEFERRED INFLOWS OF RESOURCES	8.28	19.03	(10.75)	100%
NET POSITION				
Invested capital assets, net of related debt	13.20	15.99	(2.79)	-17%
Restricted	16.13	11.66	4.47	38%
Unrestricted	(61.51)	(60.07)	(1.44)	2%
TOTAL NET POSITION	\$ (32.18)	\$ (32.42)	\$ 0.24	-1%

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. The statement includes all District funds. In Table 2 we take the information from that Statement, round off the numbers, and rearrange them slightly to show total revenues for the year. A comparative analysis of government-wide data is presented in Table 2.

The major differences between 2014-15 and 2015-16 are in the instructional and related categories. These expenses increased \$8.38 million due to mainly collective bargaining settlements and added instructional and related instructional positions.



# OAK GROVE SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Table 2 – Comparison of Governmental Activities

(Amounts in millions)	Statement of Activities		Change	Percentage of
	2015-16	2014-15	Amount	Change
REVENUES				
Program revenues:				
Charges for services and sales	\$ 1.04	\$ 1.14	\$ (0.10)	-9%
Operating grants and contributions	15.37	11.89	3.48	29%
General revenues	115.80	102.24	13.56	13%
TOTAL REVENUES	132.21	115.27	16.94	13%
EXPENSES				
Instruction and related instruction	82.94	74.55	8.39	11%
Student support services	13.43	13.50	(0.07)	-1%
Administration	9.64	9.63	0.01	0%
Maintenance and operations	9.92	11.11	(1.19)	-11%
Other	16.05	12.84	3.21	25%
TOTAL EXPENSE	131.99	123.88	8.11	7%
Excess (deficit)	\$ 0.23	\$ (8.61)	\$ 8.84	103%

### *Governmental Activities*

As reported in the Statement of Activities, the cost of all governmental activities and business type activities this year was \$132.9 million. General revenues, including property taxes, state aid and other sources funded the balance.

In Table 3, we present the cost of each of the District's major functions in the General fund. The function describes the activity or services performed in order to accomplish the District's goal. The net difference between 2015-16 and 2014-15 is 5%. Approximately 61% of the District's General fund resources are spent on direct instruction.



# OAK GROVE SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

**Table 3 – Comparison of Total Cost of Services**

(Amounts in millions)	<b>Total Cost of Services</b>		<b>Change Amount</b>	<b>Percentage of Change</b>
	<b>2015-16</b>	<b>2014-15</b>		
Instruction	\$ 67.78	\$ 63.86	\$ 3.92	6%
Other related instruction	5.97	5.65	0.32	6%
School administration	6.07	5.88	0.19	3%
Student support services	5.32	4.87	0.45	9%
Pupil transportation	3.51	3.38	0.13	4%
Administration	6.88	6.46	0.42	6%
Maintenance and operations	9.22	9.46	(0.24)	-2%
Other outgo	6.37	6.19	0.18	3%
<b>TOTAL</b>	<b>\$ 111.12</b>	<b>\$ 105.75</b>	<b>\$ 5.37</b>	<b>5%</b>

In Table 4, we categorize the expenditures by object codes. Because the District is a service-oriented entity, most of the expenditures (80%) are for employee salaries and benefits.

**Table 4 – Comparison of Expenditures by Object Code**

(Amounts in millions)	<b>Expenditures by Object Code</b>		<b>Change Amount</b>	<b>Percentage of Change</b>
	<b>2015-16</b>	<b>2014-15</b>		
Certificated salaries	\$ 49.11	\$ 46.93	\$ 2.18	5%
Classified salaries	15.73	15.10	0.63	4%
Employee benefits	24.26	21.17	3.09	15%
Books and supplies	2.40	4.40	(2.00)	-45%
Services and operating expenses	13.06	11.02	2.04	19%
Other	6.56	7.13	(0.57)	-8%
<b>TOTAL</b>	<b>\$ 111.12</b>	<b>\$ 105.75</b>	<b>\$ 5.37</b>	<b>5%</b>



# OAK GROVE SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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### *FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS*

At the end of the District's fiscal year, the general fund balance was \$12.58 million. Of the \$12.58 million, \$0.79 million was non-spendable and \$2.31 million was restricted. The fund balance increased by \$2.33 million from the prior year amount of \$10.25 million. The increase was due to a combination of receiving additional one-time discretionary funds and grants, as described below, and from unexpended restricted program funds and from budgeted contracted services not performed by year end. The increase in ending fund balance for fiscal year 2015-16 will help offset the transfers-in from the special reserve fund in the subsequent years.

#### General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it addresses changes in revenues and expenditures. Generally, these changes are due to the timing of the adoption of the State's budget which is sometimes several months after the District is required to adopt their budget. Listed below are some of the changes:

#### *Revenue:*

- LCFF Entitlement per average daily attendance is \$7,982. Supplemental services must be provided at a rate of \$640 per ADA, and net unrestricted LCFF funding is \$7,342 per ADA.
- LCFF average daily attendance (ADA) is projected at 10,587.95, including district students in county special education programs, based on 2014-15 attendance.
- One-time discretionary fund allocation of \$529 per ADA. Total allocation for OGSD is budgeted at \$5.5 million.
- One-time Educator Effective Grant allocation of \$802,923 based on 2014-15 certificated employee count. A board approved spending plan is required for expenditures.

#### *Expenditures:*

- 2015-16 collective bargaining with all units was settled for a total of \$3.1 million.
- Additional positions include teacher coaches, instructional aides under special education, and network engineer.
- Increased in expenditures for the implementation of the Two-Way Bilingual Immersion (TWBI) Program at Anderson School in fall of 2015.
- District has expanded professional development models, Sobrato Early Academic Language (SEAL) and Partners in School Innovation (PSI) and International Center Leadership Education (ICLE)

### *CAPITAL ASSET AND DEBT ADMINISTRATION*

#### Capital Assets

As of June 30, 2016, the District had \$174.75 million in a broad range of capital assets, including land, buildings, furniture and equipment. The \$19.55 million increase in capital assets is due to additions of building improvements funded from proceed of general obligation bonds.



# OAK GROVE SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Table 5 – Capital Assets (net of depreciation)

(Amounts in millions)	Governmental Activities		Change Amount	Percentage of Change
	2015-16	2014-15		
Land	\$ 3.52	\$ 3.52	\$ 0.00	0%
Construction in progress	18.32	3.85	14.47	100%
Building and improvements	149.40	148.07	1.33	1%
Furniture and equipment	3.51	1.15	2.36	206%
TOTAL	<u>\$ 174.75</u>	<u>\$ 156.58</u>	<u>\$ 18.17</u>	<u>12%</u>

### Capital Projects

In November 2008, the voters of the Oak Grove School District approved Measure S authorizing the issuance of \$125.0 million in general obligation bonds for the modernization of District school facilities. Due to declining property values during the recent recession, the District has been unable to access the remaining unissued \$75.0 million of Measure S. In November 2014, the voters approved Measure P authorizing the issuance of \$89.8 million in general obligation bonds for the modernization of District facilities and purchases of classroom technology (\$6.0 million set aside). These funds will allow the District to continue the successful capital improvement program.

Measure P Bonds Series A, issued in 2014-15, and Series C, issued in 2015-16, provides net total \$78.5 million for facility modernizations. Major facility projects completed in 2015-16, at total costs of \$17.2 million including administrative expenses and legal fees, were:

- Roof and HVAC (heating and cooling system) replacements at Anderson Elementary, Hayes Elementary, and Del Roble Elementary;
- Parking lot and streetscape modernization at Christopher Elementary and Davis Intermediate.

Measure P Bonds Series B, issued in 2014-15, provides net total \$5.7 million for classroom technology. This series of bonds mature five years from issuance date. Technology expenditures of \$2.9 million from bond fund in 2015-16 were for replacement of network switches and routers for schools, and Chromebook purchases to increase allocations to 1:1 for students in 6th through 8th grades.

Facility modernization projects planned for 2017 include roof and HVAC replacements and parking lot and streetscape modernizations at additional school sites.

### Long-Term Debt

The District has long-term obligations other than pensions totaling \$247.58 million as of June 30, 2016. The major portion of the debt is for the General Obligation (GO) Bonds. The GO bonds are funded primarily from property tax overrides through General Obligation bond issues. Table 6 provides the breakdown of the long-term liabilities.



## OAK GROVE SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Table 6 – Long Term Obligations

(Amounts in millions)	Governmental Activities		Change Amount	Percentage of Change
	2015-16	2014-15		
General obligation bonds	\$ 222.10	\$ 186.38	\$ 35.72	19%
Capital lease obligations	13.56	14.19	(0.63)	-4%
Compensated absences	0.78	0.75	0.03	4%
Net pension liability	84.90	70.90	14.00	20%
Net OPEB obligation	11.03	8.67	2.36	27%
State Allocation Board penalty	0.11	0.22	(0.11)	100%
TOTAL	<u>\$ 332.48</u>	<u>\$ 281.11</u>	<u>\$ 51.37</u>	<u>18%</u>

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

Oak Grove is a state funded school district, which means that the District operates under general-purpose Local Control Funding Formula (LCFF) established by the State Legislature in 2013. In recent years, the upswing in the economy has meant an increase in funding. The District has made every effort to push that funding toward compensation and improving services for our students in classrooms. As funding was restored to school districts, OGSD has restored many positions that were eliminated during the recession. In addition, the District gave a total of 11.5% in ongoing salary increases from 2013-14 through 2015-16 and a total of 2.0% in one-time salary increases. District contributions for employee health and welfare benefits were also increased by a total of 6% in this same period.

The District is projected to be at 96.5% of entitlement target in 2016-17, higher than the statewide average. As the gap between Phase-In Entitlement and Entitlement Target narrows, revenue dollar increases will be less each year. Although LCFF revenues is projected to increase each year until Entitlement Target is reached, the District is required to set aside increasing amounts to provide supplemental services for the students generating the Supplemental dollars. In effect, the annual increase in LCFF revenues is not entirely unrestricted.

The trend in enrollment decline is posing a significant challenge for the District. Since 2013, we have lost a total of 997 students. Over the next four years, we are projected to lose additional 607 students. Most of this decline is attributed to a decrease of students entering our system in Kindergarten. The cumulative loss in revenue over the next four years is projected at \$18.9 million dollars.

The continued drop in student enrollment is becoming a challenge as we attempt to balance our budget in light of unchanged expenditures with reduced income. The District is making a major effort to maximize student attendance, as this is the primary way we are funded by the state. Increasing our attendance rate to meet the state average will help us recuperate approximately \$1.8 million dollars per year. We piloted an Attendance Recovery Program last year at Anderson, Baldwin and Del Roble. We will continue the implementation of this program throughout the District in 2016-17 to allow the District the opportunity to recover funding for absences occurring during the school year.



# OAK GROVE SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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### *ECONOMIC FACTORS AND BUDGET ASSUMPTIONS*

The District's CBEDS enrollment for fiscal year 2016-17 is projected at 10,405, a decrease of 227 from the prior year. The District has experienced a decline in enrollment since 2006-07 when enrollment was 11,899. This negative trend is projected to continue for several years.

The District's 2016-17 budget was based on the Governor's proposed May budget released on May 13, 2016. In recent past years, the state budget started with low revenue forecasts, then improves. This year, the May Revision revenue forecast is lower than the Governor's January revenue forecast. Proposition 98 still governs the level of funding for K-12 education, and the large year over year increases since 2013-14 are slowing as we approach full implementation of LCFF. The May Revision projects that LCFF will be 95.7% (state-wide average) implemented in 2016-17. At full implementation of LCFF, K-12 funding increase will be per COLA.

Significant details of the Governor's proposed May budget for K-12 School Funding include:

- Cost of Living Adjustment (COLA) at 0.0%, changed from 0.47% January estimate, and very low COLAs for the next few years
- Proposition 30 is allowed to expire on schedule, although Proposition 55 is on the ballot for the November 2016 election
- Much lower growth in Proposition 98
- The state budget still does not address the need for CalSTRS and CalPERS cost relief.

California economy has been experiencing economic recovery from the recession; however; volatility of the state economy is still a concern of the District in future years. The impact of the expiration of Proposition 30, and if Proposition 55 failed to be approved by voters, is also a concern as temporarily increased state sales tax and income tax rates for high income earners will expire in 2016 and 2018 respectively.

