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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Oakdale Joint Unified School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 17 to the financial statements, Oakdale Joint Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – general fund, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and the schedule of District contributions, 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 Oakdale Joint Unified School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of 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 other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting

and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are 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 a report dated January 28, 2022 on our consideration of Oakdale Joint Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Oakdale Joint Unified 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 Oakdale Joint Unified School District's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California

Teach, Learn, Every Day, No Excuses



Oakdale Joint Unified School District
168 South Third Avenue, Oakdale, California 95361

DISTRICT ADMINISTRATION

Dave Kline, Ed.D.
Superintendent

Larry Mendonca
Deputy Superintendent
Pupil Services & Facilities

Craig Redman
Assistant Superintendent
Human Resources

Gillian Wegener
Assistant Superintendent
Curriculum & Instruction

Kassandra Booth
Chief Business Officer

Armida Colon
Director, State
& Federal Programs

Tracey Jakubowski
Program Specialist
Special Education

GOVERNING BOARD

Barbara Shook
President

Tina Shatswell
Clerk

Larry Betschart
Member

Diane Gilbert
Member

Mike House
Member

This section of Oakdale Joint Unified School District's 2020-2021 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021, with comparative information for the year ended June 30, 2020. 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 Oakdale Joint Unified School District (the District) and its component units using the integrated approach as prescribed by GASB Statement Number 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), deferred outflows, as well as all liabilities (including long-term liabilities), and deferred inflows. 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 the three categories of funds: governmental, proprietary, and fiduciary.

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

The Proprietary Funds are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

The Primary unit of the government is the Oakdale Joint Unified School District.

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, deferred outflows, liabilities, and deferred inflows 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.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of 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. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing 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 kindergarten through grade twelve students, adult education students, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants, as well as general obligation bonds, finance these activities.

Business-Type Activities - The District charges fees to help it cover the costs of certain services it provides. The District's latchkey programs and services are included here.

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.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Activities*. In fact, the financial information reported in District's Latchkey Enterprise Fund is the same as the business-type activities we report in the government-wide statements, but provides more detail and additional information, such as cash flows.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others. The District's fiduciary activities are reported in the *Fiduciary Funds Statement of Net Position* and the *Fiduciary Funds Statement of Changes in Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

During 2020-2021, school districts across the State were challenged with many different teaching and learning models as we starting the year under distance learning, then in October of 2020 we were able to bring our elementary students back two days a week. Our Junior High and High Schools had to remain under distance learning for the majority of the year until we were able to bring all students back under a hybrid model. Towards the end of the school year, all students were able to return full time, every day. Our teachers, staff, administrators, parents, and community members, all pulled together to make it the best learning experience possible under each of these new methods.

The ability for the District to maintain and improve facilities continues to be a local effort. Minimal state funds are available and while developer fee dollars are steady, they are dramatically insufficient for constructing a new school. Recognizing these financial limits, the District carefully plans and balances facility needs to ensure all needs are met.

In 2020-2021, between the amazing work of our maintenance and operations staff, as well as contracted vendors, Oakdale Joint Unified School District has been able to repair asphalt at Fair Oaks Elementary and Magnolia Elementary, roof repairs at Fair Oaks Elementary, Magnolia Elementary, and the district office, replace seven HVAC units at Magnolia Elementary, Cloverland Elementary, Fair Oaks Elementary and Oakdale High

School. Furthermore, during 2020-21, the district purchased two special education buses and security grant funding to purchase four electric utility vehicles for custodians.

THE DISTRICT AS A WHOLE

Net Position

The District's net position for governmental activities was \$30.5 million for the fiscal year ended June 30, 2021, and \$28.4 million for the fiscal year ended June 30, 2020; an increase of \$2.1 million. Of this amount, \$4.6 million was restricted. 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		Business-Type Activities		Total	
	2021	2020 as Restated	2021	2020	2021	2020
Assets						
Current and other assets	\$ 34,123,892	\$ 27,332,767	\$ 345,656	\$ 480,237	\$ 34,469,548	\$ 27,813,004
Capital assets	69,304,687	71,096,836	-	-	69,304,687	71,096,836
Total assets	<u>103,428,579</u>	<u>98,429,603</u>	<u>345,656</u>	<u>480,237</u>	<u>103,774,235</u>	<u>98,909,840</u>
Deferred outflows of resources	<u>14,766,200</u>	<u>13,636,224</u>	<u>70,045</u>	<u>84,197</u>	<u>14,836,245</u>	<u>13,720,421</u>
Liabilities						
Current liabilities	4,439,894	4,043,189	3,844	109	4,443,738	4,043,298
Long-term liabilities	<u>80,651,113</u>	<u>75,332,621</u>	<u>420,704</u>	<u>403,912</u>	<u>81,071,817</u>	<u>75,736,533</u>
Total liabilities	<u>85,091,007</u>	<u>79,375,810</u>	<u>424,548</u>	<u>404,021</u>	<u>85,515,555</u>	<u>79,779,831</u>
Deferred inflows of resources	<u>2,648,642</u>	<u>4,283,475</u>	<u>18,639</u>	<u>26,775</u>	<u>2,667,281</u>	<u>4,310,250</u>
Net Position						
Net investment in capital assets	59,926,218	60,750,242	-	-	59,926,218	60,750,242
Restricted	4,604,304	1,799,903	-	-	4,604,304	1,799,903
Unrestricted (Deficit)	<u>(34,075,392)</u>	<u>(34,143,603)</u>	<u>(27,486)</u>	<u>133,638</u>	<u>(34,102,878)</u>	<u>(34,009,965)</u>
Total net position	<u>\$ 30,455,130</u>	<u>\$ 28,406,542</u>	<u>\$ (27,486)</u>	<u>\$ 133,638</u>	<u>\$ 30,427,644</u>	<u>\$ 28,540,180</u>

