



OXNARD UNION
HIGH SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

OXNARD UNION HIGH SCHOOL DISTRICT

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FINANCIAL SECTION



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

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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, 2017, 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 *2016-2017 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 District'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 District'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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 12 to the financial statements, in 2017, the District adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. 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 14, the budgetary comparison schedules on pages 70 and 71, the schedule of changes in the District's net OPEB liability and related ratios on page 72, the schedule of District contributions for OPEB on page 73, the schedule of investment returns on page 74, the schedule of the District's proportionate share of net pension liability on page 75, and the schedule of District contributions on page 76 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 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 Schedule of Expenditures of Federal Awards and other 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 December 14, 2017, 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
December 14, 2017



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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, 2017, with comparative information from 2016. 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 Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Activities* 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, 2017

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

Total General Fund Revenue increased by 3.2 percent from the previous fiscal year. The following table shows major revenue sources for fiscal year 2016-2017 compared with fiscal year 2015-2016.

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Local Control Funding Formula (Includes Property Taxes)	\$ 154,665,832	\$ 146,010,992	\$ 8,654,840
Federal Revenues	7,903,582	8,331,146	(427,564)
Other State Revenues	18,912,889	21,706,042	(2,793,153)
Other Local Revenues	9,907,738	9,485,792	421,946
	<u>\$ 191,390,041</u>	<u>\$ 185,533,972</u>	<u>\$ 5,856,069</u>

Total General Fund Expenditures increased 8.7 percent from the previous fiscal year. The following table shows expenditures for fiscal year 2016-2017 compared with fiscal year 2015-2016.

	<u>2017</u>		<u>2016</u>		<u>Change</u>	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Certificated salaries	\$ 82,783,195	44.0%	\$ 76,100,494	44.0%	\$ 6,682,701	8.78%
Classified salaries	25,010,523	13.3%	23,042,879	13.3%	1,967,644	8.54%
Employee benefits	53,786,025	28.6%	46,957,317	27.2%	6,828,708	14.54%
Books and supplies	5,693,787	3.0%	8,217,578	4.8%	(2,523,791)	-30.71%
Services and other	15,725,456	8.4%	13,735,311	7.9%	1,990,145	14.49%
Other outgo	1,612,077	0.9%	1,572,920	0.9%	39,157	2.49%
Capital outlay and debt service	3,315,230	1.8%	3,239,475	1.9%	75,755	2.34%
	<u>\$ 187,926,293</u>	<u>100.0%</u>	<u>\$ 172,865,974</u>	<u>100.0%</u>	<u>\$ 15,060,319</u>	<u>8.71%</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, 2017

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, 2017

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.

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) was \$(58,884,735) for the fiscal year ended June 30, 2017. Of this amount, the District reported a deficit in their unrestricted net position of \$(183,923,321). 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	
	2017	2016
Assets		
Current and other assets	\$ 96,106,251	\$ 94,149,387
Capital assets	249,043,024	254,768,806
Total Assets	<u>345,149,275</u>	<u>348,918,193</u>
Deferred Outflows of Resources	<u>47,485,891</u>	<u>42,629,851</u>
Liabilities		
Current liabilities	22,873,293	18,678,295
Long-term obligations	265,187,700	267,910,215
Aggregate net pension liability	156,317,014	128,578,769
Total Liabilities	<u>444,378,007</u>	<u>415,167,279</u>
Deferred Inflows of Resources	<u>7,141,894</u>	<u>25,132,730</u>
Net Position		
Net investment in capital assets	95,265,174	98,256,668
Restricted	29,773,412	27,331,154
Unrestricted (deficit)	(183,923,321)	(174,339,787)
Total Net Position (Deficit)	<u>\$ (58,884,735)</u>	<u>\$ (48,751,965)</u>

OXNARD UNION HIGH SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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 16. Table 2 takes the information from the *Statement of Activities* so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2017	2016
Revenues		
Program revenues:		
Charges for services	\$ 2,468,020	\$ 1,457,575
Operating grants and contributions	43,028,467	33,600,324
General revenues:		
Federal and State aid not restricted	109,525,841	105,475,231
Property taxes	63,956,342	64,295,193
Other general revenues	1,769,635	2,867,013
Total Revenues	<u>220,748,305</u>	<u>207,695,336</u>
Expenses		
Instruction-related	163,479,425	141,858,773
Student support services	25,607,218	22,857,963
Administration	11,808,920	10,827,096
Maintenance and operations	16,253,584	15,165,780
Other	13,731,928	12,183,793
Total Expenses	<u>230,881,075</u>	<u>202,893,405</u>
Change in Net Position	<u>\$ (10,132,770)</u>	<u>\$ 4,801,931</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, 2017

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

Table 3

		Net Cost of Services	
		2017	2016
Instruction-related		\$ 132,542,586	\$ 117,039,448
Student support services		16,090,355	15,851,814
Administration		10,338,697	9,289,103
Maintenance and operations		15,998,442	14,484,523
Other		10,414,508	11,170,618
	Total	\$ 185,384,588	\$ 167,835,506

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$83,895,417, which is an increase of \$394,303 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 26, 2017. (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 70.)

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the District had \$249,043,024 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 \$5,725,782, or 2.25 percent, from last year.

Table 4

	Governmental Activities	
	2017	2016
Land	\$ 31,336,339	\$ 31,336,339
Construction in process	6,485,956	3,616,790
Buildings and improvements	207,195,585	216,144,272
Furniture and equipment	4,025,144	3,671,405
Total	<u>\$ 249,043,024</u>	<u>\$ 254,768,806</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 \$272,589,849 in outstanding debt versus \$272,925,598 last year, an increase of \$335,749. Long-term obligations consisted of:

Table 5

	Governmental Activities	
	2017	2016
General obligation bonds	\$ 157,147,413	\$ 160,540,035
Premium on issuance	10,817,622	11,478,648
Certificates of participation	1,350,000	1,760,000
Municipal leases	3,348,000	3,603,000
Qualified energy conservation bonds	12,682,171	13,567,554
Compensated absences	1,256,489	1,206,198
Net OPEB obligation	85,988,154	80,770,163
Total	<u>\$ 272,589,849</u>	<u>\$ 272,925,598</u>

The District's outstanding general obligation debt of \$157,147,413 is below the assessed value cap for voter approved debt.

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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

Net Pension Liability

As of June 30, 2017 and 2016, the District had a pension liability of \$156,317,014 and \$128,578,769, respectively, as a result of GASB Statement No. 68.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2016-2017 ARE NOTED BELOW:

- Exceeded three percent State recommended reserve for economic uncertainties.
- Pay increase of seven percent.
- Eliminated TRAN borrowing.
- Reduced contribution to Cafeteria Fund.

ASSUMPTIONS USED AT ADOPTION OF 2016-2017 BUDGET:

Revenue

- Local Control Funding Formula (LCFF) was the source of revenue at budget adoption.
- LCFF Base Grant \$8,578 per ADA.
- Anticipated unrestricted lottery revenue at \$140 per annual ADA and restricted lottery (Prop 20) revenue at \$41 per ADA.
- Mandated Block Grant at \$56 per ADA.
- Unduplicated count for Supplemental and Concentration funds of 64.26 percent.

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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 12.58 percent.
- CalPERS expense budgeted at 13.888 percent.
- Increase in Health and Welfare costs by seven percent.
- School site allocation \$90 per CBEDS.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2017-2018 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 1.56 percent Cost of Living Adjustment, LCFF Gap Closed Percentage of 43.97 percent and flat enrollment.
2. Federal revenues were projected for flat funding.
3. State revenues maintained at prior year funding levels.

Expenditures are based on the following forecasts:

	<u>Staffing Ratio</u>
Grades nine through twelve	27.5:1

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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 12.58 percent to 14.43 percent.
3. Increase in CalPERS employer contribution from 13.888 percent to 15.531 percent.
4. Increase in health and welfare premium cost by seven and one half percent.
5. Required three percent contribution for Routine Restricted Maintenance Account.

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 Sid.Albaugh@ouhsd.k12.ca.us.