Oak Grove School District's Budget contains the following key principles:

- The District's activities and budget will continue to be guided by the Board approved Five Year Plan.
- Expenditure assumptions are developed in conjunction with the Local Control Accountability Plan (LCAP), with inputs from various stakeholder groups. Maximizing resources by leveraging different funding sources to achieve the District's LCAP goals.
- Hiring and retaining highly qualified staff in all functional areas.
- Minimizing impact of enrollment decline by reducing teaching positions through attrition.
- Providing choice of instructional programs to families, including parent participation school, independent study program, STEM, Visual and Performing Arts, and Spanish Two Way Bilingual Immersion.
- Provide enriched instruction through Music and Technology.
- Provide enhanced teaching through staff development.
- Maintain safe and environmentally healthy facilities.
- Maintain a fiscally healthy and balanced budget.



## OAK GROVE SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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As of time of the 2016-17 budget adoption, negotiations with the OGEA for 2016-17 were in progress and not yet settled. The District budget and finances will continue to be a challenge in our efforts to balance employee compensations with program offerings for students, and to align financial resources to core instructional programs based on LCAP. The ultimate goal of the District is to ensure that all students have access to high-quality curriculum and instruction by working together with the staff, parents, community members, and other partners.

#### Net Pension Liability (NPL)

The District reported its proportionate share of the net pension liabilities, pension expense and deferred inflows of resources for each of the CalPERS and CalSTRS plans and deferred outflows of resources for each of the respective plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 63,436,646	\$ 5,213,446	\$ 6,231,159	\$ 5,060,663
CalPERS	21,445,165	3,717,465	2,051,952	2,089,104
Total	<u>\$ 84,881,811</u>	<u>\$ 8,930,911</u>	<u>\$ 8,283,111</u>	<u>\$ 7,149,767</u>

#### **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 questions about this report or need additional financial information, please contact either, Laura Phan, Assistant Superintendent/Chief Business Officer, or Melina Nguyen, Director of Business Services, Oak Grove School District, 6578 Santa Teresa Boulevard, San Jose, CA 95119.



# OAK GROVE SCHOOL DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Deposits and investments	\$ 123,307,038	\$ 1,041,425	\$ 124,348,463
Receivables	3,351,844	2,079	3,353,923
Internal balances	7,439	(7,439)	-
Prepaid items	724,518	180	724,698
Stores inventories	47,843	-	47,843
Capital assets not depreciated	21,837,282	-	21,837,282
Depreciated capital assets, net of accumulated depreciation	152,916,615	-	152,916,615
<b>Total Assets</b>	<b>302,192,579</b>	<b>1,036,245</b>	<b>303,228,824</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	2,733,350	-	2,733,350
Deferred outflows of resources related to pensions	8,930,911	-	8,930,911
<b>Total Deferred Outflows of Resources</b>	<b>11,664,261</b>	<b>-</b>	<b>11,664,261</b>
<b>LIABILITIES</b>			
Accounts payable	2,411,725	20,540	2,432,265
Interest payable	2,348,695	-	2,348,695
Unearned revenue	400,957	21,285	422,242
Claims liability	133,802	-	133,802
Current portion of long-term obligations other than pensions	10,014,204	-	10,014,204
Noncurrent portion of long-term obligations other than pensions	237,564,470	-	237,564,470
Aggregate net pension liability	84,881,811	-	84,881,811
<b>Total Liabilities</b>	<b>337,755,664</b>	<b>41,825</b>	<b>337,797,489</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	8,283,111	-	8,283,111
<b>Total Deferred Inflows of Resources</b>	<b>8,283,111</b>	<b>-</b>	<b>8,283,111</b>
<b>NET POSITION</b>			
Net investment in capital assets	13,201,918	-	13,201,918
Restricted for:			
Educational programs	2,310,439	-	2,310,439
Debt service	12,333,560	-	12,333,560
Food service programs	65,721	-	65,721
Child care programs	-	994,420	994,420
Capital projects	620,477	-	620,477
Self-insurance	798,283	-	798,283
Unrestricted	(61,512,333)	-	(61,512,333)
<b>Total Net Position</b>	<b>\$ (32,181,935)</b>	<b>\$ 994,420</b>	<b>\$ (31,187,515)</b>

The accompanying notes are an integral part of these financial statements.



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# OAK GROVE SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities:</b>			
Instruction	\$ 70,427,643	\$ -	\$ 7,124,444
Instruction-related activities:			
Supervision of instruction	5,776,646	-	1,918,222
Instructional library, media, and technology	423,478	-	37,925
School site administration	6,307,168	-	15,192
Pupil services:			
Home-to-school transportation	3,646,392	989,701	2,820,904
Food services	4,243,309	-	1,237,519
All other pupil services	5,530,421	-	1,237,519
General administration:			
Data processing	1,801,724	-	-
All other general administration	7,829,354	50,573	496,372
Plant services	9,911,723	-	15,285
Ancillary services	113,780	-	1,538
Community services	17,458	-	-
Interest on long-term obligations	10,583,858	-	-
Other outgo	5,323,214	-	468,046
Total Governmental-Type Activities	131,936,168	1,040,274	15,372,966
<b>Business-Type Activities</b>			
Child care services	977,483	1,134,358	4,127
<b>Total Primary Government</b>	<u>\$ 132,913,651</u>	<u>\$ 2,174,632</u>	<u>\$ 15,377,093</u>

### General revenues:

Property taxes, levied for general purposes  
 Property taxes, levied for debt service  
 Taxes levied for other specific purposes  
 Federal and State aid not restricted to specific purposes  
 Interest and investment earnings  
 Intergovernmental revenue  
 Miscellaneous

### Subtotal, General Revenues

### Change in Net Position

Net Position - Beginning  
 Net Position - Ending



Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business- Type Activities	Total
\$ (63,303,199)	\$ -	\$ (63,303,199)
(3,858,424)	-	(3,858,424)
(385,553)	-	(385,553)
(6,291,976)	-	(6,291,976)
164,213	-	164,213
(3,005,790)	-	(3,005,790)
(4,292,902)	-	(4,292,902)
(1,801,724)	-	(1,801,724)
(7,282,409)	-	(7,282,409)
(9,896,438)	-	(9,896,438)
(112,242)	-	(112,242)
(17,458)	-	(17,458)
(10,583,858)	-	(10,583,858)
(4,855,168)	-	(4,855,168)
(115,522,928)	-	(115,522,928)
-	161,002	161,002
(115,522,928)	161,002	(115,361,926)
27,833,027	-	27,833,027
10,614,267	-	10,614,267
1,829,711	-	1,829,711
68,225,748	-	68,225,748
324,078	6,557	330,635
3,833,690	-	3,833,690
3,100,265	-	3,100,265
115,760,786	6,557	115,767,343
237,858	167,559	405,417
(32,419,793)	826,861	(31,592,932)
\$ (32,181,935)	\$ 994,420	\$ (31,187,515)



# OAK GROVE SCHOOL DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2016

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Capital Outlay Fund
<b>ASSETS</b>				
Deposits and investments	\$ 11,393,386	\$ 347,818	\$ 71,684,775	\$ 23,680,953
Receivables	2,732,688	422,235	104,244	49,197
Due from other funds	31,660	-	-	528,740
Prepaid items	724,515	-	-	-
Stores inventories	47,843	-	-	-
<b>Total Assets</b>	<u>\$ 14,930,092</u>	<u>\$ 770,053</u>	<u>\$ 71,789,019</u>	<u>\$ 24,258,890</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,010,323	\$ 95,713	\$ 305,689	\$ -
Due to other funds	-	552,961	-	-
Unearned revenue	336,527	55,658	-	-
<b>Total Liabilities</b>	<u>2,346,850</u>	<u>704,332</u>	<u>305,689</u>	<u>-</u>
<b>Fund Balances:</b>				
Nonspendable	792,358	-	-	-
Restricted	2,310,439	65,721	69,541,646	25,958
Assigned	508,376	-	1,941,684	24,232,932
Unassigned	8,972,069	-	-	-
<b>Total Fund Balances</b>	<u>12,583,242</u>	<u>65,721</u>	<u>71,483,330</u>	<u>24,258,890</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 14,930,092</u>	<u>\$ 770,053</u>	<u>\$ 71,789,019</u>	<u>\$ 24,258,890</u>

The accompanying notes are an integral part of these financial statements.



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Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 14,665,219	\$ 619,478	\$ 122,391,629
16,790	1,245	3,326,399
-	-	560,400
-	-	724,515
-	-	47,843
<u>\$ 14,682,009</u>	<u>\$ 620,723</u>	<u>\$ 127,050,786</u>

\$ -	\$ -	\$ 2,411,725
-	-	552,961
-	-	392,185
<u>-</u>	<u>-</u>	<u>3,356,871</u>

-	-	792,358
14,682,009	-	86,625,773
-	620,723	27,303,715
-	-	8,972,069
<u>14,682,009</u>	<u>620,723</u>	<u>123,693,915</u>

<u>\$ 14,682,009</u>	<u>\$ 620,723</u>	<u>\$ 127,050,786</u>
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# OAK GROVE SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2016

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### Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

**Total Fund Balance - Governmental Funds** \$ 123,693,915

Capital assets used in governmental activities are not financial resources  
and, therefore, are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 225,376,357	
Accumulated depreciation is	<u>(50,622,460)</u>	
Net Capital Assets		174,753,897

In governmental funds, interest on long-term debt is recognized in the period  
when payment is due. On the government-wide statements, interest on long  
term debt is recognized when it is incurred in the statement of net position. (2,348,695)

An internal service fund is used by the District's management to charge  
the costs of the dental and vision insurance programs to the individual  
funds. The assets and liabilities of the internal service fund are included  
with governmental activities. 798,283

Net pension liability and related deferred inflows and outflows of  
resources are not due in the current period and therefore are not reported  
on the governmental funds. 647,800

Unamortized deferred charge on refunding is recognized as a deferred  
outflow on the statement of net position. The deferred charges are  
recognized in the governmental funds when they were paid. 2,733,350

Long-term liabilities at year end consist of:

Bonds payable and related premiums	222,097,107	
State Allocation Board penalty	109,401	
Compensated absences	778,878	
Capital lease payable	13,562,151	
Other post employment benefits	11,031,137	
Net pension liability	<u>84,881,811</u>	
Total Long-Term Obligations		<u>(332,460,485)</u>
<b>Total Net Position - Governmental Activities</b>		<u><b>\$ (32,181,935)</b></u>

The accompanying notes are an integral part of these financial statements.



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# OAK GROVE SCHOOL DISTRICT

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Cafeteria Fund	Building Fund
<b>REVENUES</b>			
Local control funding formula	\$ 88,399,669	\$ -	\$ -
Federal sources	4,231,724	2,757,642	-
Other state sources	13,031,475	206,257	1,366
Other local sources	7,408,238	1,041,426	844,825
<b>Total Revenues</b>	<b>113,071,106</b>	<b>4,005,325</b>	<b>846,191</b>
<b>EXPENDITURES</b>			
Current			
Instruction	67,781,193	-	-
Instruction-related activities:			
Supervision of instruction	5,562,893	-	-
Instructional library, media and technology	408,030	-	-
School site administration	6,067,535	-	-
Pupil Services:			
Home-to-school transportation	3,509,825	-	-
Food services	174	4,091,719	-
All other pupil services	5,320,116	-	-
General administration:			
Data processing	1,737,575	-	-
All other general administration	5,139,557	209,086	-
Plant services	8,859,877	-	-
Facility acquisition and construction	238,473	-	21,583,837
Ancillary services	109,542	-	-
Community services	16,863	-	-
Other outgo	5,323,214	-	-
Debt service			
Principal	622,933	-	-
Interest and other	422,160	-	-
<b>Total Expenditures</b>	<b>111,119,960</b>	<b>4,300,805</b>	<b>21,583,837</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,951,146</b>	<b>(295,480)</b>	<b>(20,737,646)</b>
<b>Other Financing Sources (Uses):</b>			
Transfers in	395,314	14,557	-
Other sources	-	-	32,660,554
Transfers out	(14,557)	-	-
<b>Net Financing Sources (Uses)</b>	<b>380,757</b>	<b>14,557</b>	<b>32,660,554</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,331,903</b>	<b>(280,923)</b>	<b>11,922,908</b>
<b>Fund Balance - Beginning</b>	<b>10,251,339</b>	<b>346,644</b>	<b>59,560,422</b>
<b>Fund Balance - Ending</b>	<b>\$ 12,583,242</b>	<b>\$ 65,721</b>	<b>\$ 71,483,330</b>

The accompanying notes are an integral part of these financial statements.



Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 88,399,669
-	80,518	-	7,069,884
850,000	78,786	-	14,167,884
1,318,974	13,001,932	129,498	23,744,893
2,168,974	13,161,236	129,498	133,382,330
-	-	-	67,781,193
-	-	-	5,562,893
-	-	-	408,030
-	-	-	6,067,535
-	-	-	3,509,825
-	-	-	4,091,893
-	-	-	5,320,116
-	-	-	1,737,575
-	-	9,555	5,358,198
-	-	-	8,859,877
1,018,741	-	-	22,841,051
-	-	-	109,542
-	-	-	16,863
-	-	-	5,323,214
108,516	3,690,000	-	4,421,449
887	5,159,403	-	5,582,450
1,128,144	8,849,403	9,555	146,991,704
1,040,830	4,311,833	119,943	(13,609,374)
-	-	-	409,871
-	-	-	32,660,554
(395,314)	-	-	(409,871)
(395,314)	-	-	32,660,554
645,516	4,311,833	119,943	19,051,180
23,613,374	10,370,176	500,780	104,642,735
\$ 24,258,890	\$ 14,682,009	\$ 620,723	\$ 123,693,915



## OAK GROVE SCHOOL DISTRICT

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

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#### Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>19,051,180</b>
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	\$ 22,123,247	
Depreciation expense	(3,949,915)	
Net expense adjustment		18,173,332

Proceeds received from issuance of bonds is a revenue in the governmental funds, but it increases long-term obligations in the statement of net position and does not affect the statement of activities.

(60,265,000)

Premium received from issuance of bonds is a revenue in the governmental funds, but it increases long-term obligations in the statement of net position and does not affect the statement of activities.

(6,418,902)

Amortization of defeasance costs and premiums is an expense on the statement of activities but is not recorded on the governmental funds.

2,548,956

Accreted interest is not an expenditure in the governmental funds, but it increases the long term liabilities in the statement of net position and is reflected as additional interest expense in the statement of activities.

(3,500,831)

Payment of principal on general obligation bonds is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

32,800,000

The accompanying notes are an integral part of these financial statements.



## OAK GROVE SCHOOL DISTRICT

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, (Continued) FOR THE YEAR ENDED JUNE 30, 2016

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Payment of principal on capital leases is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

623,374

Payment of long-term penalty loan from State Allocation Board is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

108,075

Interest on long-term debt is recorded as an expenditure in the governmental funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.

(613,721)

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount actually paid.

(27,060)

Payments of the retiree benefits are recorded as an expenditure in the governmental funds. However, the difference between the annual required contributions and the actual benefit payment made, is recorded as an additional expense in the statement of activities. The actual amount of the contribution was less than the annual required contributions.

(2,358,129)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.

(108,802)

An internal service fund is used by the District's management to charge the costs of the dental and vision insurance programs to the individual funds. The net revenue of the internal service fund is reported with governmental activities.

225,386

#### Change in Net Position of Governmental Activities

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\$	237,858
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The accompanying notes are an integral part of these financial statements.



# OAK GROVE SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF FUND NET POSITION JUNE 30, 2016

	Child Care Enterprise Fund	Governmental Activities Self-Insurance Internal Service Fund
<b>ASSETS</b>		
<b>Current Assets</b>		
Deposits and investments	\$ 1,041,425	\$ 915,412
Receivables	2,079	25,445
Prepaid items	180	-
<b>Total Current Assets</b>	<b>1,043,684</b>	<b>940,857</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	20,540	-
Due to other funds	7,439	-
Unearned revenue	21,285	8,772
Claim liabilities	-	133,802
<b>Total Current Liabilities</b>	<b>49,264</b>	<b>142,574</b>

The accompanying notes are an integral part of these financial statements.



# OAK GROVE SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE YEAR ENDED JUNE 30, 2016

	Child Care Enterprise Fund	Governmental Activities Self-Insurance Internal Service Fund
<b>OPERATING REVENUES</b>		
Fees charged to users or other funds	\$ 1,134,358	\$ 2,186,675
Other revenues	4,127	-
Total operating revenue	<u>1,138,485</u>	<u>2,186,675</u>
<b>OPERATING EXPENSES</b>		
Payroll costs	817,359	-
Supplies and materials	63,733	-
Other expenses	96,391	1,963,863
Total operating expenses	<u>977,483</u>	<u>1,963,863</u>
Operating Income	<u>161,002</u>	<u>222,812</u>
<b>NONOPERATING REVENUES</b>		
Interest income	<u>6,557</u>	<u>2,574</u>
Change in Net Position	167,559	225,386
Total Net Position - Beginning	826,861	572,897
Total Net Position - Ending	<u>\$ 994,420</u>	<u>\$ 798,283</u>

The accompanying notes are an integral part of these financial statements.



# OAK GROVE SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

	Child Care Enterprise Fund	Governmental Activities Self-Insurance Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from user charges	\$ 1,156,355	\$ 2,223,999
Cash payments to employees for services	(817,359)	-
Cash payments for insurance claims	-	(1,943,689)
Cash payments to suppliers for goods and services	(258,294)	-
Net Cash Provided by Operating Activities	80,702	280,310
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	6,557	2,574
Net Increase in Cash and Cash Equivalents	87,259	282,884
Cash and Cash Equivalents - Beginning	954,166	632,528
Cash and Cash Equivalents - Ending	\$ 1,041,425	\$ 915,412
<b>RECONCILIATION OF OPERATING INCOME</b>		
<b>NET CASH TO PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 161,002	\$ 222,812
Changes in assets and liabilities:		
Receivables	364	38,709
Prepaid items	(176)	-
Accrued liabilities	6,469	20,174
Unearned revenue	17,870	(1,385)
Due to other fund	(104,827)	-
Net Cash Provided by Operating Activities	\$ 80,702	\$ 280,310

The accompanying notes are an integral part of these financial statements.

**OAK GROVE SCHOOL DISTRICT**

**FIDUCIARY FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Deposits and investments	\$ 139,624
Receivables	300
<b>Total Assets</b>	<u><u>\$ 139,924</u></u>
<b>LIABILITIES</b>	
Due to student groups	<u><u>\$ 139,924</u></u>

The accompanying notes are an integral part of these financial statements.



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial Reporting Entity

The District was established in 1862 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K-8 as mandated by the State and Federal agencies. The District operates sixteen elementary schools, and three middle schools.

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

#### Basis of Presentation - Fund Accounting

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

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

#### Major Governmental Funds

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

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

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

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

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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**Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, district bonds, interest, and related costs.

### Non-Major Governmental Funds

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

**Debt Service Funds** The Debt Service funds are used to account for the accumulation of restricted, committed, or assigned resources for and the payment of principal and interest on general long-term obligations.

**Tax Override Fund** The Tax Override Fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies.

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

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

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

**Child Care Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for the financial transactions related to the child care services of the District.

**Self-Insurance Internal Service Fund** Internal Service funds may be used to account for goods or services provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a dental program and a vision program that is accounted for in an internal service fund.

**Fiduciary Funds** Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs.

**Student body Agency Fund** Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's Agency Fund accounts for student body activities (ASB).



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### **Basis of Accounting - Measurement Focus**

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

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

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

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

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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

**Fiduciary Fund** Fiduciary fund is accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary fund is excluded from the government-wide financial statements because it does not represent resources of the District.

### Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 365 days of fiscal year-end. The following revenue sources are considered to be both measurable and available at fiscal year end: State apportionments, interest, certain grants, and other local sources.

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

### Unearned Revenue

Unearned 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 balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met 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 deferred inflow of resources.

### Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 365 days. Principal and interest on long-term obligations, which have not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.



# **OAK GROVE SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016**

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### **Cash and Cash Equivalents**

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

### **Investments**

Investments held at June 30, 2016, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in County Treasury are determined by the County.

### **Prepaid Items**

Prepaid items represent amounts paid in advance of receiving goods or services. The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures in the benefiting period.

### **Stores Inventories**

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

### **Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$15,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 50 years; furniture and equipment, 5 to 30 years.

### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

# **OAK GROVE SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

### **JUNE 30, 2016**

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#### **Compensated Absences**

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

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

#### **Accrued Liabilities and Long-Term Obligations**

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

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

#### **Debt Issuance Costs, Premiums and Discounts**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight line method.

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



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources for the unamortized loss on the refunding of general obligation bonds and current year pension contributions.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for the difference between actual and expected rate of return on investments specific to the net pension liability.

### Pensions

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

### Fund Balances - Governmental Funds

As of June 30, 2016, fund balances of the governmental funds are classified as follows:

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

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

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

**Unassigned** - all other spendable amounts.

### Spending Order Policy

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

# **OAK GROVE SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016**

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### **Minimum Fund Balance Policy**

In fiscal year 2010-2011, the governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than 3 percent of General Fund expenditures and other financing uses.

### **Net Position**

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

### **Operating Revenues and Expenses**

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

### **Interfund Activity**

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

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

### **Estimates**

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



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Budgetary Data

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

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

### Property Tax

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

### Change in Accounting Principles

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District has implemented the provisions of this Statement as of June 30, 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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The provisions in this Statement effective as of June 30, 2016, include the provisions for assets accumulated for purposes of providing pensions through defined benefit plans and the amended provisions of Statements No. 67 and No. 68. The District has implemented these provisions as of June 30, 2016. The provisions in this Statement related to defined benefit pensions that are not within the scope of Statement No. 68 are effective for periods beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Early implementation is encouraged.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Early implementation is encouraged.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* - amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Early implementation is encouraged.

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### NOTE 2 - DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 122,391,626
Proprietary funds	1,956,837
Fiduciary fund	139,624
Total Deposits and Investments	<u>\$ 124,488,087</u>

Deposits and investments as of June 30, 2016, consist of the following:

Cash on hand and in banks	\$ 295,003
Cash in revolving	20,000
Investments	124,173,084
Total Deposits and Investments	<u>\$ 124,488,087</u>

#### Policies and Practices

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

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



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### General Authorizations

The District's policy is to follow the requirements stipulated by the California government code related to investments. Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

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

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of the deposits with County Treasurer at June 30, 2016, was \$124,173,084 and the weighted average maturity of the pool was 439 days.

### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County Pool is not rated as of June 30, 2016.

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 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. The District has no significant custodial risk with respect to any of its bank deposits.

### Fair Value Measurements

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

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

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

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

Uncategorized - Investments in the Santa Clara 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.

The District's fair value measurements are as follows at June 30, 2016:

Investment Type	Fair Value	Fair Value Measurements Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
County Pool	\$ -	\$ -	\$ -	\$ -	\$ 124,173,084
Total	\$ -	\$ -	\$ -	\$ -	\$ 124,173,084



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### NOTE 3 - RECEIVABLES

Receivables at June 30, 2016, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Fund
Federal Government: Categorical aid	\$ 659,114	\$ 397,984	\$ -	\$ -	\$ -	\$ -	\$ 1,057,098	\$ -
State Government: Categorical aid	272,238	23,976	-	-	-	-	296,214	-
Lottery	1,169,618	-	-	-	-	-	1,169,618	-
Interest	32,396	275	104,244	49,197	16,790	1,245	204,147	3,112
Local Sources	599,322	-	-	-	-	-	599,322	24,412
Total	<u>\$ 2,732,688</u>	<u>\$ 422,235</u>	<u>\$ 104,244</u>	<u>\$ 49,197</u>	<u>\$ 16,790</u>	<u>\$ 1,245</u>	<u>\$ 3,326,399</u>	<u>\$ 27,524</u>

### NOTE 4 - PREPAID ITEMS

Prepaid items at June 30, 2016, consist of insurance premiums and other prepaid items paid to various vendors totaling \$724,515 in the governmental funds.

