



**OXNARD UNION**  
HIGH SCHOOL DISTRICT

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ANNUAL FINANCIAL REPORT

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**JUNE 30, 2018**

# OXNARD UNION HIGH SCHOOL DISTRICT

## TABLE OF CONTENTS

JUNE 30, 2018

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### ***FINANCIAL SECTION***

Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Governmental Funds - Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	22
Fiduciary Funds - Statement of Net Position	24
Fiduciary Funds - Statement of Changes in Net Position	25
Notes to Financial Statements	26

### ***REQUIRED SUPPLEMENTARY INFORMATION***

General Fund - Budgetary Comparison Schedule	73
Cafeteria Fund - Budgetary Comparison Schedule	74
Schedule of Changes in the District's Net OPEB Liability and Related Ratios	75
Schedule of District Contributions for OPEB	76
Schedule of OPEB Investment Returns	77
Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program	78
Schedule of the District's Proportionate Share of the Net Pension Liability	79
Schedule of the District Contributions	80
Note to Required Supplementary Information	81

### ***SUPPLEMENTARY INFORMATION***

Schedule of Expenditures of Federal Awards	84
Local Education Agency Organization Structure	86
Schedule of Average Daily Attendance	87
Schedule of Instructional Time	88
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements	89
Schedule of Financial Trends and Analysis	90
Schedule of Charter Schools	91
Combining Statements - Non-Major Governmental Funds	
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	93
Statements of Revenues, Expenditures, and Changes in Fund Balances by Object	
Governmental Funds	94
Non-Major Governmental Funds	95
Special Reserve Fund for Capital Outlay Projects - Sub-Fund Detail	96
Note to Supplementary Information	97

# OXNARD UNION HIGH SCHOOL DISTRICT

## TABLE OF CONTENTS

JUNE 30, 2018

---

### ***INDEPENDENT AUDITOR'S REPORTS***

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	100
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	102
Report on State Compliance	104

### ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

Summary of Auditor's Results	108
Financial Statement Findings	109
Federal Awards Findings and Questioned Costs	110
State Awards Findings and Questioned Costs	111
Summary Schedule of Prior Audit Findings	113
Management Letter	117

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***FINANCIAL SECTION***

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**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

VALUE THE *difference*

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Oxnard Union High School District  
Oxnard, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxnard Union High School District (the District) as of and for the year ended June 30, 2018, 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 *2017-2018 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, each major fund, and the aggregate remaining fund information of the Oxnard Union High School District, as of June 30, 2018, 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 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15, budgetary comparison schedules on pages 73 and 74, schedule of changes in the District's net OPEB liability and related ratios on page 75, schedule of District contributions for OPEB on page 76, schedule of OPEB investment returns on page 77, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 78, schedule of the District's proportionate share of net pension liability on page 79, and the schedule of District contributions on page 80, 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 Oxnard Union High School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major 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 (Uniform Guidance)* and the other supplementary information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as referenced in the previous paragraph, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 November 28, 2018, on our consideration of the Oxnard Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Oxnard Union High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oxnard Union High School District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California  
November 28, 2018



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This section of Oxnard Union High School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018, with comparative information from 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

***The Financial Statements***

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

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

The *Fund Financial Statements* include statements for each of two categories of activities: governmental and fiduciary.

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

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

The Primary unit of the government is the Oxnard Union High School District.

***Students First: Every day, Every school, Every classroom***

Adolfo Camarillo • Adult School • Channel Islands • Condor • Frontier • Hueneme • Oxnard • Pacifica • Rancho Campana • Rio Mesa

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2018**

### *FINANCIAL HIGHLIGHTS OF THE PAST YEAR*

Total General Fund Revenue increased by 3.83 percent from the previous fiscal year. The following table shows major revenue sources for fiscal year 2017-2018 compared with fiscal year 2016-2017.

	2018	2017	Change
Local Control Funding Formula (Includes Property Taxes)	\$ 158,392,921	\$ 154,665,832	\$ 3,727,089
Federal Revenues	8,059,679	7,903,582	156,097
Other State Revenues	19,529,688	18,912,889	616,799
Other Local Revenues	12,732,791	9,907,738	2,825,053
	<u>\$ 198,715,079</u>	<u>\$ 191,390,041</u>	<u>\$ 7,325,038</u>

Total General Fund Expenditures increased 43.62 percent from the previous fiscal year. The following table shows expenditures for fiscal year 2017-2018 compared with fiscal year 2016-2017.

	2018		2017		Change	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Certificated salaries	\$ 83,214,891	42.0%	\$ 82,783,195	44.0%	\$ 431,696	0.52%
Classified salaries	25,122,634	12.7%	25,010,523	13.3%	112,111	0.45%
Employee benefits	59,835,696	30.2%	53,786,025	28.6%	6,049,671	11.25%
Books and supplies	7,487,801	3.8%	5,693,787	3.0%	1,794,014	31.51%
Services and other	18,288,867	9.2%	15,725,456	8.4%	2,563,411	16.30%
Other outgo	2,002,392	1.0%	1,612,077	0.9%	390,315	24.21%
Capital outlay and debt service	2,353,754	1.2%	3,315,230	1.8%	(961,476)	-29.00%
	<u>\$ 198,306,035</u>	<u>100.1%</u>	<u>\$ 187,926,293</u>	<u>100.0%</u>	<u>\$ 10,379,742</u>	<u>5.52%</u>

### *REPORTING THE DISTRICT AS A WHOLE*

#### *The Statement of Net Position and the Statement of Activities*

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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These two statements report the District's *net position* and changes in it. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows resources, which is one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

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

### **REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

#### ***Fund Financial Statements***

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

**Governmental Funds** - 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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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### *THE DISTRICT AS TRUSTEE*

#### *Reporting the District's Fiduciary Responsibilities*

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position*. We exclude these activities from the District's government-wide 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.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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***THE DISTRICT AS A WHOLE***

***Net Position***

The District's net position (deficit) was \$(154,462,015) for the fiscal year ended June 30, 2018. Of this amount, the District reported a deficit in their unrestricted net position of \$(279,696,015). Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**Table 1**

	Governmental Activities	
	2018	(as Restated) 2017
<b>Assets</b>		
Current and other assets	\$ 95,039,818	\$ 96,106,251
Capital assets	244,059,283	249,043,024
<b>Total Assets</b>	<u>339,099,101</u>	<u>345,149,275</u>
<b>Deferred Outflows of Resources</b>	<u>73,784,274</u>	<u>47,485,891</u>
<b>Liabilities</b>		
Current liabilities	24,615,661	22,873,293
Long-term obligations	340,549,124	344,943,709
Aggregate net pension liability	191,166,061	156,317,014
<b>Total Liabilities</b>	<u>556,330,846</u>	<u>524,134,016</u>
<b>Deferred Inflows of Resources</b>	<u>11,015,445</u>	<u>7,141,894</u>
<b>Net Position</b>		
Net investment in capital assets	93,850,658	95,265,174
Restricted	31,382,441	29,773,412
Unrestricted (deficit)	<u>(279,696,015)</u>	<u>(263,679,330)</u>
<b>Total Net Position (Deficit)</b>	<u><u>\$ (154,462,916)</u></u>	<u><u>\$ (138,640,744)</u></u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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*Changes in Net Position*

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 17. Table 2 takes the information from the *Statement of Activities* so you can see our total revenues for the year.

**Table 2**

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,237,990	\$ 2,468,020
Operating grants and contributions	37,445,563	43,028,467
General revenues:		
Federal and State aid not restricted	107,251,003	109,525,841
Property taxes	71,299,194	63,956,342
Other general revenues	9,583,502	1,769,635
<b>Total Revenues</b>	<u>227,817,252</u>	<u>220,748,305</u>
<b>Expenses</b>		
Instruction-related	169,833,286	163,479,425
Pupil services	28,661,280	25,607,218
Administration	11,776,538	11,808,920
Plant services	18,639,540	16,253,584
All other services	14,728,780	13,731,928
<b>Total Expenses</b>	<u>243,639,424</u>	<u>230,881,075</u>
<b>Change in Net Position</b>	<u>\$ (15,822,172)</u>	<u>\$ (10,132,770)</u>

*Governmental Activities*

Most of the District's services are reported in this category. This includes the education of grade nine through twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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In Table 3, we have presented the net cost of each of the District's largest functions - instruction-related, pupil services, administration, plant services, and all other services (student cafeterias, libraries, staff development, community services, student clubs, and athletics).

**Table 3**

	Net Cost of Services	
	2018	2017
Instruction-related	\$ 146,554,295	\$ 132,542,586
Pupil services	19,732,412	16,090,355
Administration	10,291,448	10,338,697
Plant services	16,316,570	15,998,442
All other services	11,061,146	10,414,508
<b>Total</b>	<b>\$ 203,955,871</b>	<b>\$ 185,384,588</b>

### ***THE DISTRICT'S FUNDS***

As the District completed this year, our governmental funds reported a combined fund balance of \$82,561,674, which is an increase of \$1,333,743 from last year.

### ***General Fund Budgetary Highlights***

The District is required to adopt its budget by June 30 each year. This was prior to adoption of the State budget. Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. These revisions occur at the First Interim and Second Interim reporting periods. The final amendment to the budget was included with the Unaudited Actuals and was adopted on June 20, 2018. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 73.)

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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### *CAPITAL ASSET AND DEBT ADMINISTRATION*

#### *Capital Assets*

At June 30, 2018, the District had \$244,059,283 in a broad range of capital assets (net of accumulative depreciation), including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$4,983,741, or 2.00 percent, from last year.

**Table 4**

	Governmental Activities	
	2018	2017
Land	\$ 31,336,339	\$ 31,336,339
Construction in process	5,936,383	6,485,956
Buildings and improvements	203,118,834	207,195,585
Furniture and equipment	3,667,727	4,025,144
Total	<u>\$ 244,059,283</u>	<u>\$ 249,043,024</u>

Completion of the expansion school in Camarillo accounts for the majority of the changes in Construction in Progress and Buildings and Improvements shown on Note 5.

#### *Long-Term Obligations*

At the end of this year, the District had \$348,919,656 in outstanding debt versus \$272,589,849 last year, an increase of \$3,426,202. Long-term obligations consisted of:

**Table 5**

	Governmental Activities	
	2018	(as Restated) 2017
General obligation bonds	\$ 152,919,075	\$ 157,147,413
Premium on issuance	11,330,920	10,817,622
Certificates of participation	920,000	1,350,000
Municipal leases	3,085,000	3,348,000
Qualified energy conservation bonds	11,738,022	12,682,171
Compensated absences	1,325,201	1,256,489
Net OPEB liability	167,601,438	165,744,163
Total	<u>\$ 348,919,656</u>	<u>\$ 352,345,858</u>

The District's outstanding general obligation debt of \$152,919,075 is below the assessed value cap for voter approved debt.

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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Other obligations include certificates of participation, municipal leases, qualified energy conservation bonds, compensated absences, and net other postemployment benefits (OPEB) liability. We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

### *Net Pension Liability*

As of June 30, 2018 and 2017, the District had a pension liability of \$191,166,061, and \$156,317,014, respectively, as a result of GASB Statement No. 68.

### ***SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2017-2018 ARE NOTED BELOW:***

- Exceeded three percent State recommended reserve for economic uncertainties.
- Reduced contribution to Cafeteria Fund.
- Passed a \$350 million General Obligation Bond

### ***ASSUMPTIONS USED AT ADOPTION OF 2017-2018 BUDGET:***

#### **Revenue**

- Local Control Funding Formula (LCFF) was the source of revenue at budget adoption.
- LCFF Base Grant \$8,712 per ADA.
- Anticipated unrestricted lottery revenue at \$144 per annual ADA and restricted lottery (Prop 20) revenue at \$45 per ADA.
- Mandated Block Grant at \$56 per ADA.
- Unduplicated count for Supplemental and Concentration funds of 65.8 percent.

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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### Expenditures

- Teacher Student ratio staffed at 28:1.
- No reduction/addition in benefit levels.
- Maintain retiree benefits as they now exist.
- CalSTRS expense budgeted at 14.43 percent.
- CalPERS expense budgeted at 15.531 percent.
- Increase in Health and Welfare costs by 7.5 percent.
- School site allocation \$90 per CBEDS.

### *ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES*

In considering the District Budget for the 2018-2019 year, the District Board of Education and management used the following criteria:

The key assumptions in our revenue forecast are:

1. LCFF projections include a 3 percent Cost of Living Adjustment, LCFF Gap Closed Percentage of 100 percent, and flat enrollment.
2. Federal revenues were projected for flat funding.
3. State revenues included 2.71 percent Cost of Living Adjustment.

Expenditures are based on the following forecasts:

	<u>Staffing Ratio</u>
Grades nine through twelve	28:1

The major changes to expenditure items specifically addressed in the budget are:

1. Employee step and column increases.
2. Increase in CalSTRS employer contribution from 14.43 percent to 16.28 percent.
3. Increase in CalPERS employer contribution from 15.531 percent to 18.062 percent.
4. Increase in health and welfare premium cost by three percent.
5. Required three percent contribution for Routine Restricted Maintenance Account.

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

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

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information contact the Assistant Superintendent of Business Services at Oxnard Union High School District, 309 South K Street, Oxnard, California, 93030 or e-mail at [Jeff.Weinstein@ouhsd.k12.ca.us](mailto:Jeff.Weinstein@ouhsd.k12.ca.us).