OXNARD UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2017

	Governmental Activities
ASSETS	
Deposits and investments	\$ 87,495,481
Receivables	8,284,421
Stores inventories	326,349
Capital Assets	
Land and construction in progress	37,822,295
Other capital assets	369,864,705
Less: Accumulated depreciation	<u>(158,643,976)</u>
Total Capital Assets	<u>249,043,024</u>
Total Assets	<u>345,149,275</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,124,354
Deferred outflows of resources related to pensions	<u>46,361,537</u>
Total Deferred Outflows of Resources	<u>47,485,891</u>
LIABILITIES	
Accounts payable	9,426,025
Interest payable	3,260,310
Unearned revenue	2,784,809
Long-Term Obligations	
Current portion of long-term obligations other than pensions	7,402,149
Noncurrent portion of long-term obligations other than pensions	<u>265,187,700</u>
Total Long-Term Obligations	<u>272,589,849</u>
Aggregate net pension liability	<u>156,317,014</u>
Total Liabilities	<u>444,378,007</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>7,141,894</u>
NET POSITION	
Net investment in capital assets	95,265,174
Restricted for:	
Debt service	10,741,029
Capital projects	15,194,334
Educational programs	3,677,784
Other activities	160,265
Unrestricted (Deficit)	<u>(183,923,321)</u>
Total Net Position (Deficit)	<u>\$ (58,884,735)</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, 2017**

<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>
Governmental Activities				
Instruction	\$ 133,849,728	\$ 245,759	\$ 26,130,613	\$ (107,473,356)
Instruction-related activities:				
Supervision of instruction	7,246,128	115,711	2,987,270	(4,143,147)
Instructional library, media, and technology	2,133,208	-	56,749	(2,076,459)
School site administration	20,250,361	58,830	1,341,907	(18,849,624)
Pupil services:				
Home-to-school transportation	3,519,360	-	1,218	(3,518,142)
Food services	6,369,104	374,098	4,975,727	(1,019,279)
All other pupil services	15,718,754	29,539	4,136,281	(11,552,934)
Administration:				
Data processing	3,822,004	7	617	(3,821,380)
All other administration	7,986,916	46,229	1,423,370	(6,517,317)
Plant services	16,253,584	17,213	237,929	(15,998,442)
Ancillary services	3,558,981	241	105,112	(3,453,628)
Community services	259,081	-	-	(259,081)
Enterprise services	1,071	-	-	(1,071)
Interest on long-term obligations	7,798,909	-	-	(7,798,909)
Other outgo	2,113,886	1,580,393	1,631,674	1,098,181
Total Governmental Activities	<u>\$ 230,881,075</u>	<u>\$ 2,468,020</u>	<u>\$ 43,028,467</u>	<u>(185,384,588)</u>
General revenues and subventions				
Property taxes, levied for general purposes				53,216,296
Property taxes, levied for debt service				9,341,561
Taxes levied for other specific purposes				1,398,485
Federal and State aid not restricted to specific purposes				109,525,841
Interest and investment earnings				304,745
Interagency revenues				137,861
Miscellaneous				1,327,029
Subtotal, General Revenues				<u>175,251,818</u>
Changes in Net Position				<u>(10,132,770)</u>
Net Position (Deficit) - Beginning				<u>(48,751,965)</u>
Net Position (Deficit) - Ending				<u>\$ (58,884,735)</u>

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

OXNARD UNION HIGH SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Building Fund</u>
ASSETS			
Deposits and investments	\$ 28,023,573	\$ 793,475	\$ 27,753,327
Receivables	6,775,140	959,341	87,668
Due from other funds	1,853,737	33,860	-
Stores inventories	301,048	25,301	-
Total Assets	<u>\$ 36,953,498</u>	<u>\$ 1,811,977</u>	<u>\$ 27,840,995</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 9,199,489	\$ 21,916	\$ 33,093
Due to other funds	63,423	1,604,495	-
Unearned revenue	2,784,809	-	-
Total Liabilities	<u>12,047,721</u>	<u>1,626,411</u>	<u>33,093</u>
Fund Balances:			
Nonspendable	311,048	25,301	-
Restricted	3,677,784	160,265	27,807,902
Assigned	15,268,737	-	-
Unassigned	5,648,208	-	-
Total Fund Balances	<u>24,905,777</u>	<u>185,566</u>	<u>27,807,902</u>
Total Liabilities and Fund Balances	<u>\$ 36,953,498</u>	<u>\$ 1,811,977</u>	<u>\$ 27,840,995</u>

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

Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 15,108,566	\$ 13,517,108	\$ 2,299,432	\$ 87,495,481
48,314	37,838	376,120	8,284,421
-	-	29,642	1,917,239
-	-	-	326,349
<u>\$ 15,156,880</u>	<u>\$ 13,554,946</u>	<u>\$ 2,705,194</u>	<u>\$ 98,023,490</u>
\$ 5,673	\$ -	\$ 165,854	\$ 9,426,025
11,448	-	237,873	1,917,239
-	-	-	2,784,809
<u>17,121</u>	<u>-</u>	<u>403,727</u>	<u>14,128,073</u>
-	-	-	336,349
15,139,759	13,554,946	446,393	60,787,049
-	-	1,855,074	17,123,811
-	-	-	5,648,208
<u>15,139,759</u>	<u>13,554,946</u>	<u>2,301,467</u>	<u>83,895,417</u>
<u>\$ 15,156,880</u>	<u>\$ 13,554,946</u>	<u>\$ 2,705,194</u>	<u>\$ 98,023,490</u>

OXNARD UNION HIGH SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Total Fund Balance - Governmental Funds		\$ 83,895,417
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:	\$ 407,687,000	
Accumulated depreciation is:	<u>(158,643,976)</u>	
Net Capital Assets		249,043,024
Expenditures relating to issuance of debt of next fiscal year were recognized in modified accrual basis, but should not be recognized in accrual basis.		
		1,124,354
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.		
		(3,260,310)
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	14,860,495	
Net change in proportionate share of net pension liability	14,305,642	
Differences between projected and actual earnings on pension plan investments	15,467,349	
Differences between expected and actual experience in the measurement of the total pension liability	<u>1,728,051</u>	
Total Deferred Outflows of Resources Related to Pensions		46,361,537

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, 2017**

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	\$ (3,101,704)	
Differences between expected and actual experience in the measurement of the total pension liability	(2,833,072)	
Changes in assumptions	<u>(1,207,118)</u>	
Total Deferred Inflows of Resources Related to Pensions		\$ (7,141,894)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds. (156,317,014)

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	(156,307,016)	
Premium on issuance	(10,817,622)	
Certificates of participation	(1,350,000)	
Municipal leases	(3,348,000)	
Qualified energy construction bonds	(12,682,171)	
Compensated absences (vacations)	(1,256,489)	
Other postemployment benefits (OPEB)	(85,988,154)	
In addition, the District previously issued "capital appreciation" general obligation bonds. The cumulative capital accretion on the general obligation bonds is:	<u>(840,397)</u>	
Total Long-Term Obligations		<u>(272,589,849)</u>
Total Net Position - Governmental Activities		<u><u>\$ (58,884,735)</u></u>

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, 2017**

	General Fund	Cafeteria Fund	Building Fund
REVENUES			
Local Control Funding Formula	\$ 154,665,832	\$ -	\$ -
Federal sources	7,903,582	4,879,926	-
Other State sources	18,912,889	325,245	-
Other local sources	9,907,738	500,233	226,120
Total Revenues	191,390,041	5,705,404	226,120
EXPENDITURES			
Current			
Instruction	113,557,631	-	-
Instruction related activities:			
Supervision of instruction	6,699,973	-	-
Instructional library, media, and technology	1,913,283	-	-
School site administration	14,368,125	-	-
Pupil services:			
Home-to-school transportation	3,044,610	-	-
Food services	17,200	5,696,230	-
All other pupil services	13,949,816	-	-
Administration:			
Data processing	3,554,195	-	-
All other administration	7,131,738	274,027	-
Plant services	16,359,683	-	-
Facility acquisition and construction	387,041	-	2,859,681
Ancillary services	3,381,536	-	-
Community services	258,317	-	-
Other outgo	2,113,886	-	-
Enterprise services	-	1,071	-
Debt service			
Principal	885,383	-	-
Interest and other	303,876	-	-
Total Expenditures	187,926,293	5,971,328	2,859,681
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,463,748	(265,924)	(2,633,561)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	335,860	-
Transfers out	(702,709)	-	-
Net Financing Sources (Uses)	(702,709)	335,860	-
NET CHANGE IN FUND BALANCES	2,761,039	69,936	(2,633,561)
Fund Balances - Beginning	22,144,738	115,630	30,441,463
Fund Balances - Ending	\$ 24,905,777	\$ 185,566	\$ 27,807,902