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,521,000	\$ -	\$ -	\$ 3,521,000
Construction in progress	3,845,960	18,316,282	3,845,960	18,316,282
Total Capital Assets Not Being Depreciated	7,366,960	18,316,282	3,845,960	21,837,282
Capital Assets Being Depreciated:				
Buildings and improvements	187,211,691	5,076,196	-	192,287,887
Furniture and equipment	8,674,459	2,576,729	-	11,251,188
Total Capital Assets Being Depreciated	195,886,150	7,652,925	-	203,539,075
Total Capital Assets	203,253,110	25,969,207	3,845,960	225,376,357
Less Accumulated Depreciation:				
Buildings and improvements	39,143,581	3,742,152	-	42,885,733
Furniture and equipment	7,528,964	207,763	-	7,736,727
Total Accumulated Depreciation	46,672,545	3,949,915	-	50,622,460
Governmental Activities Capital Assets, Net	\$ 156,580,565	\$ 22,019,292	\$ 3,845,960	\$ 174,753,897

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

#### Governmental Activities

Instruction	\$ 2,395,475
Supervision of instruction	196,600
Instructional library, media, and technology	14,420
School site administration	214,435
Pupil transportation	124,042
Food services	144,613
Other pupil services	188,020
Ancillary services	3,871
Community services	595
Enterprise	103,951
Other general administration	189,366
Data processing services	61,408
Plant maintenance and operations	313,119
Total Depreciation Expense Governmental Activities	\$ 3,949,915



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### NOTE 6 - INTERFUND TRANSACTION

#### Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2016, between major and non-major governmental funds, and internal service funds are as follows:

Due From	Due To		
	General	Non Major	Total
Cafeteria	\$ 24,221	\$ 528,740	\$ 552,961
Proprietary Fund - Enterprise	7,439	-	7,439
	<u>\$ 31,660</u>	<u>\$ 528,740</u>	<u>\$ 560,400</u>

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

#### Operating Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following:

Transfer Out	Transfers In		
	General	Cafeteria	Total
General	\$ -	\$ 14,557	\$ 14,557
Special Reserve Capital Outlay	395,314	-	395,314
	<u>\$ 395,314</u>	<u>\$ 14,557</u>	<u>\$ 409,871</u>

### NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2016, consisted of the following:

	General Fund	Cafeteria Fund	Building Fund	Total Governmental Funds	Proprietary Funds
Vendor payables	\$ 1,031,945	\$ 85,337	\$ 305,689	\$ 1,422,971	\$ 6,982
State apportionment	563,835	-	-	563,835	-
Salaries and benefits	414,543	10,376	-	424,919	13,558
Total	<u>\$ 2,010,323</u>	<u>\$ 95,713</u>	<u>\$ 305,689</u>	<u>\$ 2,411,725</u>	<u>\$ 20,540</u>

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2016, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Funds
Federal financial assistance	\$ 85,236	\$ -	\$ 85,236	\$ -
State categorical aid	-	55,658	55,658	-
Other local	251,291	-	251,291	30,057
Total	<u>\$ 336,527</u>	<u>\$ 55,658</u>	<u>\$ 392,185</u>	<u>\$ 30,057</u>

### NOTE 9 - LONG-TERM OBLIGATIONS OTHER THAN PENSION

#### Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Due in One Year
General obligation bonds	\$ 177,588,749	\$ 63,765,831	\$ 32,800,000	\$ 208,554,580	\$ 7,684,680
Premium on bonds	8,786,742	6,418,902	1,663,117	13,542,527	1,663,117
Total general obligation bonds	186,375,491	70,184,733	34,463,117	222,097,107	9,347,797
Compensated absences	751,818	27,060	-	778,878	-
Capital leases	14,185,525	-	623,374	13,562,151	557,890
Net OPEB obligation	8,673,008	3,360,066	1,001,937	11,031,137	-
State Allocation Board Penalty	217,476	-	108,075	109,401	108,517
	<u>\$ 210,203,318</u>	<u>\$ 73,571,859</u>	<u>\$ 36,196,503</u>	<u>\$ 247,578,674</u>	<u>\$ 10,014,204</u>
Deferred amount on refunding	<u>\$ 1,847,511</u>	<u>\$ 1,923,516</u>	<u>\$ 1,037,677</u>	<u>\$ 2,733,350</u>	

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. This fund receives property tax revenues which are used solely to repay the principal and interest due on these obligations. General revenues are not required to fund the debt service on these obligations. Payments on the capital leases are made by the General Fund and Building Fund. The compensated absences will be paid by the fund for which the employee worked. The OPEB liabilities will be paid by the General Fund. The State Allocation Board penalty will be paid by the Special Reserve Capital Outlay Fund.



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2015	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2016
2005	8/1/2024	2.25-5.0%	\$ 34,335,000	\$ 19,265,000	\$ -	\$ -	\$ 19,265,000	\$ -
2008	8/1/2033	5.50%	10,000,000	10,000,000	-	-	7,805,000	2,195,000
2008	8/1/2033	4.45-6.83%	19,999,923	29,294,966	-	1,905,254	-	31,200,220
2008	8/1/2024	3.50-5.25%	8,390,000	8,390,000	-	-	4,040,000	4,350,000
2011	8/1/2042	2.72-6.97%	18,249,429	23,563,783	-	1,595,577	-	25,159,360
2011	8/1/2025	5.36%	1,750,000	1,750,000	-	-	-	1,750,000
2011	8/1/2025	1.25-4.00%	17,305,000	13,635,000	-	-	1,160,000	12,475,000
2013	8/1/2024	2.00-5.00%	8,400,000	8,090,000	-	-	530,000	7,560,000
2014	8/1/2044	4.00-5.00%	57,575,000	57,575,000	-	-	-	57,575,000
2014	8/1/2019	2.00-5.00%	6,025,000	6,025,000	-	-	-	6,025,000
2015	8/1/2024	2.00-5.00%	15,415,000	-	15,415,000	-	-	15,415,000
2008	8/1/2023	2.00-4.00%	6,650,000	-	6,650,000	-	-	6,650,000
2014	8/1/2045	2.00-4.00%	26,200,000	-	26,200,000	-	-	26,200,000
2016	8/1/2034	2.00-5.00%	12,000,000	-	12,000,000	-	-	12,000,000
			<u>\$ 242,294,352</u>	<u>\$ 177,588,749</u>	<u>\$ 60,265,000</u>	<u>\$ 3,500,831</u>	<u>\$ 32,800,000</u>	<u>208,554,580</u>
Unamortized premium								13,542,527
Total								<u>\$ 222,097,107</u>

### Debt Service Requirements to Maturity

The bonds mature through 2046 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2017	\$ 7,684,680	\$ 2,791,902	\$ 10,476,581.5
2018	9,247,416	3,178,756	12,426,172
2019	7,999,876	3,385,040	11,384,916
2020	7,711,058	3,407,108	11,118,166
2021	6,230,700	3,585,266	9,815,966
2022-2026	36,670,772	21,887,085	58,557,857
2027-2031	18,982,187	31,721,749	50,703,936
2032-2036	30,386,518	32,942,669	63,329,187
2037-2041	30,425,789	50,681,298	81,107,087
2042-2046	35,105,356	12,908,645	48,014,001
Subtotal	<u>190,444,352</u>	<u>\$ 166,489,517</u>	<u>\$ 356,933,869</u>
Accretion to date	18,110,228		
Total bonds outstanding	<u>\$ 208,554,580</u>		

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2016, amounted to \$778,878.

### State Allocation Board Penalty

During an expenditure review by the Office of Public School Construction (OPSC), it was discovered that the District requested Fund releases for five projects before the required contract threshold of 50% was met. The funds were released to the district for all five projects in January 2003 which was more than a year before the District reached the required threshold. OPSC found the District had received a funding advantage on the projects. The finding was one of Material Inaccuracy which by statute the State Allocation board is required to have the District repay an interest penalty.

### Capital Leases

The District has entered into agreements to lease various vehicles and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

	Solar Project	Buses, Vans & Trucks	Network Equipment	Total
Balance, July 1, 2015	\$ 17,604,430	\$ 113,117	\$ 173,161	\$ 17,890,708
Payments	822,662	56,559	142,133	1,021,354
Balance, June 30, 2016	<u>\$ 16,781,768</u>	<u>\$ 56,558</u>	<u>\$ 31,028</u>	<u>\$ 16,869,354</u>

The capital leases have minimum lease payments as follows:

Fiscal Year	Lease Payment
2017	\$ 937,300
2018	910,625
2019	966,660
2020	1,000,778
2021	1,036,100
2022-2026	5,755,459
2027-2030	6,262,432
Subtotal	16,869,354
Interest	3,307,203
Minimum Payment	<u>\$ 13,562,151</u>



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Bond Interest and Redemption	Building Fund	Special Reserve Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable							
Revolving cash	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Stores inventories	47,843	-	-	-	-	-	47,843
Prepaid expenditures	724,515	-	-	-	-	-	724,515
Total Nonspendable	792,358	-	-	-	-	-	792,358
Restricted							
Educational programs	2,310,439	-	-	-	-	-	2,310,439
Food services	-	65,721	-	-	-	-	65,721
Capital projects	-	-	-	69,541,646	25,958	-	69,567,604
Debt service	-	-	14,682,009	-	-	-	14,682,009
Total Restricted	2,310,439	65,721	14,682,009	69,541,646	25,958	-	86,625,773
Assigned							
Capital projects	-	-	-	1,941,684	24,232,932	620,477	26,795,093
Other	-	-	-	-	-	246	246
Site Budget Carryover	53,453	-	-	-	-	-	53,453
Early Retirement Program	454,923	-	-	-	-	-	454,923
Total Assigned	508,376	-	-	1,941,684	24,232,932	620,723	27,303,715
Unassigned							
Reserve for economic uncertainties	3,334,035	-	-	-	-	-	3,334,035
Remaining unassigned	5,638,034	-	-	-	-	-	5,638,034
Total Unassigned	8,972,069	-	-	-	-	-	8,972,069
Total	\$ 12,583,242	\$ 65,721	\$ 14,682,009	\$ 71,483,330	\$ 24,258,890	\$ 620,723	\$ 123,693,915

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### NOTE 11 - LEASE REVENUES

Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessor, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

<u>Fiscal Year</u>	<u>Lease Revenue</u>
2017	\$ 1,338,829
2018	1,291,056
2019	1,288,945
2020	1,288,945
2021	1,288,945
2022-2026	5,057,635
2027-2030	2,381,602
Total	<u>\$ 13,935,957</u>



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

#### Plan Description

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical, dental, vision and life insurance benefits to eligible retirees and their spouses.

#### Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015-2016, the District contributed \$1,001,937 to the plan, all of which was used for current premiums. The Plan offers employees health benefits from within different bargaining units who retire after age 50 to 60 with at least 10 years of service, medical, dental, vision and life insurance. The plan makes payments for five years or until age 65, whichever comes first.

#### Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 3,596,912
Interest on net OPEB obligation	346,920
Adjustment to annual required contribution	(583,766)
Annual OPEB cost (expense)	3,360,066
Contributions made	(1,001,937)
Increase in net OPEB obligation	2,358,129
Net OPEB obligation, beginning of year	8,673,008
Net OPEB obligation, end of year	<u>\$ 11,031,137</u>

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

### Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2016	\$ 3,360,066	\$ 1,001,937	30%	\$ 11,031,137
2015	3,173,537	1,016,261	30%	8,673,008
2014	2,954,292	1,232,345	42%	6,515,732

### Funded Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2014	\$ -	\$24,639,821	\$24,639,821	0%	\$58,878,452	41.85%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), based on the long-term rate of earnings that the District expects to earn on its investments. Healthcare cost trend rates ranged from an initial 8.5 percent to an ultimate rate of 6.0 percent. The inflation rate used was 4 percent. The UAAL is being amortized at a level dollar method on a closed basis. The remaining amortization period at July 1, 2014, was 24 years.



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### NOTE 13 - RISK MANAGEMENT

#### Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2016, the District contracted with the Santa Clara County Schools Insurance Group for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in the past three years. There has not been a significant reduction in coverage from the prior year.

#### Workers' Compensation

For fiscal year 2016, the District participated in the Santa Clara County Schools Insurance Group (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to districts that can meet the JPA's selection criteria.

Insurance Program Company Name	Type of Coverage	Limits
<u>Workers' Compensation Program</u>		
Santa Clara County School's Insurance Group	Workers' Compensation	\$ 1,000,000
<u>Property and Liability Program</u>		
School Excess Liability Fund ( SELF )	Excess General Liability	\$ 25,000,000
Santa Clara County School's Insurance Group	General Liability	\$ 5,000,000
Santa Clara County School's Insurance Group	Auto Liability	\$ 5,000,000
Santa Clara County School's Insurance Group	Property	\$ 500,000,000
Santa Clara County School's Insurance Group	Property	\$ 100,000

#### Employee Medical Benefits

The District has contracted with the California Schools Vision Coalition and California Schools Dental Coalition to administer the employee vision and dental benefits insurance program. The rates are set through an annual calculation process. The District is self-insured for these types of benefits.

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Unpaid Claims Liabilities

The District accounts for the self-insured activities in the Self-Insurance Internal Service Fund. The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2014 to June 30, 2016:

Liability Balance, June 30, 2014	\$ 131,891
Claims and changes in estimates	1,686,121
Claims payments	(1,704,384)
Liability Balance, June 30, 2015	113,628
Claims and changes in estimates	1,984,037
Claims payments	(1,963,863)
Liability Balance, June 30, 2016	<u>\$ 133,802</u>
Assets available for insurance claims	<u>\$ 932,085</u>



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2016, 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	\$ 63,436,646	\$ 5,213,446	\$ 6,231,159	\$ 5,060,663
CalPERS	21,445,165	3,717,465	2,051,952	2,089,104
Total	<u>\$ 84,881,811</u>	<u>\$ 8,930,911</u>	<u>\$ 8,283,111</u>	<u>\$ 7,149,767</u>

The details of each plan are as follows:

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

##### Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at:  
<http://www.calstrs.com/member-publications>.