**OXNARD UNION HIGH SCHOOL DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Deposits and investments	\$ 85,772,982
Receivables	8,924,337
Stores inventories	342,499
Capital Assets	
Land and construction in progress	37,272,722
Other capital assets	375,193,694
Less: Accumulated depreciation	(168,407,133)
Total Capital Assets	<u>244,059,283</u>
<b>Total Assets</b>	<u>339,099,101</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	2,718,442
Deferred outflows of resources related to pensions	71,065,832
<b>Total Deferred Outflows of Resources</b>	<u>73,784,274</u>
<b>LIABILITIES</b>	
Accounts payable	10,282,940
Interest payable	3,766,985
Unearned revenue	2,195,204
Long-Term Obligations	
Current portion of long-term obligations other than pensions	8,370,531
Noncurrent portion of long-term obligations other than pensions	340,549,125
Total Long-Term Obligations	<u>348,919,656</u>
Aggregate net pension liability	191,166,061
<b>Total Liabilities</b>	<u>556,330,846</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	9,366,327
Deferred inflows of resources related to post employment benefits other than pensions	1,649,118
<b>Total Deferred Inflows of Resources</b>	<u>11,015,445</u>
<b>NET POSITION</b>	
Net investment in capital assets	93,850,658
Restricted for:	
Debt service	10,973,697
Capital projects	15,791,035
Educational programs	4,471,949
Other activities	145,760
Unrestricted (Deficit)	(279,696,015)
<b>Total Net Position (Deficit)</b>	<u>\$ (154,462,916)</u>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenues and Changes in Net Position</u>
				<u>Governmental Activities</u>
<b>Governmental Activities</b>				
Instruction	\$ 139,323,067	\$ 241,473	\$ 18,328,870	\$ (120,752,724)
Instruction-related activities:				
Supervision of instruction	7,201,399	91,465	3,266,511	(3,843,423)
Instructional library, media, and technology	2,132,707	-	58,338	(2,074,369)
School site administration	21,176,113	69,073	1,223,261	(19,883,779)
Pupil services:				
Home-to-school transportation	2,621,614	-	80,252	(2,541,362)
Food services	6,864,305	355,893	5,051,116	(1,457,296)
All other pupil services	19,175,361	37,144	3,404,463	(15,733,754)
Administration:				
Data processing	3,034,007	-	542	(3,033,465)
All other administration	8,742,531	40,269	1,444,279	(7,257,983)
Plant services	18,639,540	20,273	2,302,697	(16,316,570)
Ancillary services	3,648,579	309	111,362	(3,536,908)
Community services	229,412	-	-	(229,412)
Enterprise services	343	-	-	(343)
Interest on long-term obligations	7,997,621	-	-	(7,997,621)
Other outgo	2,852,825	1,382,091	2,173,872	703,138
<b>Total Governmental Activities</b>	<u>\$ 243,639,424</u>	<u>\$ 2,237,990</u>	<u>\$ 37,445,563</u>	<u>(203,955,871)</u>
General revenues and subventions				
Property taxes, levied for general purposes				57,117,238
Property taxes, levied for debt service				12,408,730
Taxes levied for other specific purposes				1,773,226
Federal and State aid not restricted to specific purposes				107,251,003
Interest and investment earnings				1,406,822
Interagency revenues				3,152,295
Miscellaneous				5,024,385
<b>Subtotal, General Revenues</b>				<u>188,133,699</u>
<b>Changes in Net Position</b>				<u>(15,822,172)</u>
Net Position (Deficit) - Beginning				(58,884,735)
Restatement				(79,756,009)
Net Position - Beginning, as restated				<u>(138,640,744)</u>
Net Position (Deficit) - Ending				<u>\$ (154,462,916)</u>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018**

	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Building Fund</u>
<b>ASSETS</b>			
Deposits and investments	\$ 26,790,023	\$ 274,674	\$ 26,166,750
Receivables	7,194,805	1,098,394	161,071
Due from other funds	2,600,912	3,644	-
Stores inventories	306,935	35,564	-
<b>Total Assets</b>	<u><u>\$ 36,892,675</u></u>	<u><u>\$ 1,412,276</u></u>	<u><u>\$ 26,327,821</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 9,990,527	\$ 46,433	\$ 178,930
Due to other funds	885,134	1,200,372	-
Unearned revenue	2,195,204	-	-
<b>Total Liabilities</b>	<u><u>13,070,865</u></u>	<u><u>1,246,805</u></u>	<u><u>178,930</u></u>
<b>Fund Balances:</b>			
Nonspendable	316,935	35,564	-
Restricted	4,471,949	129,907	26,148,891
Assigned	10,273,209	-	-
Unassigned	8,759,717	-	-
<b>Total Fund Balances</b>	<u><u>23,821,810</u></u>	<u><u>165,471</u></u>	<u><u>26,148,891</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 36,892,675</u></u>	<u><u>\$ 1,412,276</u></u>	<u><u>\$ 26,327,821</u></u>

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

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<b>Capital Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 15,702,947	\$ 14,226,480	\$ 2,612,108	\$ 85,772,982
110,164	71,319	288,584	8,924,337
-	-	881,490	3,486,046
-	-	-	342,499
<u>\$ 15,813,111</u>	<u>\$ 14,297,799</u>	<u>\$ 3,782,182</u>	<u>\$ 98,525,864</u>
\$ 17,961	\$ -	\$ 49,089	\$ 10,282,940
4,115	-	1,396,425	3,486,046
-	-	-	2,195,204
<u>22,076</u>	<u>-</u>	<u>1,445,514</u>	<u>15,964,190</u>
-	-	-	352,499
15,791,035	14,297,799	458,736	61,298,317
-	-	1,877,932	12,151,141
-	-	-	8,759,717
<u>15,791,035</u>	<u>14,297,799</u>	<u>2,336,668</u>	<u>82,561,674</u>
<u>\$ 15,813,111</u>	<u>\$ 14,297,799</u>	<u>\$ 3,782,182</u>	<u>\$ 98,525,864</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

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**Total Fund Balance - Governmental Funds** **\$ 82,561,674**

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

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

The cost of capital assets is: \$ 412,466,416  
Accumulated depreciation is: (168,407,133)

Net Capital Assets 244,059,283

In governmental funds, unmatured interest on long-term obligations is  
recognized in the period when it is due. On the government-wide  
financial statements, unmatured interest on long-term obligations is  
recognized when it is incurred. (3,766,985)

Deferred charges on refunding (the difference between the reacquisition  
price and net carrying amount of refunded debt) are capitalized and  
amortized over the remaining life of the new or old debt (whichever is  
shorter) and are included with governmental activities. 2,718,442

Deferred outflows of resources related to pensions represent a  
consumption of net position in a future period and is not reported in the  
District's funds. Deferred outflows of resources related to pensions at  
year end consist of:

Pension contributions subsequent to measurement date 16,137,572  
Net change in proportionate share of net pension liability 17,404,669  
Differences between projected and actual earnings on pension plan  
investments 1,760,632  
Differences between expected and actual experience in the  
measurement of the total pension liability 2,342,107  
Changes of assumptions 33,420,852

Total Deferred Outflows of Resources Related  
to Pensions 71,065,832

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION, Continued  
JUNE 30, 2018**

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Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year end consist of:

Net change in proportionate share of net pension liability	\$ (2,584,753)	
Differences between projected and actual earnings on pension plan investments	(3,735,798)	
Differences between expected and actual experience in the measurement of the total pension liability	(2,446,546)	
Changes of assumptions	(599,230)	
Total Deferred Inflows of Resources Related to Pensions		\$ (9,366,327)

Deferred inflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred inflows of resources related to the difference between projected and actual earnings on OPEB plan investments. (1,649,118)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds. (191,166,061)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term obligations at year end consist of:

Bonds payable	(152,002,016)	
Premium on issuance	(11,330,920)	
Certificates of participation	(920,000)	
Municipal leases	(3,085,000)	
Qualified energy construction bonds	(11,738,022)	
Compensated absences (vacations)	(1,325,201)	
Net other postemployment benefits (OPEB) liability	(167,601,438)	
In addition, the District has issued 'capital appreciation' public general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is:	(917,059)	
Total Long-Term Obligations		(348,919,656)
<b>Total Net Position - Governmental Activities</b>		<b><u><u>\$ (154,462,916)</u></u></b>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Building Fund</u>
<b>REVENUES</b>			
Local Control Funding Formula	\$ 158,392,921	\$ -	\$ -
Federal sources	8,059,679	5,164,565	-
Other State sources	19,529,688	359,850	-
Other local sources	12,732,791	550,371	352,591
<b>Total Revenues</b>	<u>198,715,079</u>	<u>6,074,786</u>	<u>352,591</u>
<b>EXPENDITURES</b>			
Current			
Instruction	119,114,293	-	-
Instruction related activities:			
Supervision of instruction	6,640,182	-	-
Instructional library, media, and technology	1,920,360	-	-
School site administration	15,191,176	-	-
Pupil services:			
Home-to-school transportation	2,207,058	-	-
Food services	39,854	6,134,067	-
All other pupil services	17,039,238	-	-
Administration:			
Data processing	2,921,006	-	-
All other administration	7,667,994	301,391	-
Plant services	17,426,660	78	-
Ancillary services	3,443,795	-	-
Community services	228,511	-	-
Other outgo	2,485,350	-	-
Facility acquisition and construction	753,445	-	2,011,602
Debt service			
Principal	944,149	-	-
Interest and other	282,964	-	-
<b>Total Expenditures</b>	<u>198,306,035</u>	<u>6,435,536</u>	<u>2,011,602</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>409,044</u>	<u>(360,750)</u>	<u>(1,659,011)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	340,655	-
Other sources	-	-	-
Transfers out	(1,493,011)	-	-
Other uses	-	-	-
<b>Net Financing Sources (Uses)</b>	<u>(1,493,011)</u>	<u>340,655</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,083,967)</u>	<u>(20,095)</u>	<u>(1,659,011)</u>
<b>Fund Balances - Beginning</b>	24,905,777	185,566	27,807,902
<b>Fund Balances - Ending</b>	<u>\$ 23,821,810</u>	<u>\$ 165,471</u>	<u>\$ 26,148,891</u>

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

<b>Capital Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 158,392,921
-	-	594,367	13,818,611
-	85,668	2,818,270	22,793,476
3,733,074	12,599,937	432,772	30,401,536
<u>3,733,074</u>	<u>12,685,605</u>	<u>3,845,409</u>	<u>225,406,544</u>
-	-	2,659,883	121,774,176
-	-	-	6,640,182
-	-	-	1,920,360
-	-	1,014,070	16,205,246
-	-	-	2,207,058
-	-	-	6,173,921
-	-	672,684	17,711,922
-	-	-	2,921,006
54,148	-	181,567	8,205,100
-	-	290,687	17,717,425
-	-	-	3,443,795
-	-	-	228,511
-	-	-	2,485,350
2,336,143	-	6,314	5,107,504
263,000	46,580,000	430,000	48,217,149
84,135	8,516,071	51,731	8,934,901
<u>2,737,426</u>	<u>55,096,071</u>	<u>5,306,936</u>	<u>269,893,606</u>
<u>995,648</u>	<u>(42,410,466)</u>	<u>(1,461,527)</u>	<u>(44,487,062)</u>
131,933	-	1,496,728	1,969,316
-	43,520,794	-	43,520,794
(476,305)	-	-	(1,969,316)
-	(367,475)	-	(367,475)
<u>(344,372)</u>	<u>43,153,319</u>	<u>1,496,728</u>	<u>43,153,319</u>
651,276	742,853	35,201	(1,333,743)
15,139,759	13,554,946	2,301,467	83,895,417
<u>\$ 15,791,035</u>	<u>\$ 14,297,799</u>	<u>\$ 2,336,668</u>	<u>\$ 82,561,674</u>

**OXNARD UNION HIGH 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, 2018**

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**Total Net Change in Fund Balances - Governmental Funds** **\$ (1,333,743)**  
**Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:**

Capital outlay 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 depreciation exceeds capital outlay in the period.

Capital outlay	\$ 5,158,630	
Depreciation expense	<u>(10,079,293)</u>	
Net Expense Adjustment		(4,920,663)

Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement)

are measured by the amounts earned during the year. However, expenditures for these items in the governmental funds are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation earned was more than the amounts used by \$68,712. (63,078)  
(68,712)

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. (12,369,185)

Proceeds received from issuance of debt 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:  
 Sale of general obligation refunding bonds (42,275,000)

Governmental funds report the effect of premiums and discounts when the debt is first issued, whereas the amounts are deferred and amortized over the life of the debt in the Statement of Activities. This amount is the net effect of these related items:

Premium on issuance for general obligation bonds	(2,701,562)	
Deferred amount on refunding	<u>2,261,735</u>	
Combined Adjustment		(439,827)

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

**OXNARD UNION HIGH 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, 2018**

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

\$ (3,506,393)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:

General obligation bonds	46,580,000
Certificates of participation	430,000
Municipal leases	263,000
Qualified energy conservation bonds	944,149

Governmental funds report the effect of premiums, discounts, and issuance costs when the debt is first issued, whereas the amounts are deferred and amortized over the life of the debt in the Statement of Activities. This amount is the net effect of the amortization of the related items:

Premium on issuance for general obligation bonds	\$ 2,188,264	
Amortization of deferred amount on refunding	<u>(667,647)</u>	
Combined Adjustment		1,520,617

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds, certificates of participation, qualified energy bonds, and municipal lease bonds increased by \$506,675, and second, \$76,662 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

<b>Change in Net Position of Governmental Activities</b>		<u>(583,337)</u>
		<u><b>\$ (15,822,172)</b></u>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

	Agency Funds	Trust Funds		Total Fiduciary Funds
	Associated Student Bodies	Foundation Special Reserve	Retiree Benefits Trust	
<b>ASSETS</b>				
Deposits and investments	\$ 1,569,357	\$ 59,112	\$ 61,242,587	\$ 62,871,056
Receivables	-	357	9,155	9,512
Prepaid expenditures	-	-	7,025	7,025
<b>Total Assets</b>	<b>\$ 1,569,357</b>	<b>\$ 59,469</b>	<b>\$ 61,258,767</b>	<b>\$ 62,887,593</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 47	\$ -	\$ 30,681	\$ 30,728
Due to student groups	1,569,310	-	-	1,569,310
<b>Total Liabilities</b>	<b>\$ 1,569,357</b>	<b>-</b>	<b>30,681</b>	<b>1,600,038</b>
<b>NET POSITION</b>				
Held in trust for retiree benefits		-	61,228,086	61,228,086
Held in trust for scholarships		59,469	-	59,469
<b>Total Net Position</b>		<b>\$ 59,469</b>	<b>\$ 61,228,086</b>	<b>\$ 61,287,555</b>

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## FIDUCIARY FUNDS STATEMENT OF CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2018

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	<b>Foundation Special Reserve</b>	<b>Retiree Benefits Trust</b>	<b>Total</b>
<b>ADDITIONS</b>			
Private donations	\$ 1,300	\$ -	\$ 1,300
District contributions	-	52,852	52,852
Interest	770	3,079,883	3,080,653
Realized gains on sale of investments	-	6,728,017	6,728,017
Unrealized (losses) on investments	-	(4,487,505)	(4,487,505)
<b>Total Additions</b>	<u>2,070</u>	<u>5,373,247</u>	<u>5,375,317</u>
<b>DEDUCTIONS</b>			
Services and operating expenditures	<u>2,000</u>	<u>41,936</u>	<u>43,936</u>
<b>Change in Net Position</b>	70	5,331,311	5,331,381
<b>Net Position - Beginning</b>	<u>59,399</u>	<u>55,896,775</u>	<u>55,956,174</u>
<b>Net Position - Ending</b>	<u>\$ 59,469</u>	<u>\$ 61,228,086</u>	<u>\$ 61,287,555</u>

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial Reporting Entity

The Oxnard Union High School District (the District) was organized 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 9 - 12 as mandated by the State and/or Federal agencies. The District operates seven high schools, two alternative education sites, and an adult education program.