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

Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 154,665,832
-	-	663,367	13,446,875
-	64,475	2,951,138	22,253,747
3,477,996	9,528,656	350,328	23,991,071
<u>3,477,996</u>	<u>9,593,131</u>	<u>3,964,833</u>	<u>214,357,525</u>
-	-	3,148,646	116,706,277
-	-	-	6,699,973
-	-	-	1,913,283
-	-	991,984	15,360,109
-	-	-	3,044,610
-	-	-	5,713,430
-	-	529,009	14,478,825
-	-	-	3,554,195
59,095	-	227,778	7,692,638
-	-	297,032	16,656,715
49,523	-	37,061	3,333,306
-	-	-	3,381,536
-	-	-	258,317
-	-	-	2,113,886
-	-	-	1,071
255,000	3,465,000	410,000	5,015,383
91,319	7,573,835	70,638	8,039,668
<u>454,937</u>	<u>11,038,835</u>	<u>5,712,148</u>	<u>213,963,222</u>
<u>3,023,059</u>	<u>(1,445,704)</u>	<u>(1,747,315)</u>	<u>394,303</u>
129,467	-	711,421	1,176,748
(474,039)	-	-	(1,176,748)
<u>(344,572)</u>	<u>-</u>	<u>711,421</u>	<u>-</u>
2,678,487	(1,445,704)	(1,035,894)	394,303
12,461,272	15,000,650	3,337,361	83,501,114
<u>\$ 15,139,759</u>	<u>\$ 13,554,946</u>	<u>\$ 2,301,467</u>	<u>\$ 83,895,417</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, 2017

Total Net Change in Fund Balances - Governmental Funds **\$ 394,303**
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	\$ 4,428,391	
Depreciation expense	(10,154,173)	
Net Expense Adjustment		(5,725,782)

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 \$50,291. (50,291)

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. (4,789,151)

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	3,465,000
Certificates of participation	410,000
Municipal leases	255,000
Qualified energy conservation bonds	885,383

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, 2017

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	\$ 661,026	
Amortization of deferred amount on refunding	<u>(102,218)</u>	
Combined Adjustment		\$ 558,808

In the Statement of Activities, Other Postemployment Benefit Obligations (OPEB) are measured by an actuarially determined Annual Required Contribution (ARC). In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts contributed toward the OPEB obligation were less than the ARC by \$5,217,991. (5,217,991)

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 decreased by \$245,671, and second, \$72,378 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds. (318,049)

Change in Net Position of Governmental Activities \$ (10,132,770)

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

OXNARD UNION HIGH SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Agency Funds	Trust Funds		Total Fiduciary Funds
	Associated Student Bodies	Foundation Special Reserve	Retiree Benefits Trust	
ASSETS				
Deposits and investments	\$ 1,483,154	\$ 59,462	\$ 55,915,049	\$ 57,457,665
Receivables	-	187	5	192
Prepaid expenditures	-	-	7,438	7,438
Total Assets	\$ 1,483,154	\$ 59,649	\$ 55,922,492	\$ 57,465,295
LIABILITIES				
Accounts payable	\$ -	\$ 250	\$ 25,717	\$ 25,967
Due to student groups	1,483,154	-	-	1,483,154
Total Liabilities	\$ 1,483,154	250	25,717	1,509,121
NET POSITION				
Held in trust for retiree benefits		-	55,896,775	55,896,775
Held in trust for scholarships		59,399	-	59,399
Total Net Position		\$ 59,399	\$ 55,896,775	\$ 55,956,174

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, 2017**

	Foundation Special Reserve	Retiree Benefits Trust	Total
ADDITIONS			
Private donations	\$ 1,300	\$ -	\$ 1,300
District contributions	-	73,006	73,006
Interest	471	1,470,446	1,470,917
Unrealized gain on investments	-	4,951,896	4,951,896
Total Additions	<u>1,771</u>	<u>6,495,348</u>	<u>6,497,119</u>
DEDUCTIONS			
Services and operating expenditures	<u>1,800</u>	<u>42,202</u>	<u>44,002</u>
Change in Net Position	(29)	6,453,146	6,453,117
Net Position - Beginning	<u>59,428</u>	<u>49,443,629</u>	<u>49,503,057</u>
Net Position - Ending	<u>\$ 59,399</u>	<u>\$ 55,896,775</u>	<u>\$ 55,956,174</u>

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

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2017

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 approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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 established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues 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 that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

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 restricted, committed, or assigned resources for, and the payment 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.

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).

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2017

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, 2017, 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, 2017

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, 2017

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 the deferred charges on refunding 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.

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, 2017

Fund Balances - Governmental Funds

As of June 30, 2017, 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.

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.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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 \$29,773,412 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.

Budgetary Data

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

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

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, 2017

Change in Accounting Principles

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

The District has implemented the provisions of this Statement as of June 30, 2017.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The District has implemented the provisions of this Statement as of June 30, 2017.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to State or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all State and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of State or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a State or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of State or local governmental employers and to employees of employers that are not State or local governmental employers, and (3) has no predominant State or local governmental employer (either individually or collectively with other State or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The District has implemented the provisions of this Statement as of June 30, 2017.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The District has implemented the provisions of this Statement as of June 30, 2017.

In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The District has implemented the provisions of this Statement as of June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

In 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.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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.

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;

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

- 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;
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation is encouraged.

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 requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation is encouraged.

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.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2017, were classified in the accompanying financial statements as follows:

Governmental activities	\$ 87,495,481
Fiduciary funds	<u>57,457,665</u>
Total Deposits and Investments	<u><u>\$ 144,953,146</u></u>

Deposits and investments as of June 30, 2017, consisted of the following:

Cash on hand and in banks	\$ 1,570,286
Cash in revolving	10,000
Investments	<u>143,372,860</u>
Total Deposits and Investments	<u><u>\$ 144,953,146</u></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, 2017

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, 2017**

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
Local Agency Bonds, Notes Warrants	\$ 168,315	11/1/2019
Certificates of Deposit - Goldman Sachs Bank	163,000	11/13/2017
Money Market Mutual Funds	115,078	29*
Ventura County Investment Pool	87,091,850	181*
Total	<u>\$ 87,538,243</u>	

* Weighted average days to maturity.

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	Moody's Rating June 30, 2017	Reported Amount
Local Agency Bonds, Notes Warrants	Not Required	AA	\$ 168,315
Certificates of Deposit - Goldman Sachs Bank	Not Required	Not Rated	163,000
Money Market Mutual Funds	Not Required	AAAm	115,078
Ventura County Investment Pool	Not Required	AAAf	87,091,850
Total Investments			<u>\$ 87,538,243</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Trust

The following investments are related to the District's Fiduciary Fund Retiree Benefits Trust to be used for Other Postemployment Benefits Obligations 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
Mutual Fund - Fixed Income	\$ 37,095,383	7/1/2017
Mutual Fund - Domestic Equity	18,739,234	7/1/2017
Total	\$ 55,834,617	

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, 2017, 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.

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.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2017:

Investment Type	Reported Amount	Fair Value Measurements	
		Using Level 2 Inputs	Uncategorized
Local Agency Bonds, Notes Warrants	\$ 168,315	\$ 168,315	\$ -
Certificates of Deposit - Goldman Sachs Bank	163,000	163,000	-
Money Market Mutual Funds	115,078	115,078	-
Ventura County Investment Pool	87,091,850	-	87,091,850
Total	<u>\$ 87,538,243</u>	<u>\$ 446,393</u>	<u>\$ 87,091,850</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, 2017**

NOTE 4 - RECEIVABLES

Receivables at June 30, 2017, 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	\$ 3,904,799	\$ 834,250	\$ -	\$ -
State Government				
Categorical aid	641,573	55,811	-	-
Lottery	674,281	-	-	-
Other State	375,340	-	-	-
Local Government				
Interest	119,947	2,745	87,668	44,893
Other Local Sources	1,059,200	66,535	-	3,421
Total	<u>\$ 6,775,140</u>	<u>\$ 959,341</u>	<u>\$ 87,668</u>	<u>\$ 48,314</u>
	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Activities	Fiduciary Funds
Federal Government				
Categorical aid	\$ -	\$ 325,089	\$ 5,064,138	\$ -
State Government				
Categorical aid	-	45,235	742,619	-
Lottery	-	-	674,281	-
Other State	-	-	375,340	-
Local Government				
Interest	37,838	5,796	298,887	5
Other Local Sources	-	-	1,129,156	187
Total	<u>\$ 37,838</u>	<u>\$ 376,120</u>	<u>\$ 8,284,421</u>	<u>\$ 192</u>