##### Benefits Provided

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

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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

The STRP provisions and benefits in effect at June 30, 2016, 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 employee contribution rate	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required state contribution rate	7.12589%	7.12589%

### Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the District's total contributions were \$5,037,358.

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

At June 30, 2016, 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	\$ 63,436,646
State's proportionate share of the net pension liability associated with the District	33,550,993
Total net pension liability, including State share	<u>\$ 96,987,639</u>



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively was 0.09423 percent and 0.09494 percent, resulting in a net increase in the proportionate share of 0.0003 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$5,060,663. In addition, the District recognized pension expense and revenue of \$2,947,884 for support provided by the State. At June 30, 2016, 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	\$ 5,213,446	\$ -
Net differences between projected and actual earnings on plan investments	-	6,231,159
Total	\$ 5,213,446	\$ 6,231,159

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Fiscal Year	Deferred (Outflows)/Inflows Amortization
2017	\$ (2,140,224)
2018	(2,140,224)
2019	(2,140,224)
2020	1,249,554
Total	\$ (5,171,118)

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

The deferred outflows/ (inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 7 years and will be recognized in pension expense as follows:

Fiscal Year	Deferred (Outflows)/Inflows Amortization
2017	\$ (147,326)
2018	(147,326)
2019	(147,326)
2020	(147,326)
2021	(147,326)
2022	(147,326)
Total	(147,323)
	<u>\$ (883,953)</u>

### Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary' investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are normally distributed and independently from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%
Total	100%	

### Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Liability
1% decrease (6.60%)	\$ 95,784,398
Current discount rate (7.60%)	\$ 63,436,646
1% increase (8.60%)	\$ 36,553,054

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### California Public Employees Retirement System (CalPERS)

#### Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2014. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

#### Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2016, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.847%	11.847%



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the total District contributions were \$2,003,607.

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$2,089,104. The net pension liability was measured as of June 30, 2015. 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 proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively was 0.14549 percent and 0.14118 percent, resulting in a net increase in the proportionate share of 0.0043 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$2,089,104. At June 30, 2016, 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	\$ 2,003,607	\$ -
Net change in proportionate share of net pension liability	-	(734,301)
Difference between projected and actual earnings on pension plan investments	-	(1,317,651)
Differences between expected and actual experience in the measurement of the total pension liability	1,225,623	-
Changes of assumptions	488,235	-
Total	<u>\$ 3,717,465</u>	<u>\$ (2,051,952)</u>

## OAK GROVE SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Fiscal Year	Deferred Outflows/(Inflows) of Resources
2017	\$ (538,279)
2018	(538,279)
2019	(538,279)
2020	880,536
Total	<u>\$ (734,301)</u>

The deferred outflows/ (inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Fiscal Year	Deferred Outflows/(Inflows) of Resources
2017	\$ 136,624
2018	136,624
2019	122,959
Total	<u>\$ 396,207</u>



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%
	100%	

# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.65%)	\$ 34,903,792
Current discount rate (7.65%)	\$ 21,445,165
1% increase (8.65%)	\$ 10,253,417

### NOTE 15 - COMMITMENTS AND CONTINGENCIES

#### Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

#### Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2016.



# OAK GROVE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### Construction Commitments

As of June 30, 2016, the District had the following commitments with respect to the unfinished capital projects:

Site	Capital Project	Construction Commitment	Expected Date of Completion
Anderson	HVAC/Roof's A&E services, inspection, commissioning	\$ 2,249,214	August 2016
Baldwin	Site Map	19,387	August 2016
Christopher	Frontage's A&E services, inspection	787,223	August 2016
Del Roble	HVAC/Roof's A&E services, inspection, commissioning	3,733,628	August 2016
Edenvale	HVAC/Roof's A&E services, inspection, commissioning	1,242,956	August 2016
Hayes	HVAC/Roof's A&E services, inspection, commissioning	2,525,724	August 2016
Miner	Frontage's A&E services, inspection	55,644	August 2016
Oak Ridge	HVAC/Roof's A&E services, inspection, commissioning	1,155,311	August 2016
Parkview	HVAC/Roof's A&E services, inspection, commissioning	1,341,283	August 2016
Taylor	Frontage's A&E services, inspection	9,900	August 2016
Davis	Frontage's A&E services, inspection, portables MOD	1,879,395	August 2016
Herman	HVAC/Roof's A&E services, Frontage's A&E service	2,604,176	August 2016
Maintenance	Site Map	14,846	August 2016
District	Marquees	697,594	April 2017
Total		<u>\$ 18,316,281</u>	

### NOTE 16 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the Santa Clara County Schools Insurance Group (SCCSIG) joint powers authority. The District pays an annual premium to the applicable entity for its workers compensation, property and liability, and employee benefit insurance coverage. Payments for services provided are paid to the JPA. The relationship between the District and the JPA is such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities. The District has appointed one member to the governing board of Santa Clara County Schools Insurance Group.

During the year ended June 30, 2016, the District made payments of \$1,984,682 to SCCSIG for services rendered.

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*REQUIRED SUPPLEMENTARY INFORMATION*

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# OAK GROVE SCHOOL DISTRICT

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>REVENUES</b>				
Local Control Funding Formula	\$ 87,860,457	\$ 88,121,455	\$ 88,399,669	\$ 278,214
Federal sources	4,164,510	4,721,851	4,231,724	(490,127)
Other state sources	9,755,167	12,319,036	13,031,475	712,439
Other local sources	6,656,300	6,597,452	7,408,238	810,786
<b>Total Revenues</b>	<u>108,436,434</u>	<u>111,759,794</u>	<u>113,071,106</u>	<u>1,311,312</u>
<b>EXPENDITURES</b>				
Current				
Certificated salaries	46,135,123	49,037,027	49,108,246	(71,219)
Classified salaries	15,358,915	16,195,077	15,726,552	468,525
Employee benefits	20,957,585	24,196,211	24,261,010	(64,799)
Books and supplies	3,350,634	3,871,809	2,403,364	1,468,445
Services and operating expenditures	10,965,208	12,456,771	13,060,913	(604,142)
Other outgo	5,233,822	5,247,189	5,114,129	133,060
Capital outlay	302,125	594,868	400,653	194,215
Debt service - principal	622,933	622,933	622,933	-
Debt service - interest	422,160	422,160	422,160	-
<b>Total Expenditures</b>	<u>103,348,505</u>	<u>112,644,045</u>	<u>111,119,960</u>	<u>1,524,085</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>5,087,929</u>	<u>(884,251)</u>	<u>1,951,146</u>	<u>2,835,397</u>
<b>Other Financing Sources:</b>				
Transfers in	369,943	369,943	395,314	25,371
Transfers out	-	(114,909)	(14,557)	100,352
<b>Net Financing Sources</b>	<u>369,943</u>	<u>255,034</u>	<u>380,757</u>	<u>125,723</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>5,457,872</u>	<u>(629,217)</u>	<u>2,331,903</u>	<u>2,961,120</u>
<b>Fund Balance - Beginning</b>	<u>10,251,339</u>	<u>10,251,339</u>	<u>10,251,339</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 15,709,211</u>	<u>\$ 9,622,122</u>	<u>\$ 12,583,242</u>	<u>\$ 2,961,120</u>

See accompanying note to required supplementary information.

# OAK GROVE SCHOOL DISTRICT

## CAFETERIA FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variances - Positive (Negative) Final to Actual
	Original	Final	Actual	
<b>REVENUES</b>				
Federal sources	\$ 2,762,672	\$ 2,721,363	\$ 2,757,642	\$ 36,279
Other state sources	215,127	197,942	206,257	8,315
Other local sources	1,199,431	1,127,514	1,041,426	(86,088)
<b>Total Revenues</b>	<u>4,177,230</u>	<u>4,046,819</u>	<u>4,005,325</u>	<u>(41,494)</u>
<b>EXPENDITURES</b>				
Current				
Classified salaries	1,570,607	1,671,814	1,606,842	64,972
Employee benefits	447,168	453,641	430,958	22,683
Books and supplies	90,000	48,417	32,522	15,895
Services and operating expenditures	2,172,521	1,905,217	2,021,398	(116,181)
Other outgo	214,094	199,727	209,085	(9,358)
<b>Total Expenditures</b>	<u>4,494,390</u>	<u>4,278,816</u>	<u>4,300,805</u>	<u>(21,989)</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<u>(317,160)</u>	<u>(231,997)</u>	<u>(295,480)</u>	<u>(63,483)</u>
<b>Other Financing Sources:</b>				
Transfers in	-	-	14,557	14,557
<b>Net Financing Sources</b>	<u>-</u>	<u>-</u>	<u>14,557</u>	<u>14,557</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(317,160)</u>	<u>(231,997)</u>	<u>(280,923)</u>	<u>(48,926)</u>
<b>Fund Balance - Beginning</b>	346,644	346,644	346,644	-
<b>Fund Balance - Ending</b>	<u>\$ 29,484</u>	<u>\$ 114,647</u>	<u>\$ 65,721</u>	<u>\$ (48,926)</u>

See accompanying note to required supplementary information.



# OAK GROVE SCHOOL DISTRICT

## SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2014	\$ -	\$ 24,639,821	\$ 24,639,821	0%	\$ 58,878,452	41.85%
July 1, 2012	-	21,813,958	21,813,958	0%	58,016,446	37.60%
July 1, 2010	-	19,504,135	19,504,135	0%	57,095,095	34.16%

See accompanying note to required supplementary information.

# OAK GROVE SCHOOL DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2016

CalSTRS	2016	2015
District's proportion of the net pension liability	0.09423%	0.09494%
District's proportionate share of the net pension liability	\$ 63,436,646	\$ 54,897,947
State's proportionate share of the net pension liability associated with the District	33,550,993	33,149,751
Total	<u>\$ 96,987,639</u>	<u>\$ 88,047,698</u>
District's covered - employee payroll	\$ 40,911,198	\$ 41,368,667
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	155%	133%
Plan fiduciary net position as a percentage of the total pension liability	74%	77%
 <b>CalPERS</b>		
District's proportion of the net pension liability (asset)	0.14549%	0.14118%
District's proportionate share of the net pension liability (asset)	\$ 21,445,165	\$ 16,027,823
District's covered - employee payroll	\$ 16,089,914	\$ 14,796,667
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	79%	83%

See accompanying note to required supplementary information.



# OAK GROVE SCHOOL DISTRICT

## SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
<b>CalSTRS</b>		
Contractually required contribution	\$ 5,037,358	\$ 3,985,408
Contributions in relation to the contractually required contribution	5,037,358	3,985,408
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 47,112,577</u>	<u>\$ 41,368,667</u>
Contributions as a percentage of covered - employee payroll	<u>10.69%</u>	<u>9.63%</u>
<b>CalPERS</b>		
Contractually required contribution	\$ 2,003,607	\$ 1,841,007
Contributions in relation to the contractually required contribution	2,003,607	1,841,007
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 16,912,359</u>	<u>\$ 16,089,913</u>
Contributions as a percentage of covered - employee payroll	<u>11.85%</u>	<u>11.44%</u>

See accompanying note to required supplementary information.

# **OAK GROVE SCHOOL DISTRICT**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2016**

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### **NOTE 1 - PURPOSE OF SCHEDULES**

#### **Budgetary Comparison Schedule**

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 Other Postemployment Benefits (OPEB) Funding Progress**

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

#### **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.

#### **Schedule of District Pension 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.

#### **Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuation for either CalSTRS and CalPERS.

#### **Changes in Assumptions**

The CalSTRS plan rate of investment return assumption was not changed from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.50 percent to 7.65 percent since the previous valuation.

See accompanying note to required supplementary information.



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*SUPPLEMENTARY INFORMATION*

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# OAK GROVE SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through California Department of Education (CDE):			
Title I - Basic Grants Low-Income - Reallocation Funds	84.010	14981	\$ 1,309,521
Title II - Teacher Quality	84.367	14341	453,414
Title III - Limited English Proficient (LEP)	84.365	14346	281,248
Special Education Cluster			
Basic Local Assistance	84.027	13379	1,698,324
Local Assistance, Private School ISPs	84.027	10115	5,131
Mental Health Allocation Plan, Part B, Section 611	84.027A	14468	126,826
Preschool Grants	84.173	13430	58,109
Preschool Local Entitlement	84.027A	13682	104,885
Total U.S. Department of Education			<u>4,037,458</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Department of Health Care Services:			
Medi-Cal Billing Option	93.778	10013	33,664
Total U.S. Department of Health and Human Services			<u>33,664</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through CDE:			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	2,002,524
Meal Supplements	10.556	13568	58,706
Especially Needy Breakfast	10.553	13526	591,723
Commodity <sup>1</sup>	10.555	13391	248,129
Child and Adult Care Food Program	10.558	13393	104,689
Total U.S. Department of Agriculture			<u>3,005,771</u>
Total Expenditures of Federal Awards			<u>\$ 7,076,893</u>

<sup>1</sup>Commodities are not recorded on the financial statements.