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 Oxnard Union High School District, this includes general operations, food service, and student related activities of the District.

#### Other Related Entities

**Charter School** The District has an approved charter for Camarillo Academy of Progressive Education (CAPE) and Architecture, Construction and Engineering Charter High (ACE) pursuant to *Education Code* Section 47605. The charters are not considered a component unit 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 two broad fund categories: governmental and fiduciary.

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

#### Major Governmental Funds

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

**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).

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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**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.

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

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

### Non-Major Governmental Funds

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

**Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

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

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

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

**COP Debt Service Fund** The COP Debt Service Fund is used to account for the interest and redemption of principal of Certificates of Participation.

**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. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's trust funds are for the payment of retiree benefits and for the payments of scholarships within the Foundation Special Reserve activities. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

### **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.

The government-wide financial Statement of Activities presents a comparison between direct expenses and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions, and segments using a full cost allocation approach. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

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

**Fund Financial Statements** Fund financial statements report detailed information about the District. The focus of governmental 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.

**Governmental Funds** All governmental funds are 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 balances 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 reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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**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. Generally, available is defined as collectible within 60 days. However to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year end: State apportionments, interest, certain grants, and other local sources.

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

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

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

**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 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

### **Investments**

Investments held at June 30, 2018, 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 and State investment pools are determined by the program sponsor.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in first-out basis 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. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. 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 financial Statement of Net Position. The valuation basis for general capital assets are 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 of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 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 Statement of Net Position.

### Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### **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 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 fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

### **Debt Issuance Costs, Premiums, and Discounts**

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. 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.

### **Deferred Outflows/Inflows of Resources**

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

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

### **Pensions**

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### Postemployment Benefits Other Than Pensions (OPEB)

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

### Fund Balances - Governmental Funds

As of June 30, 2018, fund balances of the governmental funds are classified as follows:

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

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

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

**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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### **Minimum Fund Balance Policy**

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three 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. The government-wide financial statements report \$31,382,441 of restricted net position.

### **Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of Activities.

### **Estimates**

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

### **Property Tax**

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### Change in Accounting Principles

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 District has implemented the provisions of this Statement as of June 30, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2018**

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The District has implemented the provisions of this Statement as of June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The District has implemented the provisions of this Statement as of June 30, 2018.

### **New Accounting Pronouncements**

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2018**

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

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

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

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2018**

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

### NOTE 2 - DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, were classified in the accompanying financial statements as follows:

Governmental activities	\$ 85,772,982
Fiduciary funds	62,871,056
Total Deposits and Investments	<u>\$ 148,644,038</u>

Deposits and investments as of June 30, 2018, consisted of the following:

Cash on hand and in banks	\$ 1,669,126
Cash in revolving	10,000
Investments	146,964,912
Total Deposits and Investments	<u>\$ 148,644,038</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 fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**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 to changes in market interest rates. The District manages its exposure to interest rate risk by investing primarily in the County Pool.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Weighted Average Maturity**

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Reported Amount	Maturity Date/ Average Maturity in Days
Local Agency Bonds, Notes Warrants	\$ 168,315	11/1/2019
Certificates of Deposit - Ally Bank	109,000	7/25/2019
Certificates of Deposit - Goldman Sachs Bank	164,000	11/12/2018
Money Market Mutual Funds	1,568	26
Ventura County Investment Pool	85,372,511	148
Total	<u>\$ 85,815,394</u>	

**Credit Risk**

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

Investment Type	Minimum Legal Rating	Standard & Poor's Rating June 30, 2018	Moody's Rating June 30, 2018	Reported Amount
Local Agency Bonds, Notes Warrants	Not Required	Not Rated	AA	\$ 168,315
Certificates of Deposit - Ally Bank	Not Required	Not Rated	Not Rated	109,000
Certificates of Deposit - Goldman Sachs Bank	Not Required	Not Rated	Not Rated	164,000
Money Market Mutual Funds	Not Required	Not Rated	Aaa-mf	1,568
Ventura County Investment Pool	Not Required	AAAf/s 1+	Not Rated	85,372,511
Total Investments				<u>\$ 85,815,394</u>

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### Trust

The following investments are related to the District's Fiduciary Fund Retiree Benefits Trust to be used for the net other postemployment benefits (OPEB) liability and are not subject to the general authorization limitations as they relate to interest rate risk, credit risk, and concentration of credit risk required by the California Government Code.

Investment Type	Reported Amount	Maturity Date
Domestic Common Stocks	\$ 4,686,140	7/1/2018
Foreign Stocks	381,489	7/1/2018
Mutual Fund - Fixed Income	17,530,157	7/1/2018
Mutual Fund - Domestic Equity	27,895,025	7/1/2018
Mutual Fund - International Equity	7,463,054	7/1/2018
Mutual Fund - Balanced	3,193,653	7/1/2018
Total	\$ 61,149,518	

### 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. As of June 30, 2018, the District's bank balance was not exposed to custodial credit risk.

### NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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 reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

The District's fair value measurements are as follows at June 30, 2018:

Investment Type	Reported Amount	Fair Value Measurements	
		Using Level 2 Inputs	Uncategorized
Local Agency Bonds, Notes Warrants	\$ 168,315	\$ 168,315	\$ -
Certificates of Deposit - Ally Bank	109,000	109,000	-
Certificates of Deposit - Goldman Sachs Bank	164,000	164,000	-
Money Market Mutual Funds	1,568	1,568	-
Ventura County Investment Pool	85,372,511	-	85,372,511
Total	<u>\$ 85,815,394</u>	<u>\$ 442,883</u>	<u>\$ 85,372,511</u>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4 - RECEIVABLES**

Receivables at June 30, 2018, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund
Federal Government				
Categorical aid	\$ 3,845,518	\$ 960,991	\$ -	\$ -
State Government				
Categorical aid	1,027,859	70,439	-	-
Lottery	675,048	-	-	-
Other State	93,885	39,235	-	-
Local Government				
Interest	1,175,562	2,662	161,071	89,371
Other Local Sources	376,933	25,067	-	20,793
Total	<u>\$ 7,194,805</u>	<u>\$ 1,098,394</u>	<u>\$ 161,071</u>	<u>\$ 110,164</u>
	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Activities	Fiduciary Funds
Federal Government				
Categorical aid	\$ -	\$ 241,058	\$ 5,047,567	\$ -
State Government				
Categorical aid	-	33,678	1,131,976	-
Lottery	-	-	675,048	-
Other State	-	-	133,120	-
Local Government				
Interest	71,319	13,848	1,513,833	9,512
Other Local Sources	-	-	422,793	-
Total	<u>\$ 71,319</u>	<u>\$ 288,584</u>	<u>\$ 8,924,337</u>	<u>\$ 9,512</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 31,336,339	\$ -	\$ -	\$ 31,336,339
Construction in Progress	6,485,956	2,245,300	2,794,873	5,936,383
Total Capital Assets Not Being Depreciated	<u>37,822,295</u>	<u>2,245,300</u>	<u>2,794,873</u>	<u>37,272,722</u>
Capital Assets Being Depreciated:				
Land Improvements	43,834,506	2,453,442	-	46,287,948
Buildings and Improvements	312,446,505	2,712,250	-	315,158,755
Furniture and Equipment	13,583,694	542,511	379,214	13,746,991
Total Capital Assets Being Depreciated	<u>369,864,705</u>	<u>5,708,203</u>	<u>379,214</u>	<u>375,193,694</u>
Total Capital Assets	<u>407,687,000</u>	<u>7,953,503</u>	<u>3,174,087</u>	<u>412,466,416</u>
Less Accumulated Depreciation:				
Land Improvements	30,618,817	935,615	-	31,554,432
Buildings and Improvements	118,466,609	8,306,828	-	126,773,437
Furniture and Equipment	9,558,550	836,850	316,136	10,079,264
Total Accumulated Depreciation	<u>158,643,976</u>	<u>10,079,293</u>	<u>316,136</u>	<u>168,407,133</u>
Governmental Activities Capital Assets, Net	<u>\$ 249,043,024</u>	<u>\$ (2,125,790)</u>	<u>\$ 2,857,951</u>	<u>\$ 244,059,283</u>

Depreciation expense was charged to governmental functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 5,644,404
School site administration	3,527,753
Home-to-school transportation	302,379
Food services	403,171
Plant services	201,586
Total Depreciation Expenses All Activities	<u>\$ 10,079,293</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**NOTE 6 - INTERFUND TRANSACTIONS**

**Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2018, between major and non-major governmental funds are as follows:

Due To	Due From				Total
	General Fund	Cafeteria Fund	Capital Facilities Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 1,200,372	\$ 4,115	\$ 1,396,425	\$ 2,600,912
Cafeteria Fund	3,644	-	-	-	3,644
Non-Major Governmental Funds	881,490	-	-	-	881,490
Total	<u>\$ 885,134</u>	<u>\$ 1,200,372</u>	<u>\$ 4,115</u>	<u>\$ 1,396,425</u>	<u>\$ 3,486,046</u>

The balance of \$1,200,372 is due to the General Fund from the Cafeteria Fund for indirect costs, direct support, and transfers.

The balance of \$1,396,425 is due to the General Fund from the Adult Education Non-Major Governmental Fund for indirect costs.

The balance of \$881,490 is due to the Adult Education Non-Major Governmental Fund from the General Fund for contributions.

All remaining 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.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**Operating Transfers**

Interfund transfers for the year ended June 30, 2018, consisted of the following:

Transfer To	Transfer From		Total
	General Fund	Capital Facilities Fund	
Cafeteria Fund	\$ 340,655	\$ -	\$ 340,655
Capital Facilities Fund	131,933	-	131,933
Non-Major Governmental Funds	1,020,423	476,305	1,496,728
Total	<u>\$ 1,493,011</u>	<u>\$ 476,305</u>	<u>\$ 1,969,316</u>

The General Fund transferred to the Cafeteria Fund to cover expenditures.	\$ 340,655
The General Fund transferred to the Capital Facilities Fund for costs associated with facility usage.	131,933
The General Fund transferred to the Adult Education Non-Major Governmental Fund for reimbursement of expenditures.	1,020,423
The Capital Facilities Fund transferred to the COP Debt Service Non-Major Governmental Fund for debt service payments.	476,305
Total	<u>\$ 1,969,316</u>

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2018, consisted of the following:

	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund
Vendor payables	\$ 5,314,255	\$ 40,369	\$ 178,930	\$ 17,961
State principal apportionment	4,675,593	-	-	-
Salaries and benefits	679	6,064	-	-
Total	<u>\$ 9,990,527</u>	<u>\$ 46,433</u>	<u>\$ 178,930</u>	<u>\$ 17,961</u>

	Non-Major Governmental Funds	Total	Fiduciary Funds
Vendor payables	\$ 47,921	\$ 5,599,437	\$ 30,728
State principal apportionment	-	4,675,593	-
Salaries and benefits	1,168	7,910	-
Total	<u>\$ 49,089</u>	<u>\$ 10,282,940</u>	<u>\$ 30,728</u>

**NOTE 8 - UNEARNED REVENUE**

Unearned revenue at June 30, 2018, consisted of the following:

	General Fund
Federal financial assistance	\$ 22,122
State categorical aid	2,159,250
Other local	13,832
Total	<u>\$ 2,195,204</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**NOTE 9 - LONG-TERM OBLIGATIONS**

**Summary**

The changes in the District's long-term obligations during the year consisted of the following:

	(as Restated)			Balance June 30, 2018	Due in One Year
	Balance July 1, 2017	Additions	Deductions		
General obligation bonds	\$ 157,147,413	\$ 42,351,662	\$ 46,580,000	\$ 152,919,075	\$ 6,645,000
Premium on issuance	10,817,622	2,701,562	2,188,264	11,330,920	-
Certificates of participation	1,350,000	-	430,000	920,000	450,000
Municipal leases	3,348,000	-	263,000	3,085,000	270,000
Qualified energy conservation bonds	12,682,171	-	944,149	11,738,022	1,005,531
Compensated absences	1,256,489	68,712	-	1,325,201	-
Net OPEB liability	165,744,163	1,897,208	39,933	167,601,438	-
	<u>\$ 352,345,858</u>	<u>\$ 47,019,144</u>	<u>\$ 50,445,346</u>	<u>\$ 348,919,656</u>	<u>\$ 8,370,531</u>

Payments for bonds associated with General Obligation Bonds are made in the Bond Interest and Redemption Fund. Payments on Certificates of Participation are made in the COP Debt Service Fund. Payments for Municipal Lease obligations are made in the General Fund, Special Reserve Fund for Capital Outlay Projects, and Capital Facilities Fund. Payments for Qualified Energy Construction Bonds are made in the General Fund. Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds. Payments for Net OPEB liability are typically liquidated in the General Fund and the Non-Major Governmental Funds.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**Bonded Debt**

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Issued and Principal Accretion	Redeemed	Bonds Outstanding June 30, 2018
4/1999	8/1/2027	4.6%-5.8%	\$ 10,199,913	\$ 5,565,310	\$ 76,662	\$ 485,000	\$ 5,156,972
8/2010	8/1/2040	3.0%-5.0%	50,000,000	45,050,000	-	41,795,000	3,255,000
4/2011	8/1/2025	5.31%	4,052,103	2,932,103	-	260,000	2,672,103
5/2012	8/1/2027	3.0%-5.0%	10,435,000	7,785,000	-	570,000	7,215,000
1/2014	8/1/2037	3.0%-5.0%	50,000,000	46,520,000	-	1,340,000	45,180,000
1/2016	8/1/2035	3.0%-5.0%	30,945,000	30,945,000	-	700,000	30,245,000
6/2016	8/1/2027	2.0%-5.0%	18,350,000	18,350,000	-	1,430,000	16,920,000
12/2017	8/1/2040	3.0%-5.0%	42,275,000	-	42,275,000	-	42,275,000
			<u>\$ 216,257,016</u>	<u>\$ 157,147,413</u>	<u>\$ 42,351,662</u>	<u>\$ 46,580,000</u>	<u>\$ 152,919,075</u>

**1999 General Obligation Bonds, Series A**

Series A of the 1999 Revenue General Obligation Refunding Bonds were issued in April 1999. These bonds were issued to refund the 1997 General Obligation Bonds, Series B. The Taxable General Obligation Refunding Bonds, 1999 Series A were issued for \$10,199,913, with interest rates ranging from 4.6 percent to 5.8 percent. The refunding bonds mature at various dates with the final maturity of August 1, 2027. The remaining balance for Series A of the 1999 General Obligation Bonds is \$5,156,972.