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 31,336,339	\$ -	\$ -	\$ 31,336,339
Construction in Progress	3,616,790	2,869,166	-	6,485,956
Total Capital Assets Not Being Depreciated	<u>34,953,129</u>	<u>2,869,166</u>	<u>-</u>	<u>37,822,295</u>
Capital Assets Being Depreciated:				
Land Improvements	43,745,454	89,052	-	43,834,506
Buildings and Improvements	312,299,396	147,109	-	312,446,505
Furniture and Equipment	12,373,090	1,323,064	112,460	13,583,694
Total Capital Assets Being Depreciated	<u>368,417,940</u>	<u>1,559,225</u>	<u>112,460</u>	<u>369,864,705</u>
Total Capital Assets	<u>403,371,069</u>	<u>4,428,391</u>	<u>112,460</u>	<u>407,687,000</u>
Less Accumulated Depreciation:				
Land Improvements	29,589,671	1,029,146	-	30,618,817
Buildings and Improvements	110,310,907	8,155,702	-	118,466,609
Furniture and Equipment	8,701,685	969,325	112,460	9,558,550
Total Accumulated Depreciation	<u>148,602,263</u>	<u>10,154,173</u>	<u>112,460</u>	<u>158,643,976</u>
Governmental Activities Capital Assets, Net	<u>\$ 254,768,806</u>	<u>\$ (5,725,782)</u>	<u>\$ -</u>	<u>\$ 249,043,024</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 5,686,337
School site administration	3,553,961
Home-to-school transportation	304,625
Food services	406,166
Plant services	203,084
Total Depreciation Expenses All Activities	<u>\$ 10,154,173</u>

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017, 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	\$ -	\$ 1,604,495	\$ 11,448	\$ 237,794	\$ 1,853,737
Cafeteria Fund	33,781	-	-	79	33,860
Capital Facilities Fund	29,642	-	-	-	29,642
Total	<u>\$ 63,423</u>	<u>\$ 1,604,495</u>	<u>\$ 11,448</u>	<u>\$ 237,873</u>	<u>\$ 1,917,239</u>

The balance of \$1,604,495 is due to the General Fund from the Cafeteria Fund for indirect costs, direct support, and transfers.

A balance of \$227,778 is due to the General Fund from the Adult Education Non-Major Governmental Fund for indirect costs.

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, 2017**

Operating Transfers

Interfund transfers for the year ended June 30, 2017, consisted of the following:

Transfer To	Transfer From		Total
	General Fund	Capital Facilities Fund	
Cafeteria Fund	\$ 335,860	\$ -	\$ 335,860
Capital Facilities Fund	129,467	-	129,467
Non-Major Governmental Funds	237,382	474,039	711,421
Total	<u>\$ 702,709</u>	<u>\$ 474,039</u>	<u>\$ 1,176,748</u>

The General Fund transferred to the Cafeteria Fund to cover expenditures.	\$ 335,860
The General Fund transferred to the Capital Facilities Fund for costs associated with facility usage.	129,467
The General Fund transferred to the Adult Education Non-Major Governmental Fund for reimbursement of expenditures.	37,382
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for debt service payments.	200,000
The Capital Facilities Fund transferred to the COP Debt Service Non-Major Governmental Fund for debt service payments.	474,039
Total	<u>\$ 1,176,748</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, 2017**

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2017, consisted of the following:

	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total	Fiduciary Funds
Vendor payables	\$4,859,858	\$ 9,261	\$ 33,093	\$ 5,673	\$ 145,243	\$5,053,128	\$ 25,967
State principal apportionment	4,327,797	-	-	-	-	4,327,797	-
Salaries and benefits	11,834	12,655	-	-	20,611	45,100	-
Total	<u>\$9,199,489</u>	<u>\$ 21,916</u>	<u>\$ 33,093</u>	<u>\$ 5,673</u>	<u>\$ 165,854</u>	<u>\$9,426,025</u>	<u>\$ 25,967</u>

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2017, consisted of the following:

	General Fund
Federal financial assistance	\$ 38,085
State categorical aid	2,729,702
Other local	17,022
Total	<u>\$ 2,784,809</u>

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due in One Year
General obligation bonds	\$ 160,540,035	\$ 72,378	\$ 3,465,000	\$ 157,147,413	\$ 5,765,000
Premium on issuance	11,478,648	-	661,026	10,817,622	-
Certificates of participation	1,760,000	-	410,000	1,350,000	430,000
Municipal leases	3,603,000	-	255,000	3,348,000	263,000
Qualified energy conservation bonds	13,567,554	-	885,383	12,682,171	944,149
Compensated absences	1,206,198	50,291	-	1,256,489	-
Net OPEB obligation	80,770,163	21,903,527	16,685,536	85,988,154	-
	<u>\$ 272,925,598</u>	<u>\$ 22,026,196</u>	<u>\$ 22,361,945</u>	<u>\$ 272,589,849</u>	<u>\$ 7,402,149</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 COP Debt Service Fund. Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds. Payments for Net OPEB obligation are typically liquidated in the General Fund and the Non-Major Governmental Funds.

General Obligation Refunding Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2016	Issued and Principal Accretion	Bonds Outstanding June 30, 2017
4/1999	8/1/2027	4.6%-5.8%	\$ 10,199,913	\$ 5,952,932	\$ 72,378	\$ 5,565,310
8/2010	8/1/2040	3.0%-5.0%	50,000,000	45,980,000	-	45,050,000
4/2011	8/1/2025	5.31%	4,052,103	3,182,103	-	2,932,103
5/2012	8/1/2027	3.0%-5.0%	10,435,000	8,330,000	-	7,785,000
1/2014	8/1/2037	3.0%-5.0%	50,000,000	47,800,000	-	46,520,000
1/2016	8/1/2035	3.0%-5.0%	30,945,000	30,945,000	-	30,945,000
6/2016	8/1/2027	2.0%-5.0%	18,350,000	18,350,000	-	18,350,000
			<u>\$ 173,982,016</u>	<u>\$ 160,540,035</u>	<u>\$ 72,378</u>	<u>\$ 157,147,413</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

1999 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 \$5,565,310.

2004 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, 2017, the principal balance outstanding was \$45,050,000, and unamortized premium was \$1,532,352.

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, 2017, the principal balance outstanding was \$2,932,103.

2012 Series

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, 2017, the principal balance outstanding was \$7,785,000, and unamortized premium was \$483,791.

2004 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, 2017, the principal balance outstanding was \$46,520,000, and unamortized premium was \$2,646,000.

2004 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, 2017, the principal balance outstanding was \$30,945,000, and unamortized premium was \$3,592,237.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2016 Series

The 2012 General Obligation Refunding Bonds were issued in June 2016. These bonds were issued to refund the 2003 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. The refunding resulted in a cumulative cash flow saving of \$7,366,718 over the life of the new debt and an economic gain of \$7,181,813 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.51 percent. At June 30, 2017, the principal balance outstanding was \$18,350,000, unamortized premium was \$2,563,242, and deferred charge on refunding was \$1,124,354.

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
2018	\$ 5,765,000	\$ 7,018,948	\$ -	\$ 12,783,948
2019	5,635,000	6,733,632	-	12,368,632
2020	5,585,000	6,452,019	-	12,037,019
2021	5,880,000	6,164,005	-	12,044,005
2022	6,175,000	5,864,249	-	12,039,249
2023-2027	36,389,765	24,335,626	817,338	61,542,729
2028-2032	34,027,648	16,828,572	67,352	50,923,572
2033-2037	42,505,000	8,155,175	-	50,660,175
2038-2041	15,185,000	1,293,650	-	16,478,650
Total	\$ 157,147,413	\$ 82,845,876	\$ 884,690	\$ 240,877,979

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, 2017, was \$360,000.

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, 2017, was \$990,000.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2018	\$ 430,000	\$ 51,731	\$ 481,731
2019	450,000	31,545	481,545
2020	470,000	10,560	480,560
Total	<u>\$ 1,350,000</u>	<u>\$ 93,836</u>	<u>\$ 1,443,836</u>

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, 2017, the principal balance outstanding was \$3,348,000.

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>
2018	\$ 263,000	\$ 84,689	\$ 347,689
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
2023-2027	1,612,000	160,424	1,772,424
2028-2029	341,000	6,592	347,592
Total	<u>\$ 3,348,000</u>	<u>\$ 520,090</u>	<u>\$ 3,868,090</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, 2017, the principal balance outstanding was \$12,682,171.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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>
2018	\$ 944,149	\$ 690,827	\$ 1,634,976
2019	1,005,532	637,579	1,643,111
2020	1,069,635	580,887	1,650,522
2021	1,136,565	520,599	1,657,164
2022	1,108,068	457,913	1,565,981
2023-2027	6,637,240	1,272,853	7,910,093
2028-2029	780,982	21,672	802,654
Total	<u>\$ 12,682,171</u>	<u>\$ 4,182,330</u>	<u>\$ 16,864,501</u>

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2017, amounted to \$1,256,489. Accumulated vacation will be paid by the fund for which the employee worked.

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2017, was \$17,057,317, and contributions made by the District during the year were \$8,976,444. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$4,846,210 and \$(7,709,902), respectively, which resulted in an increase to the net OPEB obligation of \$5,217,991. As of June 30, 2017, the net OPEB obligation was \$85,988,154. See Note 12 for additional information regarding the OPEB obligation and the postemployment benefits plan.