# OAK GROVE SCHOOL DISTRICT

## LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2016

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### ORGANIZATION

The Oak Grove School District was established in 1862 and consists of an area comprising approximately 20.7 square miles, bounded by Capitol Expressway to the north, Canoas Creek to the west, Bernal Road to the south and the foothills to the east. There were no boundary changes during the year. The District operates sixteen elementary schools and three middle schools.

### GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Dennis Hawkins	President	2018
Mary Noel	Vice President/Clerk	2016
Jeremy Nishihara	Member	2016
Jacquelyn Adams	Member	2018
Carolyn Bauer	Member	2018

### ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Jose Manzo	Superintendent
Laura Phan	Assistant Superintendent, Business Services
Andy Garcia	Assistant Superintendent, Human Resources
Maria Wetzel	Assistant Superintendent, Educational Services
Melina Nguyen	Director of Fiscal Services

See accompanying note to supplementary information.

# OAK GROVE SCHOOL DISTRICT

## SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2016

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,490.39	4,481.18
Fourth through sixth	3,478.93	3,461.69
Seventh and eighth	2,242.41	2,229.63
Total Regular ADA	10,211.73	10,172.50
Extended Year Special Education		
Transitional kindergarten through third	8.55	8.55
Fourth through sixth	4.85	4.85
Seventh and eighth	1.94	2.04
Total Extended Year Special Education	15.34	15.44
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	5.79	5.74
Fourth through sixth	8.67	9.26
Seventh and eighth	7.52	6.70
Total Special Education, Nonpublic, Nonsectarian Schools	21.98	21.70
Community Day School		
Seventh and eighth	8.56	9.56
Total Community Day School	8.56	9.56
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.39	0.39
Fourth through sixth	0.87	0.87
Seventh and eighth	0.67	0.67
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	1.93	1.93
Total Classroom Based ADA	10,259.54	10,221.13

See accompanying note to supplementary information.



# OAK GROVE SCHOOL DISTRICT

## SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2016

Grade Level	1986-1987	2015-2016	Number of Days		Status
	Actual Minutes	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	46,800	180	Not applicable	Compiled
Grades 1 - 3	50,400				
Grade 1		54,025	180	Not applicable	Compiled
Grade 2		54,025	180	Not applicable	Compiled
Grade 3		54,025	180	Not applicable	Compiled
Grades 4 - 6	54,000				
Grade 4		54,190	180	Not applicable	Compiled
Grade 5		54,190	180	Not applicable	Compiled
Grade 6		54,190	180	Not applicable	Compiled
Grades 7 - 8	54,000				
Grade 7		54,756	180	Not applicable	Compiled
Grade 8		54,756	180	Not applicable	Compiled

See accompanying note to supplementary information.

**OAK GROVE SCHOOL DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2016.

See accompanying note to supplementary information.



# OAK GROVE SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

	(Budget) 2017 <sup>1</sup>	2016	2015	2014
GENERAL FUND				
Revenues	\$ 108,150,620	\$ 113,071,106	\$ 98,410,220	\$ 92,736,607
Other sources and transfers in	369,943	395,314	622,121	881,218
Total Revenues and Other Sources	108,520,563	113,466,420	99,032,341	93,617,825
Expenditures	112,504,687	111,119,960	103,429,845	93,033,848
Other uses and transfers out	231,997	14,557	315,781	-
Total Expenditures and Other Uses	112,736,684	111,134,517	103,745,626	93,033,848
INCREASE (DECREASE) IN FUND BALANCE	\$ (4,216,121)	\$ 2,331,903	\$ (4,713,285)	\$ 583,977
ENDING FUND BALANCE	\$ 8,367,121	\$ 12,583,242	\$ 10,251,339	\$ 14,964,624
AVAILABLE RESERVES <sup>2</sup>	\$ 5,693,053	\$ 8,972,069	\$ 10,684,008	\$ 11,488,702
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	5.05%	8.07%	8.70%	9.93%
LONG-TERM OBLIGATIONS	\$ 322,446,281	\$ 332,460,483	\$ 331,574,646	\$ 138,773,183
K-12 AVERAGE DAILY ATTENDANCE AT P-2	10,036	10,260	10,508	10,824

The General Fund balance has decreased by \$2,381,382 over the past two years. The fiscal year 2016-2017 budget projects a decrease of \$4,216,121. For a District this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses.

The District anticipates an operating deficit during the 2016-2017 fiscal year. Total long-term obligations have increased by \$193,687,302 over the past two years.

Average daily attendance has decreased by 564 ADA over the past two years. Average daily attendance is anticipated to decrease by 224 ADA during fiscal year 2016-2017.

<sup>1</sup> Budget 2017 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all unassigned fund balances within the General Fund.

See accompanying note to supplementary information.

# OAK GROVE SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2016

	Capital Facilities Fund	Tax Override Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>			
Deposits and investments	\$ 619,232	\$ 246	\$ 619,478
Receivables	1,245	-	1,245
<b>Total Assets</b>	<u>\$ 620,477</u>	<u>\$ 246</u>	<u>\$ 620,723</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Fund Balances:</b>			
Assigned	\$ 620,477	\$ 246	\$ 620,723
<b>Total Fund Balances</b>	<u>620,477</u>	<u>246</u>	<u>620,723</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 620,477</u>	<u>\$ 246</u>	<u>\$ 620,723</u>

See accompanying note to supplementary information.



# OAK GROVE SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2016

	Capital Facilities Fund	Tax Override Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>			
Other local sources	\$ 129,252	\$ 246	\$ 129,498
<b>Total Revenues</b>	<u>129,252</u>	<u>246</u>	<u>129,498</u>
<b>EXPENDITURES</b>			
General administration:			
All other general administration	9,555	-	9,555
<b>Total Expenditures</b>	<u>9,555</u>	<u>-</u>	<u>9,555</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>119,697</u>	<u>246</u>	<u>119,943</u>
<b>NET CHANGE IN FUND BALANCES</b>	119,697	246	119,943
<b>Fund Balance - Beginning</b>	500,780	-	500,780
<b>Fund Balance - Ending</b>	<u>\$ 620,477</u>	<u>\$ 246</u>	<u>\$ 620,723</u>

See accompanying note to supplementary information.

# OAK GROVE SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2016

### NOTE 1 - PURPOSE OF SCHEDULES

#### Schedule of Expenditures of Federal Awards

The accompanying 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total Federal resources reported on Governmental Funds Statement		\$ 7,069,884
Federal subsidy for Build America Bonds not recorded on the SEFA	not available	(241,120)
Commodities not recorded on the financial statements	10.555	248,129
Total Schedule of Expenditures of Federal Awards.		<u>\$ 7,076,893</u>

#### Local Education Agency Organization Structure

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

#### Schedule of Average Daily Attendance (ADA)

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

#### Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206. Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.



# **OAK GROVE SCHOOL DISTRICT**

## **NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2016**

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

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

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

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

### **Non-Major Governmental Funds – Combining Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance**

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

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*INDEPENDENT AUDITOR'S REPORTS*

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**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***

Board of Trustees  
Oak Grove School District  
San Jose, 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, business-type activities each major fund, and the aggregate remaining fund information of Oak Grove School District (District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2016.

***Emphasis of Matter - Change in Accounting Principles***

As discussed in Note 1 to the financial statements, in 2016, the District adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement 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 Statement 67 and 68*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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 the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California  
October 28, 2016



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

Board of Trustees  
Oak Grove School District  
San Jose, California

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

We have audited Oak Grove School District's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2016. The District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the 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, 2016.



## Report on Internal Control Over Compliance

Management of the 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 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 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.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California  
October 28, 2016



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
Oak Grove School District  
San Jose, California

### Report on State Compliance

We have audited Oak Grove School District's (the District) compliance with the types of compliance requirements as identified in the *2015-2016 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 Oak Grove School District's State government programs as noted below for the year ended June 30, 2016.

### Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. 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 *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about 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 opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

### Unmodified Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2016.



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:

	Procedures Performed
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	Yes
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes
<b>CHARTER SCHOOLS</b>	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

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

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

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

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not offer a Middle or Early College High School Program; therefore we do not perform any procedures related to Middle or Early College High School Programs.

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

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

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California  
October 28, 2016



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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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# OAK GROVE SCHOOL DISTRICT

## SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2016

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### FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

### FEDERAL AWARDS

Internal control over major federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 (a) of the Uniform Guidance	
Identification of major federal programs:	<u>No</u>

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555, 10.556, 10.553, 10.555, 10.558	Child Nutrition Cluster

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

### STATE AWARDS

Type of auditor's report issued on compliance for all applicable programs:	<u>Unmodified</u>
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**OAK GROVE SCHOOL DISTRICT**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

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None reported.

**OAK GROVE SCHOOL DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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None reported.



**OAK GROVE SCHOOL DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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None reported.

**OAK GROVE SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

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There were no audit findings reported in the prior year's schedule of financial statement findings.



**OAK GROVE SCHOOL DISTRICT**

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**2008 MEASURE S FUND  
FINANCIAL REPORT AND PERFORMANCE AUDIT**

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**FOR THE YEAR ENDED  
JUNE 30, 2016**

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**OAK GROVE SCHOOL DISTRICT**

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**2008 MEASURE S FUND  
FINANCIAL REPORT**

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**FOR THE YEAR ENDED  
JUNE 30, 2016**

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**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

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JUNE 30, 2016**

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***INDEPENDENT AUDITOR'S REPORT***

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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## INDEPENDENT AUDITOR'S REPORT

Governing Board and Citizens Oversight Committee  
Oak Grove School District  
San Jose, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Oak Grove School District's (District), 2008 Measure S Fund (Fund), as of and for the year ended June 30, 2016, 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 statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express 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 of 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 financial statements, whether due to error or fraud. 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the financial position of the Fund and are not intended to present fairly the financial position and results of operations of the District in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2016, on our consideration of the Fund'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 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 Fund's internal control over financial reporting and compliance.

Vavreck, Trine, Day & Co. LLP

Palo Alto, California  
October 28, 2016



**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**BALANCE SHEET  
JUNE 30, 2016**

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**ASSETS**

Deposits and investments

\$ 6,743,865

**Total Assets**

\$ 6,743,865

**FUND BALANCE**

Restricted

\$ 6,743,865

**Total Fund Balance**

\$ 6,743,865

The accompanying notes are an integral part of these financial statements.

**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

---

**REVENUES**

Interest income	\$ 13,438
Proceeds from issuance of bond	<u>6,611,649</u>
<b>Total Revenues</b>	<u>6,625,087</u>

**EXPENDITURES**

Current	
Services and other expenditures	10,681
Capital outlay	<u>2,511</u>
<b>Total Expenditures</b>	<u>13,192</u>

**NET CHANGE IN FUND BALANCE**

6,611,895

**FUND BALANCE - BEGINNING**

131,970

**FUND BALANCE - ENDING**

\$ 6,743,865

The accompanying notes are an integral part of these financial statements.



**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The accounting policies of the Oak Grove School District's (District) 2008 Measure S Fund conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

**Financial Reporting Entity**

The financial statements include only 2008 Measure S Fund (Fund) used to account for 2008 Measure S projects. This Fund was established to account for the expenditures of general obligation bonds issued under 2008 Measure S Fund. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

**Fund Accounting**

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

**Basis of Accounting**

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

**Budgets and Budgetary Accounting**

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

**Encumbrances**

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

**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

---

**Fund Balance**

As of June 30, 2016, the fund balance is classified as follows:

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

**Spending Order Policy**

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

**Use of Estimates**

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

**NOTE 2 - INVESTMENTS**

**Policies and Practices**

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

**Investment in County Treasury**

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



**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**General Authorizations**

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

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Santa Clara County Investment Pool. The Fund maintains investments of \$6,743,865 with the Santa Clara County Investment Pool. The fair value of this investment is approximately \$6,745,214 with an average maturity of 439 days. The investments are not categorized under the fair value measurement within the different level hierarchy because the investments are transferred on the basis of \$1 and not fair value.