**2004 General Obligation Bonds, Series A**

Series A of the 2004 General Obligation Refunding Bonds were issued in August 2010. These bonds were issued to refund the 2008 General Obligation Bond Anticipation Notes, Series A and Series B and to finance the construction and modernization of school facilities. The Taxable General Obligation Bonds, 2004 Series A were issued for \$50,000,000, with interest rates ranging from 3.0 percent to 5.0 percent. The bonds mature at various dates with the final maturity of August 1, 2040. At June 30, 2018, the principal balance outstanding was \$3,255,000.

**2004 Series Qualified School Construction Bonds**

In April 2011, the District issued the 2011 Qualified School Construction Bonds in the amount of \$4,052,103. The notes mature August 2025, with an interest rate of 5.31 percent. The bonds were issued for the purpose of financing the acquisition and construction of educational facilities and projects. At June 30, 2018, the principal balance outstanding was \$2,672,103.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2018**

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### **2012 General Obligation Bonds**

The 2012 General Obligation Refunding Bonds were issued in May 2012. These bonds were issued to refund the 2003 General Obligation Bonds, Series A. The Taxable General Obligation Bonds, 2012 Series were issued for \$10,435,000, with interest rates ranging from 3.0 percent to 5.0 percent. The bonds mature at various dates with the final maturity of August 1, 2027. At June 30, 2018, the principal balance outstanding was 7,215,000, and unamortized premium was \$439,810.

### **2004 General Obligation Bonds, Series C**

Series C of the 2004 General Obligation Bonds were issued in January 2014. These bonds were issued to finance the construction and modernization of school facilities. The Taxable General Obligation Bonds, 2004 Series C were issued for \$50,000,000, with interest rates ranging from 3.0 percent to 5.0 percent. The bonds mature at various dates with the final maturity of August 1, 2037. At June 30, 2018, the principal balance outstanding was \$45,180,000, and unamortized premium was \$2,520,000.

### **2004 General Obligation Bonds, Series D**

Series D of the 2004 General Obligation Bonds were issued in January 2016. These bonds were issued to finance the construction and modernization of school facilities. The Taxable General Obligation Bonds, 2004 Series D were issued for \$30,945,000, with interest rates ranging from 3.0 percent to 5.0 percent. The bonds mature at various dates with the final maturity of August 1, 2035. At June 30, 2018, the principal balance outstanding was \$30,245,000, and unamortized premium was \$3,398,062.

### **2016 General Obligation Refunding Bonds**

The 2016 General Obligation Refunding Bonds were issued in June 2016. These bonds were issued to refund the 2001 General Obligation Bonds, Series A. The Taxable General Obligation Bonds, 2012 Series were issued for \$18,350,000, with interest rates ranging from 2.0 percent to 5.0 percent. The bonds mature at various dates with the final maturity of August 1, 2027. At June 30, 2018, the principal balance outstanding was \$16,920,000, unamortized premium was \$2,330,220, and deferred charge on refunding was \$1,022,140.

### **2017 General Obligation Refunding Bonds**

The 2017 General Obligation Refunding Bonds were issued in December 2017. These bonds were issued to refund the 2004 General Obligation Bonds, Series A. The Taxable General Obligation Bonds, 2017 Series were issued for \$42,275,000, with interest rates ranging from 3.0 percent to 5.0 percent. The bonds mature at various dates with the final maturity of August 1, 2040. At June 30, 2018, the principal balance outstanding was \$42,275,000, unamortized premium was \$2,642,828, and deferred charge on refunding was \$3,994,830.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

The future debt service requirements for the General Obligation Bonds are as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Current Interest to Maturity	Accreted Interest to Maturity	Total
2019	\$ 6,645,000	\$ 8,277,463	\$ -	\$ 14,922,463
2020	5,585,000	7,975,650	-	13,560,650
2021	5,880,000	7,687,636	-	13,567,636
2022	5,250,000	5,442,249	-	10,692,249
2023	5,830,000	5,171,058	-	11,001,058
2024-2028	36,094,075	21,253,227	808,028	58,155,330
2029-2033	36,400,000	13,591,416	-	49,991,416
2034-2038	41,865,000	5,066,290	-	46,931,290
2039-2041	9,370,000	461,725	-	9,831,725
Total	\$ 152,919,075	\$ 74,926,714	\$ 808,028	\$ 228,653,817

**Certificates of Participation**

During the 2000-2001 fiscal year, the District issued Certificates of Participation in the amount of \$1,860,000, to refund the outstanding balance of the 1993-1994 Certificates of Participation. The 2000 certificates mature during the 2019-2020 fiscal year with interest rates ranging from 6.40 percent to 7.50 percent. The balance of the 2000 Certificates of Participation outstanding at June 30, 2018, was \$220,000.

In April 2003, the District issued the 2003 Refunding Certificates of Participation in the amount of \$3,970,000. The 2003 certificates mature in the 2019-2020 fiscal year with interest rates ranging from 2.0 percent to 4.3 percent. The balance of the 2003 Refunding Certificates of Participation outstanding at June 30, 2018, was \$700,000.

The future debt service requirements for the two Certificates of Participation are as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2019	\$ 450,000	\$ 31,545	\$ 481,545
2020	470,000	10,560	480,560
Total	\$ 920,000	\$ 42,105	\$ 962,105

**Municipal Leases**

In January 2016, the District entered into a lease agreement to refinance the outstanding municipal lease bonds. The lease carries an interest rate of 4.5 percent. The lease will be fully paid in 2028. At June 30, 2018, the principal balance outstanding was \$3,085,000.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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The debt service requirements for the leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2019	\$ 270,000	\$ 77,852	\$ 347,852
2020	278,000	70,834	348,834
2021	289,000	63,597	352,597
2022	295,000	56,102	351,102
2023	306,000	48,414	354,414
2024-2028	1,647,000	118,603	1,765,603
Total	<u>\$ 3,085,000</u>	<u>\$ 435,402</u>	<u>\$ 3,520,402</u>

### Qualified Energy Conservation Bonds

In September 2010, the District entered into a lease agreement with the Golden Schools Financing Authority. The notes mature August 2027, with an interest rate of 5.5 percent. The bonds were issued for the purpose of financing the acquisition and construction of educational facilities and projects. At June 30, 2018, the principal balance outstanding was \$11,738,022.

The debt service requirements for the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2019	\$ 1,005,531	\$ 637,579	\$ 1,643,110
2020	1,069,636	580,887	1,650,523
2021	1,136,565	520,599	1,657,164
2022	1,108,068	457,913	1,565,981
2023	1,177,006	395,463	1,572,469
2024-2028	6,241,216	899,062	7,140,278
Total	<u>\$ 11,738,022</u>	<u>\$ 3,491,503</u>	<u>\$ 15,229,525</u>

### Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2018, amounted to \$1,325,201. Accumulated vacation will be paid by the fund for which the employee worked.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**District Plan**

<u>OPEB Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
District Plan	\$ 166,446,176	\$ 1,649,118	\$ 1,897,208
Medicare Premium Payment (MPP) Program	1,155,262	-	39,933
Total	<u>\$ 167,601,438</u>	<u>\$ 1,649,118</u>	<u>\$ 1,937,141</u>

*Plan administration*

The Oxnard Union High School District Retirement Benefit Trust (the Trust) administers the Postemployment Benefits Plan (the Plan) - a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for the District.

Management of the Plan is vested in the Governing Board, which consists of five locally elected Plan members.

*Plan membership*

At June 30, 2018, Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	601
Active employees	<u>531</u>
	<u><u>1,132</u></u>

*Benefits provided*

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

*Contributions*

The contribution requirements of Plan members and the District are established and may be amended by the District and the Oxnard Federation of Teachers (OFT), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2017-2018, the District contributed \$8,876,673 to the Plan, of which all was used for current premiums (approximately 100 percent of total premiums). The remainder of the premiums were funded from beginning net position and interest earnings.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### Investments

#### Investment policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Governing Board by a majority vote of its members. It is the policy of the Oxnard Union High School District Retiree Benefits Trust Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Governing Board's adopted asset allocation policy as of June 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	30%
Equities	65%
Real Estate Investment Trust (REITs)	5%

#### Rate of return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 6.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Net OPEB Liability of the District

The component of the net OPEB liability of the District as of June 30, 2018, was as follows:

Total OPEB liability	\$ 227,691,577
Plan fiduciary net position	(61,245,401)
District's net OPEB liability	<u>\$ 166,446,176</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>26.90%</u>

#### Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, average, including inflation
Investment rate of return	6.00 percent, net of OPEB plan investment expense, including inflation
Health care cost trend rates	6.00 percent for 2018 and decreasing towards 5.00 percent by 2040

Mortality rates were based on the RPH 2014 mortality table with generational improvements using scale MP2017.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period of July 1, 2017 - June 30, 2018.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018, (see the discussion of the Plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	2.4%
Equities	5.5%
Real Estate Investment Trust (REITs)	3.7%

### Discount rate

The discount rate used to measure the total OPEB liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

### Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balance at June 30, 2017	\$ 220,390,899	\$ 55,841,931	\$ 164,548,968
Service cost	3,037,922	8,876,673	(5,838,751)
Interest	13,139,429	-	13,139,429
Net investment income	-	5,411,667	(5,411,667)
Benefit payments	(8,876,673)	(8,876,673)	-
Administrative expense	-	(8,197)	8,197
Net change in total OPEB liability	<u>7,300,678</u>	<u>5,403,470</u>	<u>1,897,208</u>
Balance at June 30, 2018	<u>\$ 227,691,577</u>	<u>\$ 61,245,401</u>	<u>\$ 166,446,176</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percent lower (5.00 percent) or one percent higher (7.00 percent) than the current discount rate:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (5.00%)	\$ 199,275,103
Current discount rate (6.00%)	166,446,176
1% increase (7.00%)	139,486,493

*Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percent lower (5.00 percent decreasing to 4.00 percent) or one percent higher (7.00 percent decreasing to 6.00 percent) than the current health care cost trend rates:

<u>Health Care Cost Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (5.00%)	\$ 136,891,910
Current health care cost trend rate (6.00%)	166,446,176
1% increase (7.00%)	202,952,813

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,897,208. At June 30, 2018, the District reported deferred inflows of resources for the difference between projected and actual earnings on OPEB plan investments of \$1,649,118.

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

<u>Year Ended June 30,</u>	<u>Deferred (Inflows) of Resources</u>
2019	\$ (412,279)
2020	(412,279)
2021	(412,279)
2022	(412,281)
	<u>\$ (1,649,118)</u>

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### Medicare Premium Payment (MPP) Program

#### Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

#### Benefits Provided

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

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

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

#### OPEB Liabilities and OPEB Expense

At June 30, 2018, the District reported a liability of \$1,155,262 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively, was 0.2746 percent, and 0.2554 percent, resulting in a net increase in the proportionate share of 0.0192 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$39,933.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2018**

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### Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2016, was determined based on a financial reporting actuarial valuation that used the June 30, 2016 assumptions presented in the table below. The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the assumptions listed in the following table:

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.58%	2.85%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among the members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 571 or an average of 0.32 percent of the potentially eligible population (177,763).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2017 and 2016, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

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

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net 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 OPEB Liability
1% decrease (2.58%)	\$ 1,278,956
Current discount rate (3.58%)	1,155,262
1% increase (4.58%)	1,034,944

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 1,043,956
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	1,155,262
1% increase (4.7% Part A and 5.1% Part B)	1,265,457

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 - FUND BALANCES**

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund
<b>Nonspendable</b>				
Revolving cash	\$ 10,000	\$ -	\$ -	\$ -
Stores inventories	306,935	35,564	-	-
Total Nonspendable	<u>316,935</u>	<u>35,564</u>	<u>-</u>	<u>-</u>
<b>Restricted</b>				
Legally restricted programs	4,471,949	129,907	-	-
Capital projects	-	-	26,148,891	15,791,035
Debt services	-	-	-	-
Total Restricted	<u>4,471,949</u>	<u>129,907</u>	<u>26,148,891</u>	<u>15,791,035</u>
<b>Assigned</b>				
Prop 39 Energy Savings	91,000	-	-	-
Oxnard #8 Contribution	200,000	-	-	-
One Time Discretionary Funding	6,574,162	-	-	-
One Time -Site Condor Program				
Carryover	10,184	-	-	-
2017-18 Summer School Savings	809,706	-	-	-
Donations	16,769	-	-	-
Passenger Vans (6) for District-Wide Use	231,937	-	-	-
Unallocated Unit Share	2,005,294	-	-	-
Unrestricted Lottery	334,157	-	-	-
Certificate of Participation	-	-	-	-
Oxnard #8 Start Up	-	-	-	-
Total Assigned	<u>10,273,209</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Unassigned</b>				
Reserve for economic uncertainties	5,993,971	-	-	-
Remaining unassigned	2,765,746	-	-	-
Total Unassigned	<u>8,759,717</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 23,821,810</u>	<u>\$ 165,471</u>	<u>\$ 26,148,891</u>	<u>\$ 15,791,035</u>

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Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
\$ -	\$ -	\$ 10,000
-	-	342,499
-	-	352,499
-	15,853	4,617,709
-	-	41,939,926
14,297,799	442,883	14,740,682
14,297,799	458,736	61,298,317
-	-	91,000
-	-	200,000
-	-	6,574,162
-	-	10,184
-	-	809,706
-	-	16,769
-	-	231,937
-	-	2,005,294
-	-	334,157
-	1,672,935	1,672,935
-	204,997	204,997
-	1,877,932	12,151,141
-	-	5,993,971
-	-	2,765,746
-	-	8,759,717
\$ 14,297,799	\$ 2,336,668	\$ 82,561,674

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 11 - RISK MANAGEMENT

#### Description

The District's risk management activities are recorded in the General Fund. Employee health programs are administered by the General Fund through payments made to Coastal Schools Employee Benefits Organization, a public entity risk pool. The Oxnard Union High School District also participates in the Ventura County Schools Self-Funding Authority public entity risk pool (JPA) for the workers' compensation, property, and liability programs. Refer to Note 14 for additional information regarding the JPAs.