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund
Nonspendable				
Revolving cash	\$ 10,000	\$ -	\$ -	\$ -
Stores inventories	301,048	25,301	-	-
Total Nonspendable	<u>311,048</u>	<u>25,301</u>	<u>-</u>	<u>-</u>
Restricted				
Legally restricted programs	3,677,784	160,265	-	-
Capital projects	-	-	27,807,902	15,139,759
Debt services	-	-	-	-
Total Restricted	<u>3,677,784</u>	<u>160,265</u>	<u>27,807,902</u>	<u>15,139,759</u>
Assigned				
Asst supt ed instructional materials	596,797	-	-	-
Adult education CalWORKs	130,440	-	-	-
2016-17 one time - discretionary fund	4,334,851	-	-	-
2016-17 one time - technology infrastructure	220,000	-	-	-
2016-17 one time - site condor program	100,000	-	-	-
2016-17 one time - ACHS band uniforms	40,000	-	-	-
Unallocated unit share reserve	4,349,471	-	-	-
Unallocated compensation reserve	1,739,780	-	-	-
Budget stabilization reserve	2,396,987	-	-	-
Adult transition vans	66,100	-	-	-
RCCHS laptops for year 4 carryover	175,000	-	-	-
Department carryover	41,453	-	-	-
Donations	16,179	-	-	-
Site carryover	79,860	-	-	-
Textbooks	981,819	-	-	-
Other assignments	-	-	-	-
Total Assigned	<u>15,268,737</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned				
Reserve for economic uncertainties	5,648,208	-	-	-
Total	<u>\$ 24,905,777</u>	<u>\$ 185,566</u>	<u>\$ 27,807,902</u>	<u>\$ 15,139,759</u>

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
\$ -	\$ -	\$ 10,000
-	-	326,349
-	-	336,349
-	-	3,838,049
-	-	42,947,661
13,554,946	446,393	14,001,339
13,554,946	446,393	60,787,049
-	-	596,797
-	-	130,440
-	-	4,334,851
-	-	220,000
-	-	100,000
-	-	40,000
-	-	4,349,471
-	-	1,739,780
-	-	2,396,987
-	-	66,100
-	-	175,000
-	-	41,453
-	-	16,179
-	-	79,860
-	-	981,819
-	1,855,074	1,855,074
-	1,855,074	17,123,811
-	-	5,648,208
\$ 13,554,946	\$ 2,301,467	\$ 83,895,417

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 11 - EXPENDITURES (BUDGET VERSUS ACTUAL)

At June 30, 2017, the following District major fund exceeded the budgeted amount in total as follows:

Fund	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	\$ 185,762,150	\$ 188,629,002	\$ 2,866,852

NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

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, 2017, Plan membership consisted of the following:

Inactive Plan members or beneficiaries currently receiving benefit payments	600
Inactive Plan members entitled to, but not yet receiving, benefit payments	-
Active Plan members	1,235
	1,835

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 2016-2017, the District contributed \$8,976,444 to the Plan, of which \$8,342,249 was used for current premiums, and \$634,195 was a contribution to the Trust.

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed income	33.6%
Private equity	66.4%
Cash	0.0%
Total	<u><u>100.0%</u></u>

Rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 4.45 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, 2017, was as follows:

Total OPEB liability	\$ 256,031,037
Plan fiduciary net position	55,841,931
District's net OPEB liability	<u>200,189,106</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>21.8%</u></u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent per annum
Salary increases	3.0 percent per annum, including inflation
Investment rate of return	4.45 percent, net of OPEB plan investment expense, including inflation
Health care cost trend rates	6.0 percent for 2018, decreasing 0.5 percent every 10 years to an ultimate rate of 5.0 percent for 2038 and later years

Mortality rates were based on the most recent rates used by CalPERS and STRS for the pension valuations.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 - June 30, 2017.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2017, (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	1.3%
Private equity	4.3%
Cash	0.0%

Discount rate. The discount rate used to measure the total OPEB liability was 4.45 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.

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 1-percentage-point lower (3.45 percent) or 1-percentage-point higher (5.45 percent) than the current discount rate:

	1% Decrease (3.45%)	Discount Rate (4.45%)	1% Increase (5.45%)
Net OPEB liability (asset)	<u>\$ 241,033,609</u>	<u>\$ 200,189,106</u>	<u>\$ 166,985,346</u>

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 1-percentage-point lower (4.0 percent) or 1-percentage-point higher (6.0 percent) than the current health care cost trend rates:

	1% Decrease (4.0%)	Health Care Cost Trend Rates (5.0%)	1% Increase (6.0%)
Net OPEB liability (asset)	<u>\$ 158,522,950</u>	<u>\$ 200,189,106</u>	<u>\$ 252,812,473</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 13 - 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 16 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 14 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2017, 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	\$ 116,138,746	\$ 32,845,457	\$ 5,934,776	\$ 13,576,127
CalPERS	40,178,268	13,516,080	1,207,118	6,073,519
Total	<u>\$ 156,317,014</u>	<u>\$ 46,361,537</u>	<u>\$ 7,141,894</u>	<u>\$ 19,649,646</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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, 2017

The STRP provisions and benefits in effect at June 30, 2016, 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	12.58%	12.58%
Required state contribution rate	8.828%	8.828%

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, 2017, are presented above and the District's total contributions were \$10,836,764.

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

At June 30, 2017, 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	\$ 116,138,746
State's proportionate share of the net pension liability associated with the District	66,115,716
Total	<u>\$ 182,254,462</u>

The net pension liability was measured as of June 30, 2016. 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, 2016 and June 30, 2015, was 0.1436 percent and 0.1485 percent, respectively, resulting in a net decrease in the proportionate share of 0.0049 percent.

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

For the year ended June 30, 2017, the District recognized pension expense of \$13,576,127. In addition, the District recognized pension expense and revenue of \$6,390,780 for support provided by the State. At June 30, 2017, 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
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 10,836,764	\$ -
Net change in proportionate share of net pension liability	12,775,719	3,101,704
Differences between projected and actual earnings on pension plan investments	9,232,974	-
Differences between expected and actual experience in the measurement of the total pension liability	-	2,833,072
Total	<u>\$ 32,845,457</u>	<u>\$ 5,934,776</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
<u> </u>	<u> </u>
2018	\$ 201,433
2019	201,434
2020	5,367,160
2021	3,462,947
Total	<u>\$ 9,232,974</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2018	\$ 1,521,142
2019	1,521,142
2020	1,521,142
2021	1,521,142
2022	1,521,140
Thereafter	(764,765)
Total	<u>\$ 6,840,943</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, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary' investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independently from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	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 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	\$ 167,149,848
Current discount rate (7.60%)	116,138,746
1% increase (8.60%)	73,771,890

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2015 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2016, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	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%	6.00%
Required employer contribution rate	13.888%	13.888%

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2017, are presented above and the total District contributions were \$4,023,731.

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$40,178,268. The net pension liability was measured as of June 30, 2016. 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, 2016 and June 30, 2015, was 0.2034 percent and 0.1941 percent, respectively, resulting in a net increase in the proportionate share of 0.0093 percent.

For the year ended June 30, 2017, the District recognized pension expense of \$6,073,519. At June 30, 2017, 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
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 4,023,731	\$ -
Net change in proportionate share of net pension liability	1,529,923	-
Differences between projected and actual earnings on pension plan investments	6,234,375	-
Differences between expected and actual experience in the measurement of the total pension liability	1,728,051	-
Changes of assumptions	-	1,207,118
Total	<u>\$ 13,516,080</u>	<u>\$ 1,207,118</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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
2018	\$ 874,453
2019	874,453
2020	2,858,351
2021	1,627,118
Total	<u>\$ 6,234,375</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSLS) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSLS 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
2018	\$ 998,819
2019	534,786
2020	517,251
Total	<u>\$ 2,050,856</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, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	51%	5.71%
Global debt securities	20%	2.43%
Inflation assets	6%	3.36%
Private equity	10%	6.95%
Real estate	10%	5.13%
Infrastructure and Forestland	2%	5.09%
Liquidity	1%	-1.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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 (6.65%)	\$ 59,946,200
Current discount rate (7.65%)	40,178,268
1% increase (8.65%)	23,717,575

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 \$6,310,481 (8.828 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 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

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, 2017.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 16 - 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, 2017, the District made payments of \$1,081,131, \$31,793,531, and \$3,580 to VCSSFA, CSEBO, and VCFAST, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