**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 - GENERAL LONG-TERM OBLIGATIONS**

**District summary of debt:** The District's aggregate outstanding debt as of June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due in One Year
General obligation bonds	\$ 177,588,749	\$ 63,765,831	\$ 32,800,000	\$ 208,554,580	\$ 7,684,680
Premium on bonds	8,786,742	6,418,902	1,663,117	13,542,527	922,611
Defeasance costs	(1,847,511)	(1,923,516)	(1,037,677)	(2,733,350)	(192,392)
Total	<u>\$ 184,527,980</u>	<u>\$ 68,261,217</u>	<u>\$ 33,425,440</u>	<u>\$ 219,363,757</u>	<u>\$ 8,414,899</u>

**Bonded Debt**

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2015	Issued / Accreted	Defeased / Redeemed	Bonds Outstanding June 30, 2016
2005	8/1/2024	2.25-5.0%	\$ 34,335,000	\$ 19,265,000	\$ -	\$ 19,265,000	\$ -
2008	8/1/2033	5.50%	10,000,000	10,000,000	-	7,805,000	2,195,000
2008	8/1/2033	4.45-6.83%	19,999,923	29,294,966	1,905,254	-	31,200,220
2008	8/1/2024	3.50-5.25%	8,390,000	8,390,000	-	4,040,000	4,350,000
2011	8/1/2042	2.72-6.97%	18,249,429	23,563,783	1,595,577	-	25,159,360
2011	8/1/2025	5.36%	1,750,000	1,750,000	-	-	1,750,000
2011	8/1/2025	1.25-4.00%	17,305,000	13,635,000	-	1,160,000	12,475,000
2013	8/1/2024	2.00-5.00%	8,400,000	8,090,000	-	530,000	7,560,000
2014	8/1/2044	4.00-5.00%	57,575,000	57,575,000	-	-	57,575,000
2014	8/1/2019	2.00-5.00%	6,025,000	6,025,000	-	-	6,025,000
2015	8/1/2024	2.00-5.00%	15,415,000	-	15,415,000	-	15,415,000
2008	8/1/2023	2.00-4.00%	6,650,000	-	6,650,000	-	6,650,000
2014	8/1/2046	2.00-4.00%	26,200,000	-	26,200,000	-	26,200,000
2016	8/1/2034	2.00-5.00%	12,000,000	-	12,000,000	-	12,000,000
			<u>\$ 177,588,749</u>	<u>\$ 63,765,831</u>	<u>\$ 32,800,000</u>		<u>208,554,580</u>
						Unamortized premium	13,542,527
						Unamortized defeasance costs	(2,733,350)
						Total	<u>\$ 219,363,757</u>



**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Debt Service Requirements to maturity**

The bonds mature through 2046 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2017	\$ 7,684,680	\$ 2,791,902	\$ 10,476,582
2018	9,247,416	3,178,756	12,426,172
2019	7,999,876	3,385,040	11,384,916
2020	7,711,058	3,407,108	11,118,166
2021	6,230,700	3,585,266	9,815,966
2022-2026	36,670,772	21,887,085	58,557,857
2027-2031	18,982,187	31,721,749	50,703,936
2032-2036	30,386,518	32,942,669	63,329,187
2037-2041	30,425,789	50,681,298	81,107,087
2042-2046	35,105,356	12,908,645	48,014,001
Subtotal	190,444,352	<u>\$ 166,489,517</u>	<u>\$ 356,933,869</u>
Accretion to date	18,110,228		
Total bonds outstanding	<u>\$ 208,554,580</u>		

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***INDEPENDENT AUDITOR'S REPORT***

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**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  
Oak Grove School District  
San Jose, 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 accompanying financial statements of the Oak Grove School District (District) 2008 Measure S Fund (Fund), as of and for the year ended June 30, 2016, and the related notes of the financial statements, and have issued our report thereon dated October 28, 2016. As discussed in Note 1, the financial statements present only the Fund, and are not intended to present fairly the financial position and results of operations of the Oak Grove School District in conformity with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be, significant deficiencies or material weaknesses. 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 the Fund'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 determination of financial statement amounts. 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 Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavreck, Trine, Day & Co. LLP

Palo Alto, California  
October 28, 2016



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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**FINANCIAL STATEMENT FINDINGS  
JUNE 30, 2016**

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None reported.



**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

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**OAK GROVE SCHOOL DISTRICT**

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**2008 MEASURE S FUND  
PERFORMANCE AUDIT**

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**FOR THE YEAR ENDED  
JUNE 30, 2016**

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**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**PERFORMANCE AUDIT  
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JUNE 30, 2016**

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Vavrinek, Trine, Day & Co., LLP  
Certified Public Accountants

VALUE THE DIFFERENCE

## INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Governing Board and  
Citizens Oversight Committee  
Oak Grove School District  
San Jose, California

We were engaged to conduct a performance audit of the Oak Grove School District's (District) 2008 Measure S Fund (Fund) for the year ended June 30, 2016.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the Fund's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the Fund's internal control in order to determine if the internal controls were adequate to help ensure the Fund's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

The results of our tests indicated that the District expended the 2008 Measure S funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California  
October 28, 2016

# **OAK GROVE SCHOOL DISTRICT 2008 MEASURE S FUND**

**JUNE 30, 2016**

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## ***AUTHORITY FOR ISSUANCE***

The general obligation bonds associated with 2008 Measure S Fund 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 Supervisors of the County on April 7, 2009, pursuant to a request of the District made by a resolution adopted by the Board of Education of the District on March 12, 2009.

The District received authorization from an election held on November 4, 2008, to issue bonds of the District in an aggregate principal amount not to exceed \$125,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District. Three series of bonds were issued totaling \$56,650,000 under the Measure S authorization.

## ***PURPOSE OF ISSUANCE***

The general obligation bond funds of the District would be used to finance the design, acquisition, installation, restoration and construction of public schools and school facilities and providing facilities improvements and upgrades, and the acquisition of one or more school sites, and related facilities costs, including, but not limited to, financing the following: renovation of student restrooms, classrooms, and locker rooms; repair and replacement of heating, upgrading of electrical systems and wiring to safely accommodate computers, technology and other electrical devices; repair and replacement of plumbing, sewer, and water pipes, fixtures and systems; replacement of emergency communications and security systems; demolition; seismic upgrades; asbestos and mold abatement; and, improved access for disabled persons. Project costs for expansion of existing facilities may include, but is not limited to, some or all of the following: site and/or other real property acquisition, including payments on or for interim financing, preparation, infrastructure and related expenses; construction or lease of temporary or permanent classrooms, instructional support and/or ancillary facilities. Project costs for furniture and equipment may include, but is not limited to some or all of the following: desks and tables; window and floor covering; computer, media recording and presentation equipment; cafeteria and food preparation equipment; science laboratory equipment; and/or other electronic equipment.

## ***AUTHORITY FOR THE AUDIT***

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

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



**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**JUNE 30, 2016**

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2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizens oversight committee.
4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

***OBJECTIVES OF THE AUDIT***

1. Determine whether expenditures charged to the Fund have been made in accordance with the bond project list approved by the voters through the approval of 2008 Measure S.
2. Determine whether salary transactions, charged to the 2008 Measure S Fund were in support of 2008 Measure S and not for District general administration or operations.

***SCOPE OF THE AUDIT***

The scope of our performance audit covered the period of July 1, 2015 to June 30, 2016. The population of expenditures tested included all object and project codes associated with the Measure. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2016, were not reviewed or included within the scope of our audit or in this report.

***PROCEDURES PERFORMED***

We obtained the general ledger and the project expenditure reports prepared by the District for the period July 1 2015 through June 30, 2016, for the Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the Measure as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2015 and ending June 30, 2016, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included 1 non-payroll transactions in the amount of \$13,000.
3. We verified that charges to the Fund were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**JUNE 30, 2016**

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***CONCLUSION***

The results of our tests indicated that, in all significant respects, the Oak Grove School District has properly accounted for the expenditures held in the Fund and that such expenditures were made for authorized Measure S projects.



**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

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None reported.

**OAK GROVE SCHOOL DISTRICT  
2008 MEASURE S FUND**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2016**

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There were no audit findings reported in the prior year's schedule of financial statement findings.



**OAK GROVE SCHOOL DISTRICT**

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**2014 MEASURE P FUND  
FINANCIAL REPORT AND PERFORMANCE AUDIT**

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**FOR THE YEAR ENDED  
JUNE 30, 2016**

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**OAK GROVE SCHOOL DISTRICT**

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**2014 MEASURE P FUND  
FINANCIAL REPORT**

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**FOR THE YEAR ENDED  
JUNE 30, 2016**

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**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

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## INDEPENDENT AUDITOR'S REPORT

Governing Board and Citizens Oversight Committee  
Oak Grove School District  
San Jose, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Oak Grove School District's (District) 2014 Measure P Fund (Fund), as of and for the year ended June 30, 2016, 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 statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express 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 of 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 financial statements, whether due to error or fraud. 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the financial position of the Fund and are not intended to present fairly the financial position and results of operations of the District in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2016, on our consideration of the Fund'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 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 Fund's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California  
October 28, 2016



**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

**BALANCE SHEET  
JUNE 30, 2016**

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**ASSETS**

Deposits and investments	\$63,010,756
Accounts receivable	<u>89,544</u>
<b>Total Assets</b>	<u><u>\$63,100,300</u></u>

**LIABILITIES AND FUND BALANCE**

**Liabilities:**

Accounts payable	\$ 302,507
------------------	------------

**Fund Balance:**

Restricted	<u>62,797,793</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$63,100,300</u></u>

The accompanying notes are an integral part of these financial statements.

**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

---

**REVENUES**

Interest income	\$ 337,952
Proceeds from sales of bonds	<u>26,048,905</u>
<b>Total Revenues</b>	<u>26,386,857</u>

**EXPENDITURES**

Current	
Salaries and benefits	158,116
Services and other expenditures	684,968
Capital outlay	<u>20,736,388</u>
<b>Total Expenditures</b>	<u>21,579,472</u>

<b>NET CHANGE IN FUND BALANCE</b>	4,807,385
<b>FUND BALANCE - BEGINNING</b>	<u>57,990,408</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 62,797,793</u>

The accompanying notes are an integral part of these financial statements.



**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

---

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The accounting policies of the Oak Grove School District's (the District) 2014 Measure P Fund conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

**Financial Reporting Entity**

The financial statements include only 2014 Measure P Fund (the Fund) used to account for 2014 Measure P projects. This Fund was established to account for the expenditures of general obligation bonds issued under 2014 Measure P Fund. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

**Fund Accounting**

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

**Basis of Accounting**

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

**Budgets and Budgetary Accounting**

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

**Encumbrances**

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

# **OAK GROVE SCHOOL DISTRICT 2014 MEASURE P FUND**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016**

---

### **Fund Balance**

As of June 30, 2016, the fund balance is classified as follows:

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

### **Spending Order Policy**

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

### **Use of Estimates**

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

## **NOTE 2 - INVESTMENTS**

### **Policies and Practices**

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

### **Investment in County Treasury**

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



**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**General Authorizations**

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

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Santa Clara County Investment Pool. The Fund maintains investments of \$63,010,756 with the Santa Clara County Investment Pool. The fair value of this investment is approximately \$63,023,358 with an average maturity of 439 days. The investments are not categorized under the fair value measurement within the different level hierarchy because the investments are transferred on the basis of \$1 and not fair value.