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

#### Employee Medical Benefits

The District has contracted with the Coastal Schools Employee Benefits Organization (CSEBO) to provide employee health benefits. CSEBO is a shared risk pool comprised of members in Ventura County. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

### NOTE 12 - 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, 2018, 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:

<u>Pension Plan</u>	<u>Collective Net Pension Liability</u>	<u>Collective Deferred Outflows of Resources</u>	<u>Collective Deferred Inflows of Resources</u>	<u>Collective Pension Expense</u>
CalSTRS	\$ 140,270,672	\$ 53,856,086	\$ 8,767,097	\$ 17,787,535
CalPERS	50,895,389	17,209,746	599,230	10,719,222
Total	<u>\$ 191,166,061</u>	<u>\$ 71,065,832</u>	<u>\$ 9,366,327</u>	<u>\$ 28,506,757</u>

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2018**

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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, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

#### **Benefits Provided**

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

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

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

**Contributions**

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were \$11,833,917.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share:

District's proportionate share of net pension liability	\$ 140,270,672
State's proportionate share of the net pension liability associated with the District	<u>82,982,945</u>
Total	<u><u>\$ 223,253,617</u></u>

The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, was 0.1517 percent and 0.1436 percent, respectively, resulting in a net increase in the proportionate share of 0.0081 percent.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

For the year ended June 30, 2018, the District recognized pension expense of \$17,787,535. In addition, the District recognized pension expense and revenue of \$8,353,030 for support provided by the State. At June 30, 2018, 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	\$ 11,833,917	\$ -
Net change in proportionate share of net pension liability	15,516,654	2,584,753
Differences between projected and actual earnings on pension plan investments	-	3,735,798
Differences between expected and actual experience in the measurement of the total pension liability	518,735	2,446,546
Changes of assumptions	25,986,780	-
Total	<u>\$ 53,856,086</u>	<u>\$ 8,767,097</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ (3,105,708)
2020	2,350,105
2021	338,871
2022	(3,319,066)
Total	<u>\$ (3,735,798)</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 6,792,271
2020	6,792,271
2021	6,792,271
2022	6,792,270
2023	4,521,523
Thereafter	5,300,264
Total	<u>\$ 36,990,870</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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10 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 (7.10 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	Net Pension Liability
1% decrease (6.10%)	\$ 205,961,879
Current discount rate (7.10%)	140,270,672
1% increase (8.10%)	86,957,806

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### California Public Employees Retirement System (CalPERS)

#### Plan Description

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

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

#### Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were \$4,303,655.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$50,895,389. The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, was 0.2132 percent and 0.2034 percent, respectively, resulting in a net increase in the proportionate share of 0.0098 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$10,719,222. At June 30, 2018, 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	\$ 4,303,655	
Net change in proportionate share of net pension liability	1,888,015	-
Differences between projected and actual earnings on pension plan investments	1,760,632	-
Differences between expected and actual experience in the measurement of the total pension liability	1,823,372	-
Changes of assumptions	7,434,072	599,230
Total	<u>\$ 17,209,746</u>	<u>\$ 599,230</u>

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.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ (47,707)
2020	2,031,387
2021	741,073
2022	(964,121)
Total	<u>\$ 1,760,632</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 3,810,845
2020	3,794,222
2021	2,941,162
Total	<u>\$ 10,546,229</u>

**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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2018**

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The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

### **Discount Rate**

The discount rate used to measure the total pension liability was 7.15 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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2018**

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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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 74,883,427
Current discount rate (7.15%)	50,895,389
1% increase (8.15%)	30,995,303

### **On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$6,748,289 (9.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

### **NOTE 13 - 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, 2018.

#### **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, 2018.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**Construction Commitments**

As of June 30, 2018, the District has the following commitments with respect to the unfinished capital projects:

<u>CAPITAL PROJECTS</u>	<u>Remaining Construction Commitments</u>	<u>Expected Date of Completion</u>
OHS Deck, Plaster Repair	\$ 45,000	2018-19
HHS ADA Walkway Improvement	5,563	2018-19
CIHS Handrail System Connectivity	2,460	2018-19
Oxnard Growth HS #8	3,133,642	2020-21
	<u>\$ 3,186,665</u>	

**NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITY**

The District is a member of the Ventura County Schools Self-funding Authority (VCSSFA) and the Coastal Schools Employee Benefits Organization (CSEBO) public entity risk pools. The District pays an annual premium to each entity for its workers' compensation and property liability coverage and for its health and welfare benefits, respectively. The District also belongs to the Ventura County Fast Action School Transit Authority (VCFAST) joint powers authority (JPA). Payments for courier services are paid to the VCFAST. The relationships between the District, the pools, and the JPA are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2018, the District made payments of \$1,098,754, \$35,542,038, and \$4,290 to VCSSFA, CSEBO, and VCFAST, respectively.

**NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION**

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

**Statement of Net Position**

Net Position - Beginning	\$ (58,884,735)
Inclusion of net OPEB liability from the adoption of GASB Statement No. 75	<u>(79,756,009)</u>
Net Position - Beginning as Restated	<u>\$ (138,640,744)</u>

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**OXNARD UNION HIGH SCHOOL DISTRICT**

**GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual (GAAP Basis)</b>	<b>Variances - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
<b>REVENUES</b>				
Local Control Funding Formula	\$ 160,306,177	\$ 158,509,325	\$ 158,392,921	\$ (116,404)
Federal sources	8,062,541	8,654,832	8,059,679	(595,153)
Other State sources	8,084,627	17,711,527	19,529,688	1,818,161
Other local sources	10,546,335	12,335,215	12,732,791	397,576
<b>Total Revenues</b>	<b>186,999,680</b>	<b>197,210,899</b>	<b>198,715,079</b>	<b>1,504,180</b>
<b>EXPENDITURES</b>				
Current				
Certificated salaries	83,434,529	83,274,548	83,214,891	59,657
Classified salaries	25,699,601	25,957,350	25,122,634	834,716
Employee benefits	53,751,909	61,299,805	59,835,696	1,464,109
Books and supplies	7,411,940	9,604,077	7,487,801	2,116,276
Services and operating expenditures	17,027,692	18,124,918	18,288,867	(163,949)
Capital outlay	2,145,110	1,354,976	1,126,641	228,335
Other outgo	1,905,515	1,870,235	2,002,392	(132,157)
Debt service				
Principal	944,149	944,149	944,149	-
Interest	283,171	283,608	282,964	644
<b>Total Expenditures</b>	<b>192,603,616</b>	<b>202,713,666</b>	<b>198,306,035</b>	<b>4,407,631</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(5,603,936)</b>	<b>(5,502,767)</b>	<b>409,044</b>	<b>5,911,811</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,696,079)	(1,558,623)	(1,493,011)	65,612
<b>NET CHANGE IN FUND BALANCE</b>	<b>(8,300,015)</b>	<b>(7,061,390)</b>	<b>(1,083,967)</b>	<b>5,977,423</b>
<b>Fund Balance - Beginning</b>	<b>24,905,777</b>	<b>24,905,777</b>	<b>24,905,777</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 16,605,762</b>	<b>\$ 17,844,387</b>	<b>\$ 23,821,810</b>	<b>\$ 5,977,423</b>

See accompanying note to required supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**CAFETERIA FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual (GAAP Basis)</b>	<b>Variances -</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative)</b>
				<b>Final to Actual</b>
<b>REVENUES</b>				
Federal sources	\$ 4,468,236	\$ 4,720,865	\$ 5,164,565	\$ 443,700
Other State sources	337,178	337,245	359,850	22,605
Other local sources	502,061	656,498	550,371	(106,127)
<b>Total Revenues</b>	<b>5,307,475</b>	<b>5,714,608</b>	<b>6,074,786</b>	<b>360,178</b>
<b>EXPENDITURES</b>				
Current				
Classified salaries	2,436,377	2,351,869	2,367,578	(15,709)
Employee benefits	1,328,808	1,296,669	1,312,970	(16,301)
Books and supplies	2,706,954	1,855,976	2,200,115	(344,139)
Services and operating expenditures	153,895	183,805	192,393	(8,588)
Capital outlay	-	61,089	61,089	-
Other outgo	325,838	291,097	301,391	(10,294)
<b>Total Expenditures</b>	<b>6,951,872</b>	<b>6,040,505</b>	<b>6,435,536</b>	<b>(395,031)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,644,397)</b>	<b>(325,897)</b>	<b>(360,750)</b>	<b>(34,853)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,559,327	290,854	340,655	49,801
<b>NET CHANGE IN FUND BALANCES</b>	<b>(85,070)</b>	<b>(35,043)</b>	<b>(20,095)</b>	<b>14,948</b>
<b>Fund Balance - Beginning</b>	<b>185,566</b>	<b>185,566</b>	<b>185,566</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 100,496</b>	<b>\$ 150,523</b>	<b>\$ 165,471</b>	<b>\$ 14,948</b>

See accompanying note to required supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY  
AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 3,037,922	\$ 5,143,257
Interest	13,139,429	11,086,979
Benefit payments	(8,876,673)	(8,403,086)
<b>Net changes in total OPEB liability</b>	<u>7,300,678</u>	<u>7,827,150</u>
<b>Total OPEB Liability - beginning</b>	<u>220,390,899</u>	<u>212,563,749</u>
<b>Total OPEB Liability - ending (a)</b>	<u><b>\$ 227,691,577</b></u>	<u><b>\$ 220,390,899</b></u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 8,876,673	\$ 8,403,086
Net investment income	5,411,667	6,502,209
Benefit payments	(8,876,673)	(8,403,086)
Administrative expense	(8,197)	(8,230)
<b>Net change in plan fiduciary net position</b>	<u>5,403,470</u>	<u>6,493,979</u>
<b>Plan fiduciary net position - beginning</b>	<u>55,841,931</u>	<u>49,347,952</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><b>\$ 61,245,401</b></u>	<u><b>\$ 55,841,931</b></u>
<b>District's net OPEB liability - ending (a) - (b)</b>	<u><b>\$ 166,446,176</b></u>	<u><b>\$ 164,548,968</b></u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u>26.9%</u>	<u>25.3%</u>
<b>Covered-employee payroll</b>	<u>\$ 42,005,000</u>	<u>\$ 54,534,000</u>
<b>District's net OPEB liability as a percentage of covered-employee payroll</b>	<u>396.3%</u>	<u>301.7%</u>

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

See accompanying note to required supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OPEB FOR THE YEAR ENDED JUNE 30, 2018

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	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 8,876,673	\$ 8,403,086
Contributions in relation to the actuarially determined contribution	<u>8,876,673</u>	<u>8,403,086</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 42,005,000</u>	<u>\$ 54,534,000</u>
Contribution as a percentage of covered-employee payroll	<u>21.1%</u>	<u>15.4%</u>

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

See accompanying note to required supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF OPEB INVESTMENT RETURNS  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	<u>6.00%</u>	<u>6.00%</u>

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

See accompanying note to required supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY - MPP PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2018**

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Year ended June 30,	<u>2018</u>
District's proportion of the net OPEB liability	<u>0.2746%</u>
District's proportionate share of the net OPEB liability	\$ 1,155,262
District's covered-employee payroll	<u>N/A<sup>1</sup></u>
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	<u>N/A<sup>1</sup></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.01%</u>

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

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

See accompanying note to required supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT PROPORTIONATE SHARE OF THE NET  
PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>CalSTRS</b>			
District's proportion of the net pension liability	<u>0.1517%</u>	<u>0.1436%</u>	<u>0.1485%</u>
District's proportionate share of the net pension liability	\$ 140,270,672	\$ 116,138,746	\$ 99,966,960
State's proportionate share of the net pension liability associated with the District	<u>82,982,945</u>	<u>66,115,716</u>	<u>52,871,502</u>
Total	<u>\$ 223,253,617</u>	<u>\$ 182,254,462</u>	<u>\$ 152,838,462</u>
District's covered-employee payroll	<u>\$ 86,142,798</u>	<u>\$ 74,247,894</u>	<u>\$ 66,868,840</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>162.84%</u>	<u>156.42%</u>	<u>149.50%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69%</u>	<u>70%</u>	<u>74%</u>
<b>CalPERS</b>			
District's proportion of the net pension liability	<u>0.2132%</u>	<u>0.2034%</u>	<u>0.1941%</u>
District's proportionate share of the net pension liability	<u>\$ 50,895,389</u>	<u>\$ 40,178,268</u>	<u>\$ 28,611,809</u>
District's covered-employee payroll	<u>\$ 28,972,645</u>	<u>\$ 24,527,518</u>	<u>\$ 21,033,738</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>175.67%</u>	<u>163.81%</u>	<u>136.03%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>74%</u>	<u>79%</u>

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

See accompanying note to required supplementary information.