OXNARD UNION HIGH SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
REVENUES				
Local Control Funding Formula	\$ 154,974,160	\$ 156,369,838	\$ 154,665,832	\$ (1,704,006)
Federal sources	7,973,446	8,361,905	7,903,582	(458,323)
Other State sources	10,001,481	13,382,065	18,912,889	5,530,824
Other local sources	8,324,800	9,685,816	9,907,738	221,922
Total Revenues	181,273,887	187,799,624	191,390,041	3,590,417
EXPENDITURES				
Current				
Certificated salaries	81,797,658	82,235,204	82,783,195	(547,991)
Classified salaries	24,281,872	24,761,898	25,010,523	(248,625)
Employee benefits	47,009,591	48,036,927	53,786,025	(5,749,098)
Books and supplies	7,272,027	7,413,721	5,693,787	1,719,934
Services and operating expenditures	14,488,097	15,173,798	15,725,456	(551,658)
Capital outlay	1,273,686	3,395,929	2,125,971	1,269,958
Other outgo	1,509,465	1,845,906	1,612,077	233,829
Debt service				
Principal	885,383	885,383	885,383	-
Interest	257,494	303,645	303,876	(231)
Total Expenditures	178,775,273	184,052,411	187,926,293	(3,873,882)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,498,614	3,747,213	3,463,748	(283,465)
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,463,836)	(1,709,739)	(702,709)	1,007,030
NET CHANGE IN FUND BALANCE	(965,222)	2,037,474	2,761,039	723,565
Fund Balance - Beginning	22,144,738	22,144,738	22,144,738	-
Fund Balance - Ending	\$ 21,179,516	\$ 24,182,212	\$ 24,905,777	\$ 723,565

See accompanying note to required supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

**CAFETERIA FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual (GAAP Basis)	Variances -
	Original	Final		Positive (Negative)
				Final to Actual
REVENUES				
Federal sources	\$ 4,253,362	\$ 4,400,600	\$ 4,879,926	\$ 479,326
Other State sources	332,000	332,000	325,245	(6,755)
Other local sources	502,061	501,663	500,233	(1,430)
Total Revenues	5,087,423	5,234,263	5,705,404	471,141
EXPENDITURES				
Current				
Classified salaries	2,509,074	2,285,410	2,287,310	(1,900)
Employee benefits	1,254,163	1,203,510	1,202,282	1,228
Books and supplies	2,695,563	2,527,545	2,102,159	425,386
Services and operating expenditures	215,421	174,517	105,551	68,966
Other outgo	337,422	328,675	268,944	59,731
Total Expenditures	7,011,643	6,519,657	5,971,328	548,329
Excess (Deficiency) of Revenues Over Expenditures	(1,924,220)	(1,285,394)	(265,924)	1,019,470
OTHER FINANCING SOURCES (USES)				
Transfers in	1,890,473	1,372,356	335,860	(1,036,496)
Net Financing Sources (Uses)	1,890,473	1,372,356	335,860	(1,036,496)
NET CHANGE IN FUND BALANCES	(33,747)	86,962	69,936	(17,026)
Fund Balance - Beginning	115,630	115,630	115,630	-
Fund Balance - Ending	\$ 81,883	\$ 202,592	\$ 185,566	\$ (17,026)

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, 2017**

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 5,143,257
Interest	11,086,979
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(8,403,086)
Net changes in total OPEB liability	<u>7,827,150</u>
Total OPEB Liability - beginning	<u>248,203,887</u>
Total OPEB Liability - ending (a)	<u>256,031,037</u>
 Plan Fiduciary Net Position	
Contributions - employer	8,403,086
Net investment income	6,502,209
Benefit payments	(8,403,086)
Administrative expense	(8,230)
Net change in plan fiduciary net position	<u>6,493,979</u>
Plan fiduciary net position - beginning	<u>49,347,952</u>
Plan fiduciary net position - ending (b)	<u>55,841,931</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 200,189,106</u>
Plan fiduciary net position as a percentage of the total OPEB liability	21.8%
Covered-employee payroll	\$ 54,534,000
District's net OPEB liability as a percentage of covered-employee payroll	<u>367.1%</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, 2017

	<u>2017</u>
Actuarially determined contribution	\$ 17,217,316
Contributions in relation to the actuarially determined contribution	8,403,086
Contribution deficiency (excess)	\$ 8,814,230
Covered-employee payroll	\$ 54,534,000
Contribution as a percentage of covered-employee payroll	15.4%

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 INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	N/A

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 THE DISTRICT PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS			
District's proportion of the net pension liability	<u>0.1436%</u>	<u>0.1485%</u>	<u>0.1239%</u>
District's proportionate share of the net pension liability	\$ 116,138,746	\$ 99,966,960	\$ 72,419,094
State's proportionate share of the net pension liability associated with the District	<u>66,115,716</u>	<u>52,871,502</u>	<u>43,729,775</u>
Total	<u>\$ 182,254,462</u>	<u>\$ 152,838,462</u>	<u>\$ 116,148,869</u>
District's covered-employee payroll	<u>\$ 74,247,894</u>	<u>\$ 66,868,840</u>	<u>\$ 71,975,188</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>156.42%</u>	<u>149.50%</u>	<u>100.62%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>74%</u>	<u>77%</u>
CalPERS			
District's proportion of the net pension liability	<u>0.2034%</u>	<u>0.1941%</u>	<u>0.1854%</u>
District's proportionate share of the net pension liability	<u>\$ 40,178,268</u>	<u>\$ 28,611,809</u>	<u>\$ 21,046,174</u>
District's covered-employee payroll	<u>\$ 24,527,518</u>	<u>\$ 21,033,738</u>	<u>\$ 21,636,698</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>163.81%</u>	<u>136.03%</u>	<u>97.27%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>79%</u>	<u>83%</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 THE DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS			
Contractually required contribution	\$ 10,836,764	\$ 7,966,799	\$ 5,937,953
Contributions in relation to the contractually required contribution	<u>10,836,764</u>	<u>7,966,799</u>	<u>5,937,953</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 <u>\$ 86,142,798</u>	 <u>\$ 74,247,894</u>	 <u>\$ 66,868,840</u>
 Contributions as a percentage of covered-employee payroll	 <u>12.58%</u>	 <u>10.73%</u>	 <u>8.88%</u>
CalPERS			
Contractually required contribution	\$ 4,023,721	\$ 2,905,775	\$ 2,475,671
Contributions in relation to the contractually required contribution	<u>4,023,721</u>	<u>2,905,775</u>	<u>2,475,671</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 <u>\$ 28,972,645</u>	 <u>\$ 24,527,518</u>	 <u>\$ 21,033,738</u>
 Contributions as a percentage of covered-employee payroll	 <u>13.89%</u>	 <u>11.85%</u>	 <u>11.77%</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

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

Change in Benefit Terms – There were no changes in benefit terms since the previous valuation for Other Postemployment Benefits.

Change in 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.

Valuation Date: Actuarially determined contribution rates are calculated as of July 1, 2015, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal (EAN)
Amortization method	Level-dollar method, closed
Amortization period	17 years
Asset Valuation method	Market value basis
Inflation	3.0 percent
Health care cost trend rates	6.0 percent for 2018, decreasing 0.5 percent every 10 years to an ultimate rate of 5.0
Salary increases	3.0 percent, average, including inflation
Investment rate of return	4.45 percent, net of OPEB plan investment expense, including inflation
Retirement age	Expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	CalPERS and STRS for the pension valuation

OXNARD UNION HIGH SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2017

Schedule of 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 Other Postemployment Benefits (OPEB) Funding Progress

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

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

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

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

Changes in Assumptions – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

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

SUPPLEMENTARY INFORMATION

OXNARD UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education - Basic Grants to States Cluster:			
Adult Basic Education - Adult Basic Education and ESL	84.002A	14508	\$ 350,723
Adult Basic Education - Adult Secondary	84.002	13978	188,604
Adult Basic Education - English Literacy and Civics Education	84.002A	14109	<u>124,040</u>
Total Adult Education - Basic Grants to States Cluster			<u>663,367</u>
Carl D. Perkins Vocational and Technical Education (Secondary Education)	84.048	14894	410,597
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	3,083,944
Title I, Part C - Migrant Ed Cluster			
Title I, Part C - Migrant Ed Regular Program	84.011	14838	319,616
Title I, Part C - Migrant Ed Summer Program	84.011	14838	<u>73,324</u>
Total Title I, Part C - Migrant Ed Cluster			<u>392,940</u>
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	449,288
English Learner Acquisition Programs			
Title III - Immigrant Education Program	84.365	15146	12,602
Title III - English Learner Student Program	84.365	14346	<u>250,072</u>
Total English Learner Acquisition Programs			<u>262,674</u>
Passed through Ventura County Special Education Local Plan Area:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	<u>2,880,326</u>
Total U.S. Department of Education			<u>8,143,136</u>
U.S. DEPARTMENT OF REHABILITATION			
Workability II, Transitions Partnership	84.126	10006	229,075