**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2016, consisted of the following:

Interest receivable	\$ 89,544
	<u>\$ 89,544</u>

**NOTE 4 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2016, consisted of the following:

Vendor payables	\$ 302,507
	<u>\$ 302,507</u>

**NOTE 5 - GENERAL LONG-TERM OBLIGATIONS**

**District summary of debt:** The District's aggregate outstanding debt as of June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due in One Year
General obligation bonds	\$ 177,588,749	\$ 63,765,831	\$ 32,800,000	\$ 208,554,580	\$ 7,684,680
Premium on bonds	8,786,742	6,418,902	1,663,117	13,542,527	922,611
Defeasance costs	(1,847,511)	(1,923,516)	(1,037,677)	(2,733,350)	(192,392)
Total	<u>\$ 184,527,980</u>	<u>\$ 68,261,217</u>	<u>\$ 33,425,440</u>	<u>\$ 219,363,757</u>	<u>\$ 8,414,899</u>



**OAK GROVE SCHOOL DISTRICT**  
**2014 MEASURE P FUND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**Bonded Debt**

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2015	Issued / Accreted	Defeased / Redeemed	Bonds Outstanding June 30, 2016
2005	8/1/2024	2.25-5.0%	\$ 34,335,000	\$ 19,265,000	\$ -	\$ 19,265,000	\$ -
2008	8/1/2033	5.50%	10,000,000	10,000,000	-	7,805,000	2,195,000
2008	8/1/2033	4.45-6.83%	19,999,923	29,294,966	1,905,254	-	31,200,220
2008	8/1/2024	3.50-5.25%	8,390,000	8,390,000	-	4,040,000	4,350,000
2011	8/1/2042	2.72-6.97%	18,249,429	23,563,783	1,595,577	-	25,159,360
2011	8/1/2025	5.36%	1,750,000	1,750,000	-	-	1,750,000
2011	8/1/2025	1.25-4.00%	17,305,000	13,635,000	-	1,160,000	12,475,000
2013	8/1/2024	2.00-5.00%	8,400,000	8,090,000	-	530,000	7,560,000
2014	8/1/2044	4.00-5.00%	57,575,000	57,575,000	-	-	57,575,000
2014	8/1/2019	2.00-5.00%	6,025,000	6,025,000	-	-	6,025,000
2015	8/1/2024	2.00-5.00%	15,415,000	-	15,415,000	-	15,415,000
2008	8/1/2023	2.00-4.00%	6,650,000	-	6,650,000	-	6,650,000
2014	8/1/2046	2.00-4.00%	26,200,000	-	26,200,000	-	26,200,000
2016	8/1/2034	2.00-5.00%	12,000,000	-	12,000,000	-	12,000,000
				<u>\$ 177,588,749</u>	<u>\$ 63,765,831</u>	<u>\$ 32,800,000</u>	<u>208,554,580</u>
				Unamortized premium			13,542,527
				Unamortized defeasance costs			(2,733,350)
				Total			<u>\$ 219,363,757</u>

**Debt Service Requirements to Maturity**

The bonds mature through 2046 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2017	\$ 7,684,680	\$ 2,791,902	\$ 10,476,582
2018	9,247,416	3,178,756	12,426,172
2019	7,999,876	3,385,040	11,384,916
2020	7,711,058	3,407,108	11,118,166
2021	6,230,700	3,585,266	9,815,966
2022-2026	36,670,772	21,887,085	58,557,857
2027-2031	18,982,187	31,721,749	50,703,936
2032-2036	30,386,518	32,942,669	63,329,187
2037-2041	30,425,789	50,681,298	81,107,087
2042-2046	35,105,356	12,908,645	48,014,001
Subtotal	190,444,352	<u>\$ 166,489,517</u>	<u>\$ 356,933,869</u>
Accretion to date	18,110,228		
Total bonds outstanding	<u>\$ 208,554,580</u>		

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***INDEPENDENT AUDITOR'S REPORT***

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**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  
Oak Grove School District  
San Jose, 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 accompanying financial statements of the Oak Grove School District (District) 2014 Measure P Fund (Fund), as of and for the year ended June 30, 2016, and the related notes of the financial statements, and have issued our report thereon dated October 28, 2016. As discussed in Note 1, the financial statements present only the Fund, and are not intended to present fairly the financial position and results of operations of the Oak Grove School District in conformity with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures 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 Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be, significant deficiencies or material weaknesses. 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 the Fund'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 determination of financial statement amounts. 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 Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California  
October 28, 2016



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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

**FINANCIAL STATEMENT FINDINGS  
JUNE 30, 2016**

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None reported.



**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

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**OAK GROVE SCHOOL DISTRICT**

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**2014 MEASURE P FUND  
PERFORMANCE AUDIT**

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**FOR THE YEAR ENDED  
JUNE 30, 2016**

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**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

**PERFORMANCE AUDIT  
TABLE OF CONTENTS  
JUNE 30, 2016**

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Vavrinek, Trine, Day & Co., LLP  
Certified Public Accountants

VALUE THE DIFFERENCE

## INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Governing Board and  
Citizens Oversight Committee  
Oak Grove School District  
San Jose, California

We were engaged to conduct a performance audit of the Oak Grove School District's (District) 2014 Measure P Fund (Fund) for the year ended June 30, 2016.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the Fund's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the Fund's internal control in order to determine if the internal controls were adequate to help ensure the Fund's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

The results of our tests indicated that the District expended the 2014 Measure P funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California  
October 28, 2016



# **OAK GROVE SCHOOL DISTRICT 2014 MEASURE P FUND**

**JUNE 30, 2016**

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## ***AUTHORITY FOR ISSUANCE***

The general obligation bonds associated with the 2014 measure P Fund were issued by the Oak Grove School District (District) pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District. The Bonds were authorized at an election of the registered voters of the District held on November 4, 2014, which authorized the issuance of \$89,800,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. Three series of bonds were issued totaling \$89,800,000 under the Measure P authorization.

## ***PURPOSE OF ISSUANCE***

The general obligation bond funds of the District would be used to finance the design, acquisition, installation, restoration and construction of public schools and school facilities and providing facilities improvements and upgrades, renovating, repairing, acquiring, constructing and modernizing classrooms and educational facilities; and increasing access to computers and modern technology.

## ***AUTHORITY FOR THE AUDIT***

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

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizens oversight committee.
4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

**JUNE 30, 2016**

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***OBJECTIVES OF THE AUDIT***

1. Determine whether expenditures charged to the Fund have been made in accordance with the bond project list approved by the voters through the approval of 2014 Measure P.
2. Determine whether salary transactions, charged to the Building Fund were in support of 2014 Measure P and not for District general administration or operations.

***SCOPE OF THE AUDIT***

The scope of our performance audit covered the period of July 1, 2015 to June 30, 2016. The population of expenditures tested included all object and project codes associated with the Measure. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2016, were not reviewed or included within the scope of our audit or in this report.

***PROCEDURES PERFORMED***

We obtained the general ledger and the project expenditure reports prepared by the District for the period July 1 2015 through June 30, 2016, for the Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the Measure as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2015 and ending June 30, 2016, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included 48 non-payroll transactions totaling \$18,341,103 and 2 payroll and benefit transactions aggregating \$134,598.
3. We verified that charges to the Fund were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

**JUNE 30, 2016**

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***CONCLUSION***

The results of our tests indicated that, in all significant respects, the Oak Grove School District has properly accounted for the expenditures held in the Fund and that such expenditures were made for authorized Measure P projects.



**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

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None reported.

**OAK GROVE SCHOOL DISTRICT  
2014 MEASURE P FUND**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2016**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

SUBJECT: Attendance Area Designation/Hitachi Vicinity

Information X

DATE: November 10, 2016

Agenda Item D-2

REPORTED  
BY/PERSON RESPONSIBLE: Laura T. Phan

RECOMMENDED  
ACTION:

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BACKGROUND: On March 12, 2015, the Board received information from District Demographer Tom Williams regarding enrollment projections for the school District. In his report, Mr. Williams pointed out that the District has an opportunity to positively impact future enrollment projections by over one hundred students if the region bounded by Cottle Road on the west, Highway 85 on the south, and Monterey Road to the northeast ("Hitachi Vicinity") is assigned to Anderson Elementary School. The Board took action on March 26, 2015 to realign the Hitachi Vicinity from the Baldwin Elementary School Boundary to the Anderson Elementary School Boundary in order to maximize enrollment potential from the new development in the Hitachi Vicinity.

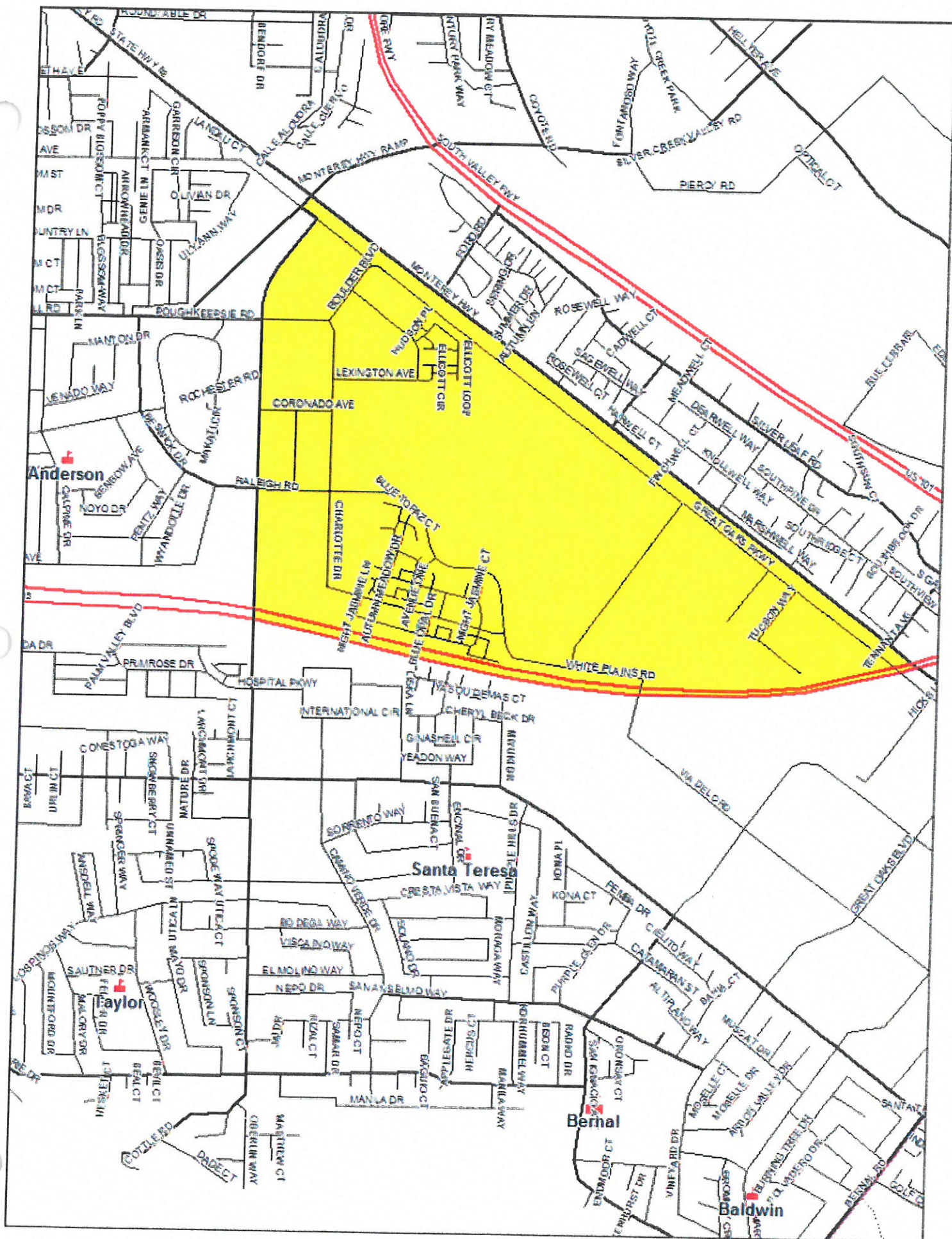
DISCUSSION: On March 24, 2016, Tom Williams presented the updated 2016 Enrollment Projection Report to the Board. He was asked about the possible impact of changing the Hitachi Vicinity to a dual attendance area for Anderson Elementary and Baldwin Elementary. Mr. Williams expressed that he did not think it would hurt enrollment if the district makes this development a dual attendance area.

ALTERNATIVES CONSIDERED: Staff believes that the change to a dual attendance area would allow new residents in the Hitachi Vicinity additional school choice without negative impact to enrollment for the District.

POLICY ALIGNMENT: This change in attendance area supports the District's Vision for student success and maximum use of resources.

OUTCOME: Upon Board approval, families in the Hitachi Vicinity will have the choice of Anderson Elementary or Baldwin Elementary. Bernal Intermediate School will remain the designated school for grades 7-8. Upon direction and Board consensus, this item will be brought back to the Board for action at a future Board Meeting.





OAK GROVE SCHOOL DISTRICT  
BOARD OF TRUSTEES

SUBJECT: **Agenda Format Modification**

Information X

DATE: **November 10, 2016**

Agenda Item EA

REPORTED  
BY/PERSON

RESPONSIBLE: **Dennis Hawkins**

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**BACKGROUND:** On October 27, 2016, the Board of Trustees discussed revising the Regular Board Meeting Agenda to include a section for labor union representatives to address the Board. The following Board Agenda snapshot is presented for Board input and discussion.

**DRAFT:**

**OPEN SESSION**

FLAG SALUTE

**SUPERINTENDENT'S REPORT**

The Superintendent will report on matters that relate to the District.

**CLOSED SESSION ITEMS**

The Board will report out any action taken in Closed Session as required by law and/or take action as appropriate in Open Session.

**PUBLIC COMMENT**

Members of the public may address the Board on any issue or agenda item at this time. Members of the public may also address the Board on an agenda item during consideration of the item. No action can be taken on an item not on the agenda at this time. In accordance with Board Bylaw 9323, individual remarks will be limited to three minutes each, unless otherwise stipulated.

**LABOR UNION COMMENT**

A representative from each labor unit may address the Board on any issue or agenda item at this time. No action can be taken on an item not on the agenda at this time. In accordance with Board Bylaw 9323, individual remarks will be limited to three minutes each, unless otherwise stipulated.

**ITEMS SCHEDULED FOR ACTION**