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**2015**

0.1239%

\$ 72,419,094

43,729,775

\$ 116,148,869

\$ 71,975,188

100.62%

77%

0.1854%

\$ 21,046,174

\$ 21,636,698

97.27%

83%

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>CalSTRS</b>			
Contractually required contribution	\$ 11,833,917	\$ 10,836,764	\$ 7,966,799
Contributions in relation to the contractually required contribution	<u>11,833,917</u>	<u>10,836,764</u>	<u>7,966,799</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 <u>\$ 82,009,127</u>	 <u>\$ 86,142,798</u>	 <u>\$ 74,247,894</u>
 Contributions as a percentage of covered-employee payroll	 <u>14.43%</u>	 <u>12.58%</u>	 <u>10.73%</u>
<b>CalPERS</b>			
Contractually required contribution	\$ 4,303,655	\$ 4,023,721	\$ 2,905,775
Contributions in relation to the contractually required contribution	<u>4,303,655</u>	<u>4,023,721</u>	<u>2,905,775</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 <u>\$ 27,710,096</u>	 <u>\$ 28,972,645</u>	 <u>\$ 24,527,518</u>
 Contributions as a percentage of covered-employee payroll	 <u>15.53%</u>	 <u>13.89%</u>	 <u>11.85%</u>

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

See accompanying note to required supplementary information.

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**2015**

\$ 5,937,953

5,937,953

\$ -

\$ 66,868,840

8.88%

\$ 2,475,671

2,475,671

\$ -

\$ 21,033,738

11.77%

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2018

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### NOTE 1 - PURPOSE OF SCHEDULES

#### Budgetary Comparison Schedules

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

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

These schedules present 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.

At June 30, 2018, the District major fund(s) exceeded the budgeted amount in total as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual	Excess
Cafeteria Fund	\$ 6,040,505	\$ 6,435,536	\$ 395,031

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

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

*Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation for other postemployment benefits.

*Changes of Assumptions* – Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working life.

#### Schedule of District Contributions for OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2018

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### **Schedule of OPEB Investment Returns**

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

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

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

*Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.

*Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.85 percent to 3.58 percent since the previous valuation.

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

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

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

*Changes of Assumptions* – The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

### **Schedule of District Contributions**

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

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*SUPPLEMENTARY INFORMATION*

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**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through California Department of Education (CDE):			
Adult Education - Basic Grants to States:			
Adult Basic Education - Adult Basic Education and ESL	84.002A	14508	\$ 413,718
Adult Basic Education - Adult Secondary	84.002	13978	78,061
Adult Basic Education - English Literacy and Civics Education	84.002A	14109	102,588
Total Adult Education - Basic Grants to States			<u>594,367</u>
Carl D. Perkins Vocational and Technical Education (Secondary Education)	84.048	14894	375,020
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	3,006,314
Title I, Part C - Migrant Ed Programs:			
Title I, Part C - Migrant Ed Regular Program	84.011	14838	372,374
Title I, Part C - Migrant Ed Summer Program	84.011	14838	113,308
Total Title I, Part C - Migrant Ed Programs			<u>485,682</u>
Title I, Part G - Advanced Placement (AP) Test Fee Reimbursement Program	84.330B	14831	49
Title II, Part A - Supporting Effective Instruction English Learner Acquisition Programs	84.367	14341	470,149
Title III - Immigrant Education Program	84.365	15146	20,558
Title III - English Learner Student Program	84.365	14346	250,681
Total English Learner Acquisition Programs			<u>271,239</u>
Passed through Ventura County Special Education Local Plan Area:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,809,984
Total U.S. Department of Education			<u>8,012,804</u>
<b>U.S. DEPARTMENT OF REHABILITATION</b>			
Workability II, Transitions Partnership	84.126	10006	222,810

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through CDE:			
Child Nutrition Cluster:			
Especially Needy Breakfast	10.553	13526	\$ 1,357,343
National School Lunch Program	10.555	13523	2,883,396
Summer Food Service Program	10.559	13004	86,304
Food Distribution	10.555	13524	<u>234,310</u>
Total Child Nutrition Cluster			<u>4,561,353</u>
CACFP Claims - Centers and Family Day Care	10.558	13393	<u>603,213</u>
Total U.S. Department of Agriculture			<u>5,164,566</u>
 <b>U.S. DEPARTMENT OF DEFENSE</b>			
Junior Reserve Officer Training Corps - Air Force	12.000	[1]	<u>129,431</u>
 <b>U.S. DEPARTMENT OF INTERIOR</b>			
National Park Services - Anacapa Island Restoration Project	15.931	[1]	<u>10,035</u>
 <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through California Department of Health Services:			
Medi-Cal Assistance Program			
Medi-Cal Billing Option	93.778	10013	102,263
Medi-Cal Administrative Activities	93.778	10060	49,702
Total U.S. Department of Health and Human Services			<u>151,965</u>
Total Federal Programs			<u>\$ 13,691,611</u>

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

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### ORGANIZATION

The Oxnard Union High School District was established in 1901 and consists of an area comprising approximately 300 square miles. The District operates seven high schools, two alternative education sites, and an adult education program. There were no boundary changes during the year.

### GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Gary Davis, Ed.D	President	2020
Steve Hall, Ed.D	Vice President	2020
Karen Sher	Clerk	2018
Beatriz Herrera	Member	2018
Wayne Edmonds	Member	2018

### ADMINISTRATION

Penelope DeLeon, Ed.D	Superintendent
Sid Albaugh <sup>1</sup>	Assistant Superintendent, Business Services
Jeff Weinstein <sup>2</sup>	Assistant Superintendent, Business Services
Robert "Rocky" Valles, Ed.D	Assistant Superintendent, Human Resources
Tom McCoy, Ed.D	Assistant Superintendent, Educational Services

<sup>1</sup> Resigned as of June 29, 2018

<sup>2</sup> Started as of July 2, 2018

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2018**

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	Final Report	
	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA Ninth through twelfth	<u>15,451.31</u>	<u>15,299.29</u>
Special Education, Nonpublic, Nonsectarian Schools Ninth through twelfth	<u>26.94</u>	<u>26.14</u>
Extended Year Special Education, Ninth through twelfth	<u>1.19</u>	<u>1.19</u>
Total ADA	<u><u>15,479.44</u></u>	<u><u>15,326.62</u></u>

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2018

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Grade Level	1986-87 Minutes Requirement	2017-18 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Grades 9 - 12	64,800				
Grade 9		65,043	180	N/A	Complied
Grade 10		65,043	180	N/A	Complied
Grade 11		65,043	180	N/A	Complied
Grade 12		65,043	180	N/A	Complied

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>General Fund</u>
FUND BALANCE	
Balance, June 30, 2018, Unaudited Actuals	\$ 23,901,138
Increase in:	
Accounts payable	<u>(79,328)</u>
Balance, June 30, 2018, Audited Financial Statement	<u><u>\$ 23,821,810</u></u>

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

	(Budget)			
	2019 <sup>1</sup>	2018	2017	2016
<b>GENERAL FUND</b>				
Revenues	\$ 214,122,617	\$ 198,715,079	\$ 191,390,041	\$ 185,533,972
Expenditures	213,656,434	198,306,035	187,926,293	172,865,974
Other uses and transfers out	75,076	1,493,011	702,709	1,444,994
Total Expenditures and Other Uses	213,731,510	199,799,046	188,629,002	174,310,968
INCREASE IN FUND BALANCE	\$ 391,107	\$ (1,083,967)	\$ 2,761,039	\$ 11,223,004
ENDING FUND BALANCE	\$ 24,212,917	\$ 23,821,810	\$ 24,905,777	\$ 22,144,738
AVAILABLE RESERVES <sup>2</sup>	\$ 17,533,245	\$ 8,759,717	\$ 5,648,208	\$ 13,688,382
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	8.2%	4.4%	3.0%	7.9%
LONG-TERM OBLIGATIONS <sup>3</sup>	N/A	\$ 348,919,656	\$ 352,345,858	\$ 272,925,598
AVERAGE DAILY ATTENDANCE AT P-2	15,479	15,479	15,485	15,348

The General Fund balance has increased by \$1,677,072 over the past two years. The fiscal year 2018-2019 budget projects a further increase of \$391,107 (1.64 percent). 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 (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2018-2019 fiscal year. Total long-term obligations have increased by \$75,994,058 over the past two years.

Average daily attendance has increased by 131 over the past two years. No additional growth of ADA is anticipated during fiscal year 2018-2019.

<sup>1</sup> Budget 2019 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

<sup>3</sup> Long-term obligations have been restated due to the implementation of GASB Statement No. 75.

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2018**

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<u>Name of Charter School</u>	<u>Included in Audit Report</u>
Camarillo Academy of Progressive Education (Charter No. 0943)	No
Architecture, Construction and Engineering Charter High (ACE) (Charter No. 1126)	No

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018**

	<b>Adult Education Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>COP Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>				
Deposits and investments	\$ 302,419	\$ 1,866,806	\$ 442,883	\$ 2,612,108
Receivables	277,458	11,126	-	288,584
Due from other funds	881,490	-	-	881,490
<b>Total Assets</b>	<b>\$ 1,461,367</b>	<b>\$ 1,877,932</b>	<b>\$ 442,883</b>	<b>\$ 3,782,182</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 49,089	\$ -	\$ -	\$ 49,089
Due to other funds	1,396,425	-	-	1,396,425
<b>Total Liabilities</b>	<b>1,445,514</b>	<b>-</b>	<b>-</b>	<b>1,445,514</b>
<b>Fund Balances:</b>				
Restricted	15,853	-	442,883	458,736
Assigned	-	1,877,932	-	1,877,932
<b>Total Fund Balances</b>	<b>15,853</b>	<b>1,877,932</b>	<b>442,883</b>	<b>2,336,668</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,461,367</b>	<b>\$ 1,877,932</b>	<b>\$ 442,883</b>	<b>\$ 3,782,182</b>

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Adult Education Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>COP Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>REVENUES</b>				
Federal sources	\$ 594,367	\$ -	\$ -	\$ 594,367
Other State sources	2,818,270	-	-	2,818,270
Other local sources	406,865	23,991	1,916	432,772
<b>Total Revenues</b>	<u>3,819,502</u>	<u>23,991</u>	<u>1,916</u>	<u>3,845,409</u>
<b>EXPENDITURES</b>				
Current				
Instruction	2,659,883	-	-	2,659,883
Instruction-related activities:				
School site administration	1,014,070	-	-	1,014,070
Pupil services:				
All other pupil services	672,684	-	-	672,684
Administration:				
All other administration	181,567	-	-	181,567
Plant services	290,687	-	-	290,687
Facility acquisition and construction	5,181	1,133	-	6,314
Debt service				
Principal	-	-	430,000	430,000
Interest and other	-	-	51,731	51,731
<b>Total Expenditures</b>	<u>4,824,072</u>	<u>1,133</u>	<u>481,731</u>	<u>5,306,936</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,004,570)</u>	<u>22,858</u>	<u>(479,815)</u>	<u>(1,461,527)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,020,423	-	476,305	1,496,728
<b>NET CHANGE IN FUND BALANCES</b>	15,853	22,858	(3,510)	35,201
<b>Fund Balances - Beginning</b>	-	1,855,074	446,393	2,301,467
<b>Fund Balances - Ending</b>	<u>\$ 15,853</u>	<u>\$ 1,877,932</u>	<u>\$ 442,883</u>	<u>\$ 2,336,668</u>

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES BY OBJECT  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>General Fund</b>	<b>Cafeteria Fund</b>	<b>Building Fund</b>
<b>REVENUES</b>			
Local Control Funding Formula	\$ 158,392,921	\$ -	\$ -
Federal sources	8,059,679	5,164,565	-
Other State sources	19,529,688	359,850	-
Other local sources	12,732,791	550,371	352,591
<b>Total Revenues</b>	<b>198,715,079</b>	<b>6,074,786</b>	<b>352,591</b>
<b>EXPENDITURES</b>			
Current Expenditures			
Certificated salaries	83,214,891	-	-
Classified salaries	25,122,634	2,367,578	-
Employee benefits	59,835,696	1,312,970	-
Books and supplies	7,487,801	2,200,115	36,162
Services and operating expenditures	18,288,867	192,393	-
Other outgo	2,002,392	301,391	-
Capital outlay	1,126,641	61,089	1,975,440
Debt service - principal	944,149	-	-
Debt service - interest and other	282,964	-	-
<b>Total Expenditures</b>	<b>198,306,035</b>	<b>6,435,536</b>	<b>2,011,602</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>409,044</b>	<b>(360,750)</b>	<b>(1,659,011)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	340,655	-
Other sources	-	-	-
Operating transfers out	(1,493,011)	-	-
Other uses	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,493,011)</b>	<b>340,655</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,083,967)</b>	<b>(20,095)</b>	<b>(1,659,011)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>24,905,777</b>	<b>185,566</b>	<b>27,807,902</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 23,821,810</b>	<b>\$ 165,471</b>	<b>\$ 26,148,891</b>

See accompanying note to supplementary information.