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
Basic School Breakfast Program	10.553	13390	\$ 7,342
Especially Needy Breakfast	10.553	13526	1,269,106
National School Lunch Program	10.555	13523	2,679,605
Food Distribution	10.555	13524	<u>318,572</u>
Total Child Nutrition Cluster			<u>4,274,625</u>
CACFP Claims - Centers and Family Day Care	10.558	13393	<u>605,301</u>
Total U.S. Department of Agriculture			<u>4,879,926</u>
 U.S. DEPARTMENT OF DEFENSE			
Junior Reserve Officer Training Corps - Air Force	12.000	[1]	<u>122,597</u>
 U.S. DEPARTMENT OF INTERIOR			
National Park Services - Anacapa Island Restoration Project	15.931	[1]	<u>6,489</u>
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medi-Cal Billing Option	93.778	10013	<u>212,870</u>
Total Federal Programs			<u>\$ 13,594,093</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, 2017

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>
Beatriz Herrera	President	2018
Gary Davis, Ed.D	Vice President	2020
Karen Sher	Clerk	2018
Steve Hall, Ed.D	Member	2018
Wayne Edmonds	Member	2018

ADMINISTRATION

Penelope DeLeon, Ed.D	Superintendent
Sid Albaugh	Assistant Superintendent, Business Services
Robert "Rocky" Valles, Ed.D	Assistant Superintendent, Human Resources
Tom McCoy, Ed.D	Assistant Superintendent, Educational Services

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2017**

	Final Report	
	Second Period Report	Annual Report
Regular ADA Ninth through twelfth	15,438.73	15,292.52
Extended Year Special Education Ninth through twelfth	24.00	24.00
Special Education, Nonpublic, Nonsectarian Schools Ninth through twelfth	21.44	19.78
Extended Year Special Education, Ninth through twelfth	0.97	0.97
Total ADA	15,485.14	15,337.27

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2017**

Grade Level	1986-87 Minutes Requirement	2016-17 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Grades 9 - 12	64,800				
Grade 9		65,181	180	N/A	Complied
Grade 10		65,181	180	N/A	Complied
Grade 11		65,181	180	N/A	Complied
Grade 12		65,181	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, 2017**

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, 2017, Unaudited Actuals	\$ 26,305,885
Increase in:	
Accounts payable	<u>(1,400,108)</u>
Balance, June 30, 2017, Audited Financial Statement	<u><u>\$ 24,905,777</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, 2017**

	(Budget)			
	2018 ¹	2017	2016	2015
GENERAL FUND				
Revenues	\$ 186,999,680	\$ 191,390,041	\$ 185,533,972	\$ 158,694,144
Expenditures	192,603,616	187,926,293	172,865,974	157,998,413
Other uses and transfers out	2,696,079	702,709	1,444,994	839,187
Total Expenditures and Other Uses	195,299,695	188,629,002	174,310,968	158,837,600
INCREASE IN FUND BALANCE	\$ (8,300,015)	\$ 2,761,039	\$ 11,223,004	\$ (143,456)
ENDING FUND BALANCE	\$ 16,605,762	\$ 24,905,777	\$ 22,144,738	\$ 10,921,734
AVAILABLE RESERVES ²	\$ 7,808,674	\$ 5,648,208	\$ 13,688,382	\$ 8,649,392
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	4.0%	3.0%	7.9%	5.4%
LONG-TERM OBLIGATIONS	N/A	\$ 272,589,849	\$ 272,925,598	\$ 237,561,808
AVERAGE DAILY ATTENDANCE AT P-2	15,507	15,485	15,348	15,297

The General Fund balance has increased by \$13,984,043 over the past two years. The fiscal year 2017-2018 budget projects a decrease of \$8,300,015 (33.33 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 but anticipates incurring an operating deficit during the 2017-2018 fiscal year. Total long-term obligations have increased by \$35,028,041 over the past two years.

Average daily attendance has increased by 188 over the past two years. Additional growth of 22 ADA is anticipated during fiscal year 2017-2018.

¹ Budget 2018 is included for analytical purposes only and has not been subjected to audit.

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

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2017**

<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, 2017**

	Adult Education Fund	Special Reserve Fund for Capital Outlay Projects	COP Debt Service Fund	Total Non-Major Governmental Funds
ASSETS				
Deposits and investments	\$ 3,761	\$ 1,849,278	\$ 446,393	\$ 2,299,432
Receivables	370,324	5,796	-	376,120
Due from other funds	29,642	-	-	29,642
Total Assets	\$ 403,727	\$ 1,855,074	\$ 446,393	\$ 2,705,194
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 165,854	\$ -	\$ -	\$ 165,854
Due to other funds	237,873	-	-	237,873
Total Liabilities	403,727	-	-	403,727
Fund Balances:				
Restricted	-	-	446,393	446,393
Assigned	-	1,855,074	-	1,855,074
Total Fund Balances	-	1,855,074	446,393	2,301,467
Total Liabilities and Fund Balances	\$ 403,727	\$ 1,855,074	\$ 446,393	\$ 2,705,194

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, 2017**

	Adult Education Fund	Special Reserve Fund for Capital Outlay Projects	COP Debt Service Fund	Total Non-Major Governmental Funds
REVENUES				
Federal sources	\$ 663,367	\$ -	\$ -	\$ 663,367
Other State sources	2,951,138	-	-	2,951,138
Other local sources	333,234	14,060	3,034	350,328
Total Revenues	3,947,739	14,060	3,034	3,964,833
EXPENDITURES				
Current				
Instruction	3,148,646	-	-	3,148,646
Instruction-related activities:				
School site administration	991,984	-	-	991,984
Pupil services:				
All other pupil services	529,009	-	-	529,009
Administration:				
All other administration	227,778	-	-	227,778
Plant services	297,032	-	-	297,032
Facility acquisition and construction	16,046	21,015	-	37,061
Debt service				
Principal	-	-	410,000	410,000
Interest and other	-	-	70,638	70,638
Total Expenditures	5,210,495	21,015	480,638	5,712,148
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,262,756)	(6,955)	(477,604)	(1,747,315)
OTHER FINANCING SOURCES (USES)				
Transfers in	37,382	200,000	474,039	711,421
NET CHANGE IN FUND BALANCES	(1,225,374)	193,045	(3,565)	(1,035,894)
Fund Balances - Beginning	1,225,374	1,662,029	449,958	3,337,361
Fund Balances - Ending	\$ -	\$ 1,855,074	\$ 446,393	\$ 2,301,467

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, 2017**

	General Fund	Cafeteria Fund	Building Fund
REVENUES			
Local Control Funding Formula	\$ 154,665,832	\$ -	\$ -
Federal sources	7,903,582	4,879,926	-
Other State sources	18,912,889	325,245	-
Other local sources	9,907,738	500,233	226,120
Total Revenues	191,390,041	5,705,404	226,120
EXPENDITURES			
Current Expenditures			
Certificated salaries	82,783,195	-	-
Classified salaries	25,010,523	2,287,310	-
Employee benefits	53,786,025	1,202,282	-
Books and supplies	5,693,787	2,102,159	15,147
Services and operating expenditures	15,725,456	105,551	-
Other outgo	1,612,077	274,026	-
Capital outlay	2,125,971	-	2,844,534
Debt service - principal	885,383	-	-
Debt service - interest and other	303,876	-	-
Total Expenditures	187,926,293	5,971,328	2,859,681
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,463,748	(265,924)	(2,633,561)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	335,860	-
Operating transfers out	(702,709)	-	-
Total Other Financing Sources (Uses)	(702,709)	335,860	-
NET CHANGE IN FUND BALANCES	2,761,039	69,936	(2,633,561)
FUND BALANCES, BEGINNING OF YEAR	22,144,738	115,630	30,441,463
FUND BALANCES, END OF YEAR	\$ 24,905,777	\$ 185,566	\$ 27,807,902

See accompanying note to supplementary information.

Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 154,665,832
-	-	663,367	13,446,875
-	64,475	2,951,138	22,253,747
3,477,996	9,528,656	350,328	23,991,071
<u>3,477,996</u>	<u>9,593,131</u>	<u>3,964,833</u>	<u>214,357,525</u>
-	-	2,011,820	84,795,015
-	-	646,298	27,944,131
-	-	1,022,632	56,010,939
-	-	509,816	8,320,909
67,163	-	776,105	16,674,275
-	-	227,778	2,113,881
41,455	-	37,061	5,049,021
255,000	3,465,000	410,000	5,015,383
91,319	7,573,835	70,638	8,039,668
<u>454,937</u>	<u>11,038,835</u>	<u>5,712,148</u>	<u>213,963,222</u>
3,023,059	(1,445,704)	(1,747,315)	394,303
129,467	-	711,421	1,176,748
<u>(474,039)</u>	<u>-</u>	<u>-</u>	<u>(1,176,748)</u>
(344,572)	-	711,421	-
2,678,487	(1,445,704)	(1,035,894)	394,303
12,461,272	15,000,650	3,337,361	83,501,114
<u>\$ 15,139,759</u>	<u>\$ 13,554,946</u>	<u>\$ 2,301,467</u>	<u>\$ 83,895,417</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, 2017**

	Adult Fund	Special Reserve Fund for Capital Outlay Projects	COP Debt Service Fund	Non-Major Governmental Funds
REVENUES				
Federal sources	\$ 663,367	\$ -	\$ -	\$ 663,367
Other State sources	2,951,138	-	-	2,951,138
Other local sources	333,234	14,060	3,034	350,328
Total Revenues	<u>3,947,739</u>	<u>14,060</u>	<u>3,034</u>	<u>3,964,833</u>
EXPENDITURES				
Current expenditures				
Certificated salaries	2,011,820	-	-	2,011,820
Classified salaries	646,298	-	-	646,298
Employee benefits	1,022,632	-	-	1,022,632
Books and supplies	509,816	-	-	509,816
Services and operating expenditures	776,105	-	-	776,105
Other outgo	227,778	-	-	227,778
Capital outlay	16,046	21,015	-	37,061
Debt service - principal	-	-	410,000	410,000
Debt service - interest and other	-	-	70,638	70,638
Total Expenditures	<u>5,210,495</u>	<u>21,015</u>	<u>480,638</u>	<u>5,712,148</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,262,756)</u>	<u>(6,955)</u>	<u>(477,604)</u>	<u>(1,747,315)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	37,382	200,000	474,039	711,421
NET CHANGE IN FUND BALANCE	(1,225,374)	193,045	(3,565)	(1,035,894)
FUND BALANCE, BEGINNING OF YEAR	1,225,374	1,662,029	449,958	3,337,361
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 1,855,074</u>	<u>\$ 446,393</u>	<u>\$ 2,301,467</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, 2017**

	<u>Certificates of Participation</u>	<u>ACHS Growth</u>	<u>Capital Projects</u>	<u>Total Special Reserve Fund for Capital Outlay Projects</u>
REVENUES				
Other local sources	\$ 13,612	\$ 135	\$ 313	\$ 14,060
EXPENDITURES				
Current expenditures				
Capital outlay	-	21,015	-	21,015
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,612</u>	<u>(20,880)</u>	<u>313</u>	<u>(6,955)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	200,000	200,000
NET CHANGE IN FUND BALANCES	13,612	(20,880)	200,313	193,045
FUND BALANCE - BEGINNING OF YEAR	<u>1,638,575</u>	<u>23,454</u>	<u>-</u>	<u>1,662,029</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,652,187</u>	<u>\$ 2,574</u>	<u>\$ 200,313</u>	<u>\$ 1,855,074</u>

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2017

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 in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 13,446,875
Medi-Cal Billing Option	93.778	147,218
Total Schedule of Expenditures of Federal Awards		<u>\$ 13,594,093</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, 2017

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.

INDEPENDENT AUDITOR'S REPORTS



**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, 2017, 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 December 14, 2017.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 12 to the financial statements, in 2017, the District adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we considered to be significant deficiencies as item 2017-001.

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 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 December 14, 2017.

Oxnard Union High School District's Response to Finding

Oxnard Union High School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Oxnard Union High School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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
December 14, 2017



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

VALUE THE *difference*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND 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, 2017. 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, 2017.

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
December 14, 2017



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 *2016-2017 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, 2017.

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 *2016-2017 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 2017-002. 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, 2017.

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, 2017, 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>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	Yes
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	Yes
Mental Health Expenditures	Yes
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After 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
Immunizations	Yes, 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 does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not 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 After School Education and Safety Program; therefore, we did not perform any procedures related to the After 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 District did not have any schools listed on the immunization assessment reports; therefore, we did not perform the remaining procedures.

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OXNARD UNION HIGH SCHOOL DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2017**

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>Yes</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>84.027</u>	<u>Special Education, Basic Local Assistance Entitlement, Part B, Section 611</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 Formula Pupil Counts</u>

OXNARD UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2017

The following finding represents significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
30000	Internal Control

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.

OXNARD UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2017

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.

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

The District continues to work on controlling labor costs, exploring ways of increasing participation and meal sales; however, due to the District taking over the preparation of meals from a third party vendor, Sodexo, the District anticipates continued deficit spending.

The 2017-2018 estimated encroachment from the General Fund is \$1,559,327. This is partially due to the lifetime retiree benefits for employees hired prior to June 30, 2004. With this factor, the Cafeteria Fund will continue to deficit spend.

OXNARD UNION HIGH SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

None reported.

OXNARD UNION HIGH SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

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
49,686	34,067	(1,297)	32,770	49,686

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

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

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, 2017

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

2016-001 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 \$1,228,642, \$712,765, and \$613,118 for the fiscal years ending June 30, 2016, 2015, and 2014, respectively. The Cafeteria Fund balance has decreased during that time to a current fund balance of \$115,630 of which \$7,441 is stores inventory. In each of the past three years the Cafeteria Fund has encroached on the General Fund in the amount of \$1,310,526, \$695,107, and \$590,220 for the fiscal years ending June 30, 2016, 2015, and 2014, 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 \$1,890,473.

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, 2017

Recommendation

The District should continue to implement a plan to bring the Cafeteria Fund's 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

Not implemented. See current year finding 2017-001.



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, 2017, 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 December 14, 2017, on the government-wide financial statements of the District.

2016-2017 Observations and Recommendations

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 in their financials. 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 Islands High School

Associated Student Body – Deficit Club Balances

Observation

In reviewing the financial statements for the student body accounts, we noted three 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.

2015-2016 Observations and Recommendations

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 a significant amount, and multiple negatives 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. This control feature has not been sufficiently followed.

Recommendation

The site bookkeeper 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 bookkeeper is not meeting this responsibility to 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 groups account.

Current Status

Not implemented. See 2016-2017 Observation and Recommendation.

Adolfo Camarillo High School

Associated Student Body – Deficit Club Balances

Observation

In reviewing the financial statements for the student body accounts we noted ten accounts had negative balances of a significant amount, and multiple negatives 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. This control feature has not been sufficiently followed.

Recommendation

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each groups best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to 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 groups account.

Current Status

Implemented.

Rio Mesa High School

Associated Student Body – Deficit Club Balances

Observation

In reviewing the financial statements for the student body accounts we noted one account had negative balances of a significant amount, and multiple negatives 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. This control feature has not been sufficiently followed.

Recommendation

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each groups best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to 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 groups account.

Current Status

Not implemented. See 2016-2017 Observation and Recommendation.

Channel Island High School

Associated Student Body – Deficit Club Balances

Observation

In reviewing the financial statements for the student body accounts we noted 14 accounts had negative balances of a significant amount, and multiple negatives 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. This control feature has not been sufficiently followed.

Recommendation

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each groups best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to 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 groups account.

Current Status

Not implemented. See 2016-2017 Observation and Recommendation.

Hueneme High School

Associated Student Body – Deficit Club Balances

Observation

In reviewing the financial statements for the student body accounts we noted 14 accounts had negative balances of a significant amount, and multiple negatives 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. This control feature has not been sufficiently followed.

Recommendation

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each groups best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to 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 groups account.

Current Status

Implemented.

Associated Student Body – Inadequate Cash Collection Procedures

Observation

During cash receipt testing, auditor noted that there was no backup for deposits collected by the clubs for fundraisers.

Recommendation

All cash collections should be traceable to the source. If club advisors collecting cash are not issued receipt books, they should issue and utilize tally sheets, pre-numbered receipts; a collection log; or class rosters with collection information as to the source of the deposit. The Associated Student Body bookkeeper should compare the backup information to the cash count form to ensure that cash counted agrees with the cash that should have been collected.

Current Status

Implemented.

Pacifica High School

Associated Student Body – Deficit Club Balances

Observation

In reviewing the financial statements for the student body accounts we noted 14 accounts had negative balances of a significant amount, and multiple negatives 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. This control feature has not been sufficiently followed.

Recommendation

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each groups best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to 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 groups account.

Current Status

Implemented.

Oxnard Union High School District
Governing Board

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2017