<b>Capital Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 158,392,921
-	-	594,367	13,818,611
-	85,668	2,818,270	22,793,476
3,733,074	12,599,937	432,772	30,401,536
<u>3,733,074</u>	<u>12,685,605</u>	<u>3,845,409</u>	<u>225,406,544</u>
-	-	2,147,293	85,362,184
-	-	649,172	28,139,384
-	-	1,161,405	62,310,071
-	-	141,457	9,865,535
89,016	-	539,130	19,109,406
-	-	181,567	2,485,350
2,301,275	-	5,181	5,469,626
263,000	46,580,000	430,000	48,217,149
84,135	8,516,071	51,731	8,934,901
<u>2,737,426</u>	<u>55,096,071</u>	<u>5,306,936</u>	<u>269,893,606</u>
<u>995,648</u>	<u>(42,410,466)</u>	<u>(1,461,527)</u>	<u>(44,487,062)</u>
131,933	-	1,496,728	1,969,316
-	43,520,794	-	43,520,794
(476,305)	-	-	(1,969,316)
-	(367,475)	-	(367,475)
<u>(344,372)</u>	<u>43,153,319</u>	<u>1,496,728</u>	<u>43,153,319</u>
651,276	742,853	35,201	(1,333,743)
15,139,759	13,554,946	2,301,467	83,895,417
<u>\$ 15,791,035</u>	<u>\$ 14,297,799</u>	<u>\$ 2,336,668</u>	<u>\$ 82,561,674</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES BY OBJECT  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Adult Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>COP Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>
<b>REVENUES</b>				
Federal sources	\$ 594,367	\$ -	\$ -	\$ 594,367
Other State sources	2,818,270	-	-	2,818,270
Other local sources	406,865	23,991	1,916	432,772
<b>Total Revenues</b>	<u>3,819,502</u>	<u>23,991</u>	<u>1,916</u>	<u>3,845,409</u>
<b>EXPENDITURES</b>				
Current expenditures				
Certificated salaries	2,147,293	-	-	2,147,293
Classified salaries	649,172	-	-	649,172
Employee benefits	1,161,405	-	-	1,161,405
Books and supplies	140,324	1,133	-	141,457
Services and operating expenditures	539,130	-	-	539,130
Other outgo	181,567	-	-	181,567
Capital outlay	5,181	-	-	5,181
Debt service - principal	-	-	430,000	430,000
Debt service - interest and other	-	-	51,731	51,731
<b>Total Expenditures</b>	<u>4,824,072</u>	<u>1,133</u>	<u>481,731</u>	<u>5,306,936</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,004,570)</u>	<u>22,858</u>	<u>(479,815)</u>	<u>(1,461,527)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	1,020,423	-	476,305	1,496,728
<b>NET CHANGE IN FUND BALANCE</b>	15,853	22,858	(3,510)	35,201
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	1,855,074	446,393	2,301,467
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 15,853</u>	<u>\$ 1,877,932</u>	<u>\$ 442,883</u>	<u>\$ 2,336,668</u>

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS –  
SUB-FUND DETAIL  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES BY OBJECT  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Certificates of Participation</u>	<u>ACHS Growth</u>	<u>Capital Projects</u>	<u>Total Special Reserve Fund for Capital Outlay Projects</u>
<b>REVENUES</b>				
Other local sources	\$ 20,753	\$ 34	\$ 3,204	\$ 23,991
<b>EXPENDITURES</b>				
Current expenditures				
Capital outlay	-	1,133	-	1,133
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>20,753</u>	<u>(1,099)</u>	<u>3,204</u>	<u>22,858</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	1,475	1,475
Operating transfers out	-	(1,475)	-	(1,475)
<b>Total Financing Sources (Uses)</b>	<u>-</u>	<u>(1,475)</u>	<u>1,475</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	20,753	(2,574)	4,679	22,858
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,652,187</u>	<u>2,574</u>	<u>200,313</u>	<u>1,855,074</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,672,940</u>	<u>\$ -</u>	<u>\$ 204,992</u>	<u>\$ 1,877,932</u>

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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### 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 Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Medi-Cal Billing Option funds that have been recorded in the current period as revenue that have not been expended as of June 30, 2018. These unspent balances are reported as legally restricted ending balances within the General Fund.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 13,818,611
Medi-Cal Billing Option	93.778	(127,000)
Total Schedule of Expenditures of Federal Awards		<u>\$ 13,691,611</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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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### **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.

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

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

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

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

### **Schedule of Charter Schools**

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

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

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

### **Statements of Revenues, Expenditures, and Changes in Fund Balances by Object**

These statements present the revenues and expenditures for the major funds, the non-major funds, and the Special Reserve Fund for Capital Outlay Projects sub-funds categorized by object.

### **Special Reserve Fund for Capital Outlay Projects – Sub-Fund Detail Statement of Revenues, Expenditures, and Changes in Fund Balances by Object**

These statements present the revenues and expenditures for the Special Reserve Fund for Capital Outlay Projects sub-funds categorized by object.

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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***

Governing Board  
Oxnard Union High School District  
Oxnard, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard Union High School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Oxnard Union High School District's basic financial statements, and have issued our report thereon dated November 28, 2018.

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

As discussed in Note 1 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 Oxnard Union High School 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 Oxnard Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oxnard Union High School District's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oxnard Union High School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We noted certain matters that we reported to management of Oxnard Union High School District in a separate letter dated November 28, 2018.

### **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

Rancho Cucamonga, California  
November 28, 2018



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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

Governing Board  
Oxnard Union High School District  
Oxnard, California

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

We have audited Oxnard Union High School District's (the 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 Oxnard Union High School District's major Federal programs for the year ended June 30, 2018. Oxnard Union High School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Oxnard Union High School District's compliance.

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

In our opinion, Oxnard Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2018.

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

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

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

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

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California  
November 28, 2018



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Oxnard Union High School District  
Oxnard, California

### **Report on State Compliance**

We have audited Oxnard Union High School District's (the District) compliance with the types of compliance requirements as identified in the *2017-2018 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 Oxnard Union High School District's State government programs as noted below for the year ended June 30, 2018.

### ***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 Oxnard Union High School 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 *2017-2018 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 Oxnard Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Oxnard Union High School District's compliance with those requirements.

### ***Basis for Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts***

As described in the accompanying schedule of findings and questioned costs, Oxnard Union High School District did not comply with requirements regarding Unduplicated Local Control Funding Formula Pupil Counts, as identified in finding 2018-001. Compliance with such requirements is necessary, in our opinion, for Oxnard Union High School District to comply with the requirements applicable to that program.

***Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Oxnard Union High School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

***Unmodified Opinion on Each of the Other Programs***

In our opinion, Oxnard Union High School 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, 2018, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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

	<u>Procedures Performed</u>
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below

	Procedures Performed
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

**CHARTER SCHOOLS**

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 is a high school district; therefore, we did not perform any procedures related to the Kindergarten Continuance.

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 did not operate an Early or Middle College High School; therefore, we did not perform any procedures related to Early or Middle College High Schools.

The District is a high school district; therefore, we did not perform procedures related to the K-3 Grade Span Adjustment.

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

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

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

The Charter Schools are independent of the District; therefore, we did not perform any procedures related to charter schools.

*Vavrinek, Trine, Day & Co., LLP*

Rancho Cucamonga, California  
November 28, 2018

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*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

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**OXNARD UNION HIGH SCHOOL DISTRICT**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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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 deficiency 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 deficiency identified?	<u>None reported</u>
Type of 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?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I, Part A, Basic Grants Low-Income and Neglected</u>

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 State programs:	<u>Unmodified</u>
Unmodified for all programs except for the following program which was qualified:	

<u>Name of Program</u>
<u>Unduplicated Local Control Funding</u>
<u>Formula Pupil Counts</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

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None reported.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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None reported.

# OXNARD UNION HIGH SCHOOL DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

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The following finding represents instances of noncompliance and questioned costs relating to State program laws and regulations. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
40000	State Compliance

**2018-001      40000**

### **Criteria or Specific Requirements**

In accordance with *Education Code* Sections 2574(b)(3)(c), 42238.02(b)(3)(B), and 41020, the District is required to maintain supporting documentation of students who had a designation of "Free" or "Reduced" and students who had a designation of "English Learner" on the "1.18 – FRPM/English Learner/Foster Youth - Student List" CALPADS report that indicates the student was eligible for the designation reported on the California Longitudinal Pupil Achievement Data System (CALPADS).

### **Condition**

The District was unable to provide supporting documentation for 97 students who had a designation of "English Learner" on the "1.18 – FRPM/English Learner/Foster Youth - Student List" CALPADS report. The supporting documentation that was unable to be provided is the notification letter to the parents.

### **Questioned Costs**

The District over claimed the total eligible pupils by 97, resulting in a decrease of approximately \$79,328 in LCFF funding.

### **Context**

The condition was identified through a selection of students from Form 1.18, based on the criteria as stated on the *Standards and Procedures for Audits of California K-12 Local Educations Agencies 2017-2018* Section 19849(a)(2), we selected a representative sample, to achieve a high level of assurance, from the students indicated as only free or reduced priced meal eligible (FRPM) identified under the "NSLP Program" column and students that are only English Learner (EL) eligible as identified under the "ELAS Designation" column and verify there is supporting documentation that indicates the student was eligible for the designation.

We selected a sample of 60 students' records to support the English Learner designation. Upon review of student records, we found 60 students who did not have the parent notification letter. Of the 60 students tested 6 of those students did not have a CELDT or any other supporting documentation to classify them as EL, 7 of those students met CELDT criteria and did not have additional supporting documentation, 4 of those students were not tested. Additional procedures were performed to identify all remaining students whose status should have been changed to reflect the reclassification from EL.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Effect**

As a result of testing, it appears that the District did not update the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report for pupils that did not have documentation supporting the "EL" designation on the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report. The results of our testing have been documented as follows:

Total Enrollment	Unduplicated FRPM/EL/Foster Youth Total	Adjustment by Auditor	Adjusted Total Unduplicated Pupil Count	Total Adjusted Enrollment
16,713	11,190	(97)	11,093	16,713

**Cause**

The condition identified has materialized as a result of the CALPADS system not being updated properly to reflect the change in designation of English Learner students.

**Recommendation**

The District should review their current procedures and determine the necessary steps to ensure that all student data is accurate and is uploaded to CALPADS based on the timelines and reporting deadlines for CALPADS.

**Corrective Action Plan**

The District will update CALPADS throughout the year to ensure that the students' designations are accurately reflected in the system and matches the Free and Reduced meal application status and English Learner status.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

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Except as specified in previous sections of this report, summarized below is the current status of all findings reported in the prior year's schedule of financial statement findings.

### *Financial Statement Finding*

**2017-001      30000**

#### **Criteria or Specific Requirements**

Industry standards and best business practices related to accounting and internal control require that an entity adopt, implement, and monitor procedures that will allow for timely reporting of financial information to management and those charged with governance.

#### **Condition**

The Cafeteria Fund has incurred operating deficits in each of the past three years in the amounts of \$265,924, \$1,228,642, and \$712,765 for the fiscal years ending June 30, 2017, 2016, and 2015, respectively. The Cafeteria Fund balance has decreased during that time to a current fund balance of \$185,566 of which \$25,301 is stores inventory. In each of the past three years, the Cafeteria Fund has encroached on the General Fund in the amounts of \$333,860, \$1,310,526, and \$695,107 for the fiscal years ending June 30, 2017, 2016, and 2015, respectively.

#### **Questioned Costs**

There were no questioned costs associated with the condition found.

#### **Context**

The conditions identified were determined through review of the District financial statements, fund balance, and current year budget including multi-year projections.

#### **Effect**

The inability to reduce expenditures to a level more in line with the decrease in revenues seen over the past few years could result in the District General Fund being unable to meet its reserve requirement in future years, due in part to the encroachment from the Cafeteria Fund operations. If the Cafeteria Fund continues the current trend of deficit spending through operations, the current fiscal year encroachment is estimated at \$1,559,327.

#### **Cause**

The California Department of Education (CDE) withheld reimbursement claim payments from the Cafeteria Fund in the prior years in order to repay an outstanding assessment payable. The practice of deficit spending and the withholding of claim reimbursements by the CDE have lowered the Cafeteria Fund balance to levels that have attributed to the Cafeteria Fund encroaching on the General Fund to maintain daily operations.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

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### **Recommendation**

The District should continue to implement a plan to bring the Cafeteria Fund budget into balance and at a minimum, and maintain an adequate reserve while continually monitoring both cash flows and deficit spending trends. The District should evaluate the current year budget and monitor the budget to ensure the cafeteria's spending does not exceed budgeted amounts.

### **Current Status**

Implemented

### *State Awards Finding*

**2017-002      40000**

### **Criteria or Specific Requirements**

In accordance with *Education Code* Sections 2574(b)(3)(c), 42238.02(b)(3)(B), and 41020, the District is required to maintain supporting documentation of students who had a designation of "Free" or "Reduced" and students who had a designation of "English Learner" on the "1.18 – FRPM/English Learner/Foster Youth - Student List" CALPADS report that indicates the student was eligible for the designation reported on the California Longitudinal Pupil Achievement Data System (CALPADS).

### **Condition**

The District did not update the status designation for 1,136 students who had a designation of "Free" or "Reduced" and 161 students who had a designation of "English Learner" on the "1.18 – FRPM/English Learner/Foster Youth - Student List" CALPADS report. Through review of supporting documentation, 1,136 students should have been reported with a status designation of "Paid", and 161 should not have been reported with the status designation of "EL"; however, it appears that the District did not update the 1.18 report to reflect the correct status.

### **Questioned Costs**

The District over claimed the total eligible pupils by 1,297, resulting in a decrease of approximately \$1,400,108 in LCFE funding.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

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### Context

The condition was identified through a selection of students from Form 1.18, based on the criteria as stated on the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2016-2017* Section 19849(a)(2), we selected a representative sample, to achieve a high level of assurance, from the students indicated as only free or reduced priced meal eligible (FRPM) identified under the "NSLP Program" column and students that are only English Learner (EL) eligible as identified under the "ELAS Designation" column and verify there is supporting documentation that indicates the student was eligible for the designation.

We selected a sample of 90 students and obtained student records to support the Free and Reduced designation. Additionally, we selected a sample of 42 students' records to support the English Learner designation. Upon review of student records, we found 60 students who should have been reclassified from Free and Reduced status and 16 students who should have been reclassified from English Learner status. Through additional inquiry with the District, it was determined that the CALPADS data was not updated to reflect students who had been reclassified during the year. Additional procedures were performed to identify all remaining students whose status should have been changed to reflect the reclassification from Free and Reduced. Based on the additional procedures, we noted a total of 1,136 who had a designation of Free or Reduced and 161 students who had a designation of English Learner without supporting documentation that indicates the student was eligible for the applicable designation.

### Effect

As a result of testing, it appears that the District did not update the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report for pupils that did not have documentation supporting a "Free" or "Reduced" and an "EL" designation on the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report. The results of our testing have been documented as follows:

Total Enrollment	Unduplicated FRPM/EL/Foster Youth Total	Adjustment by Auditor	Adjusted Total Unduplicated Pupil Count	Total Adjusted Enrollment
16,673	11,285	(1,297)	9,988	16,673

### Cause

The condition identified has materialized as a result of the CALPADS system not being updated properly to reflect the change in designation of Free and Reduced and English Learner students.

### Recommendation

The District should review their current procedures and determine the necessary steps to ensure that all student data is accurate and is uploaded to CALPADS based on the timelines and reporting deadlines for CALPADS.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Current Status**

Not implemented. See current year finding 2018-001.



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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Governing Board  
Oxnard Union High School District  
Oxnard, California

In planning and performing our audit of the financial statements of Oxnard Union High School District (the District) for the year ended June 30, 2018, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 28, 2018, on the government-wide financial statements of the District.

### **2017-2018 Observations and Recommendations**

#### **DISTRICT OFFICE**

##### *Arbitrage Calculations*

##### **Observation**

During testwork performed over arbitrage calculations at the District, we noted the District did not prepare calculations for bond issues within the timeframe specified by the Internal Revenue Service (IRS). The District does not maintain a fully comprehensive checklist or schedule setting forth each of its outstanding debt issues that are subject to arbitrage rebate and the relevant information such as when the last calculation was made and when the next calculation is due, etc. in order to monitor compliance with the federal requirements and to ensure that the arbitrage liability is complete and properly stated in the financial statement

##### **Recommendation**

The District should ensure that a comprehensive schedule is maintained that lists each outstanding debt issuance that is subject to arbitrage rebate, the date of issuance and maturity, the date the last arbitrage calculation was made, the resulting rebate amount, the date the payment was made, and the date the next calculation is due. This schedule should be routinely monitored on a timely basis to ensure compliance with the federal requirements. At fiscal year-end, this schedule should be reviewed to assess the accuracy and completeness of the liability recorded in the financial statements. For any issuances that have not been subject to a recent calculation, management should assess the need for a potential liability as of fiscal year-end based on the rates of the debt and investment yield, etc.

## **ADOLFO CAMARILLO HIGH SCHOOL**

### ***Meeting Minutes***

#### **Observation**

The minutes of the student council meetings are not completed as suggested in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*. The following issues were noted regarding the student council minutes:

- ASB minutes are not being signed.
- Proper documentation was not maintained for student council meetings from July to December.
- We were unable to verify the student council approval of 8 cash disbursements and 7 fundraising activities selected for testing.

#### **Recommendation**

Student council minutes should be maintained for every student council meeting clearly documenting the approval of disbursement, fundraising activities, and any other item that requires student council approval.

### ***Stale Dated Checks and Deposits***

#### **Observation**

In reviewing the sites outstanding check and deposit listing for the November 2017 reconciliation, we noted that nine checks were over 6 months old making the probability of them clearing the account quite low.

#### **Recommendation**

Outstanding checks over 6 months old should be investigated and written off to the appropriate account and taken off the subsequent bank reconciliations. Although the chances are low, the check may clear on a subsequent bank statement. In this case, the amount should be charged against the appropriate account and described as "outstanding check written off-cleared".

### ***Change Fund***

#### **Observation**

The site maintains a change fund of cash being held at the school to fund change drawers during events which is not maintained as an asset account on the balance sheet thereby understating the total assets. The change fund that is maintained by the school site is \$2,405.

### **Recommendation**

According to the policies and procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*, a change fund is normally checked out from the bookkeeper for individual fundraisers or activities and should be used solely for making change. Expenditures should not be made from this account under any circumstances. When the fundraiser is complete, the change fund should be deposited back into the bank account. If it is not deposited, it should be accounted for as an asset on the balance sheet.

### **RANCHO CAMPANA HIGH SCHOOL**

#### *Stale Dated Checks*

### **Observation**

In reviewing the sites outstanding check and deposit listing for the November 2017 reconciliation, we noted that three checks were over 6 months old and one deposit was over 6 months old making the probability of them clearing the account quite low.

### **Recommendation**

Outstanding checks or deposits over 6 months old should be investigated and written off to the appropriate account and taken off the subsequent bank reconciliations. Although the chances are low, the check may clear on a subsequent bank statement. In this case, the amount should be charged against the appropriate account and described as "outstanding check written off-cleared".

#### *Change Fund*

### **Observation**

The site maintains a change fund of cash being held at the school to fund vending machines and change drawers during events was not equal to the stated amount on the balance sheet of \$200. The change fund that was counted at the school site was \$37.

### **Recommendation**

According to the policies and procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*, a change fund is normally checked out from the bookkeeper for individual fundraisers or activities and should be used solely for making change. Expenditures should not be made from this account under any circumstances. When the fundraiser is complete, the change fund should be deposited back into the bank account. If it is not deposited, it should be accounted for as an asset on the balance sheet.

### ***Unauditable Records***

#### **Observation**

We were unable to perform our audit due to the condition of the records at the site. The following problems were noted during a cursory review:

The information necessary to perform our audit was unavailable for the following areas.

- Student Store Inventory
- Ticket Sales

#### **Recommendation**

The District should look into the situation at the site. Procedures should be outlined and explained to the site personnel. A periodic review should be made by the District of the sites progress towards the deficiencies mentioned above.

### ***Revenue Potentials***

#### **Observation**

Revenue potential forms are not being used to document and control fundraising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

#### **Recommendation**

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed fundraiser. Once the fundraiser is complete, the actual results should be summarized and compared to the expected results to determine if the fundraiser generated the profit expected. Discrepancies should be investigated and explained and a determination should be made as to whether or not it is beneficial to conduct the fundraiser in the future.

### ***Master Ticket Log***

#### **Observation**

A master ticket log is not being used to account for all tickets on hand and used during the year.

A master ticket log is not being updated when tickets are returned. The auditor was unable to trace the ending ticket number from the ticket sales recap sheet to the ticket roll.

**Recommendation**

A master ticket log should be maintained which notes the type of ticket, color, and current beginning ticket number in the role and should be updated after every event. The tickets should be safeguarded as if they were cash because stolen tickets would equate to lost revenue for the site. When ticket rolls are issued, they should be logged out noting the beginning ticket number in the roll and to whom the roll was issued. When the ticket sales recap form is returned, the form should be reconciled to the log.

*Ticket Sales Recap*

**Observation**

A ticket sales recap form is not prepared which calculates the number of tickets sold and the total revenue generated based on the selling price per ticket and submitted with the remaining ticket roll and cash collections to the bookkeeper.

**Recommendation**

A ticket sales recap form serves the purpose of calculating, based on the number of tickets sold out of the roll and the price per ticket, the amount of cash that should have been collected. The recap should be reconciled to the cash deposit forwarded to the bookkeeper. This procedure documents overages and shortages of cash and informs site personnel about potential problems in cash collections. The forms should be filed along with the deposit form and other pertinent documents.

*Adequate Safeguarding of Tickets*

**Observation**

Ticket rolls are not secured and locked appropriately leading to inadequate safeguards over the ticket rolls.

**Recommendation**

The ticket rolls should remain locked and secured at all times when not in use. The tickets should be safeguarded as if they were cash as theft of tickets can result in revenue losses to the site.

*Inventory – Perpetual Inventory*

**Observation**

Perpetual Inventory is not being maintained. According to the policies and procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*, a physical inventory should be taken quarterly under supervision of the student store advisor. The inventory listing should contain a description, unit cost, quantity, and extended value. This information is necessary in order to analyze sales activity, profits, and to determine if merchandise has been lost or stolen.

**Recommendation**

The student body should maintain a perpetual inventory of goods purchased and sold and should perform a physical inventory count at least quarterly. Perpetual inventory involves the continual updating of the inventory records. These updates typically include additions to and subtractions from inventory for such activities as purchased inventory and goods sold from inventory. This will allow the school site to know what they have on hand and will make it easier to compare the physical count to the amount in the software system.

*Deficit Club Account Balances*

**Observation**

In reviewing the financial statements for the student body accounts we noted the following trust accounts had a negative club account balance:

- Band Class (\$65.67)
- ACA Deca (\$173.23)

Since the student body accounts represent individual portions of the cash and asset pool, by some accounts having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of individual account balances by ensuring the expenditure is allowable and the account requesting the expenditure has the funds to cover it.

**Recommendation**

By allowing certain clubs to spend in excess of their available reserves, the Associated Student Body is effectively using the funds of the other clubs and organizations. Request for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the clubs account.

**RIO MESA HIGH SCHOOL**

*Associated Student Body – Council Minutes*

**Observation**

The minutes of the Student Council meetings are not being completed.

**Recommendation**

Minutes should be taken and filed which includes details of the meeting including budgeting procedures, fundraising discussions, and approval of expenditures. In addition, any motion which is presented and voted on must include the individual's name who presented the motion, the person who seconded it, and the final vote on the motion.

*Associated Student Body – Missing Approval Signatures*

**Observation**

The check request form used to approve purchases did not include all three signatures; therefore, the expenditures lacked the three required approval signatures pursuant to California Educational Code Section 48933(5)(b).

**Recommendation**

In order to ensure compliance with the California Educational Code, the site should revise the request for payment form to include all three required approval signatures.

*Associated Student Body – Disbursements Documentation*

**Observation**

Disbursements were not always adequately supported by proper documentation, which include invoices and receiving documentation. Receiving documentation ensures that the club/ASB received all of the items ordered. By initialing or signing an invoice, the ASB clerk knows that all the merchandise was received prior to paying for the order.

**Recommendation**

All invoices should be accompanied by a purchase order, an invoice, and signed receiving documentation. This reduces the risk of unauthorized spending and items being paid for and not received. Purchase orders provide clubs with documentation of items requested that can then be checked to the receiving documentation for accuracy and completeness, giving the clubs better control over their spending and inventory.

*Associated Student Body – Prohibited Disbursement*

**Observation**

We noted, during disbursement testing, purchases for gift cards.

**Recommendation**

Expenditure of ASB funds for gift cards is not usually allowable because they do not directly promote the general welfare, morale, or educational experience of the students, or are a gift of public funds. Because student body funds are to benefit students as a group and not individuals, awards and scholarships are generally discouraged.

***Associated Student Body – Booster Clubs***

**Observation**

There are Booster Club activities being run through the Associated Student Body accounts which are prohibited since the organization is not made up of students as outlined in the California Educational Code. Associated Student Bodies are an integral part of the District and exist under the Federal tax identification number of the District; the booster or parents clubs do not. Per the Internal Revenue Code regulations, they are separate entities much like a business and must apply for their own non-profit status and obtain their own tax identification number. In addition, the non-profit status must be obtained before the group can accept tax deductible donations.

**Recommendation**

The activity of the Booster Club must not be commingled with the Associated Student Body accounts; they should open their own checking account. Donations from the Booster Club are allowed as long as no monies are ever paid from the Associated Student Body to the Booster Club. The Booster Club must apply for its own tax identification number and non-profit status as required by the Internal Revenue Code.

***Associated Student Body – Perpetual Inventory***

**Observation**

The student store does update their inventory in the School Books system. The school site takes inventory twice a year and, at the end of the year, updates the final numbers.

**Recommendation**

Perpetual inventory involves the continual updating of the ASB inventory records. These updates typically include additions to and subtractions from inventory for such activities as purchased inventory and goods sold from inventory. This will allow the school site to know what they have on hand and will make it easier to compare the physical count to the amount that is in School Books.

***Associated Student Body – Deficit Account Balances***

**Observation**

In reviewing the financial statements for the student body accounts, we noted that there were negative club account balances. Since the student body accounts represent individual portions of the cash and asset pool, by some having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it.

### **Recommendation**

The ASB has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, they are not meeting this responsibility to the other clubs and organizations. Requests for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the group's account.

### ***Associated Student Body – Revenue Potentials***

#### **Observation**

Revenue potential forms are not being used to document and control fundraising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

#### **Recommendation**

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue, and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential form also indicates weak control areas in the fundraising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due, and so forth. The revenue potential form used at the site should contain four major elements. These are:

1. Potential Income - This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.
2. Receipts/Fundraiser Deposits - This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, the date, and the deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to ensure that all postings were correct.
3. Analysis - This section is used to compare the potential income as calculated in the Potential Income section to the actual funds raised as calculated in the Receipts/Fundraiser Deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.
4. Recap - This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

### ***Associated Student Body – Change Fund***

#### **Observation**

The site maintains a change fund account which is not stated properly on their financial statements, understating the ASB assets.

**Recommendation**

The site needs to maintain the change fund account on their financial statements. Accurately showing the change fund amount shows the advisors, administrators, and students the petty cash amount readily available for the ASB. It also makes sure bookkeepers are keeping a safe count of the change fund.

*Associated Student Body – Cash Receipts*

**Observation**

The cash accounting sheet is not being signed by the individual turning in the money to the ASB clerk to ensure the monies received is accurate.

**Recommendation**

A key control procedure to ensure that all monies collected by teachers and advisors are included in the deposit forwarded to the bookkeeper is to receipt all monies and total the receipts issued since the last deposit to ensure that the cash equals the total of the receipts and have both individuals sign as evidence of accuracy. Upon receipt of the cash, receipt carbons, and total receipts issued recap, the bookkeeper should verify the information and ensure that the sub-receipts are in chronological and numeric order. Once verified, the bookkeeper should issue a receipt back to the teacher or advisor which would equal the verified cash and receipts issued by the teacher or advisor.

*Associated Student Body – Cash Disbursements*

**Observation**

We noted that vehicle travel expenditures are being reimbursed by turning in gas receipts rather than mileage reimbursement.

**Recommendation**

According to the ASB Manual, the student council represents the students and has primary authority over student funds, with guidance from, and adherence to, district policy. Board Policy 3350 states "mileage payments shall be based on existing Federal Internal Revenue Service allowances". The ASB should adhere to the District Policy for any mileage reimbursements to ensure the correct policies, procedures, and internal controls are being followed.

## **OXNARD HIGH SCHOOL**

### *Associated Student Body – Deficit Club Balances*

#### **Observation**

In reviewing the financial statements for the student body accounts, we noted two accounts had negative balances of significant amounts, and multiple negative balances for less significant amounts. Since the student body accounts represent individual portions of the cash and asset pool, by some having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it.

#### **Recommendation**

The ASB has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, the ASB is not meeting this responsibility to the other clubs and organizations. Requests for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the group's account.

## **CHANNEL ISLAND HIGH SCHOOL**

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#### **Observation**

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**2016-2017 Observations and Recommendations**

**RIO MESA HIGH SCHOOL**

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**Observation**

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**Recommendation**

Minutes should be taken and filed which includes details of the meeting including budgeting procedures, fundraising discussions, and approval of expenditures. In addition, any motion which is presented and voted on must include the individual's name who presented the motion, the person who seconded it, and the final vote on the motion.

**Current Status**

Not implemented, see current year observations and recommendations.

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**OXNARD HIGH SCHOOL**

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**Current Status**

Not implemented, see current year observations and recommendations.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California  
November 28, 2018