The \$30.5 million net position of the governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day

operations without constraints established by debt covenants, enabling legislation, or other legal requirements had a minimal change of \$68 thousand.

Changes in Net Position

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

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020*	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 1,830,892	\$ 1,230,940	\$ -	\$ 258,208	\$ 1,830,892	\$ 1,489,148
Operating grants and contributions	17,508,421	8,755,896	-	-	17,508,421	8,755,896
General revenues						
Federal and State aid not restricted	32,511,401	33,637,907	-	-	32,511,401	33,637,907
Property taxes	20,843,011	19,972,172	-	-	20,843,011	19,972,172
Other general revenues	812,684	1,147,715	3,405	3,558	816,089	1,151,273
Total revenues	73,506,409	64,744,630	3,405	261,766	73,509,814	65,006,396
Expenses						
Instruction-related	52,291,644	47,908,394	-	-	52,291,644	47,908,394
Pupil services	8,237,819	7,702,899	-	-	8,237,819	7,702,899
Administration	3,303,362	3,378,888	-	-	3,303,362	3,378,888
Plant services	6,103,032	5,818,706	-	-	6,103,032	5,818,706
All other services	1,521,964	1,737,790	164,529	236,455	1,686,493	1,974,245
Total expenses	71,457,821	66,546,677	164,529	236,455	71,622,350	66,783,132
Change in net position	<u>\$ 2,048,588</u>	<u>\$ (1,802,047)</u>	<u>\$ (161,124)</u>	<u>\$ 25,311</u>	<u>\$ 1,887,464</u>	<u>\$ (1,776,736)</u>

* The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was \$71.5 million as compared to \$66.5 million in the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$20.8 million because the cost was paid by those who benefited from the programs (\$1.8 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$17.5 million). We paid for the remaining "public benefit" portion of our governmental activities with \$32.5 million in State and Federal unrestricted funds and with \$0.8 million in other revenues, like interest and general entitlements.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$29.8 million as compared to \$23.4 million in the prior year, which is an overall increase of approximately \$6.4 million from last year. The General Fund balance increased \$4.1 million from the prior year due to federal state funding related to COVID-19. The remaining funds increased by \$2.2 million primarily due to the District committing funds for deferred maintenance.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 14, 2021. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

- Student attendance is a driving factor for the majority of income for the General Fund. The 2020-2021 school year attendance was held harmless at 2019-2020 levels.
- Oakdale Joint Unified received an increase total revenue by \$6 million, primarily due to one-time Coronavirus Relief Funds.
- The expenditures for the General Fund increased \$2.4 million from the 2019-2020 year primarily due to the one-time Coronavirus Relief Funds.

The District budgeted an increase General Fund balance of approximately \$0.1 million. However, revenues and transfers in were about \$1.9 million more than budgeted, and expenditures and transfers out were approximately \$2.1 million less than budgeted, resulting in an increase of \$4.1 million to the fund balance from the prior year.

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2021, the District had \$69.3 million in a broad range of capital assets, including land, buildings, and furniture and equipment (net of accumulated depreciation). This amount represents a net decrease (including additions, deductions and depreciation) of \$1.8 million from last year. This year's major additions included the completion of the wrestling facility and farm irrigation project. We present more detailed information about our capital assets in the Notes to Financial Statements.

Table 3

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 13,844,180	\$ 15,606,476
Buildings and improvements	52,391,829	52,484,567
Equipment	3,068,678	3,005,793
Total	\$ 69,304,687	\$ 71,096,836

Long-Term Liabilities

At the end of this year, the District had \$80.7 million in long-term liabilities outstanding versus \$75.3 million last year, an increase of \$5.2 million primarily due to increases in pension and OPEB liabilities. These liabilities consisted of:

Table 4

	Governmental and Business-Type Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 8,760,000	\$ 9,665,000
Unamortized premiums	814,125	896,917
Early retirement liabilities	-	2,334
Compensated absences	148,552	157,883
Net OPEB liability	10,304,645	8,983,875
Aggregate net pension liability	60,623,791	55,626,612
Total	\$ 80,651,113	\$ 75,332,621

The District's general obligation bond S&P rating at the time of their last issuance was "AAA". We present more detailed information about our capital assets in the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2021-2022 year, the District Board and management used the following criteria:

The key assumption in our Adopted budget revenue forecast is:

1. State aid included 5.07 percent cost of living adjustment from prior year.
2. Average Daily attendance funded at 2019-2020 through 2021-2022.
3. State and Federal Career Technical Education grants continue.
4. Federal grants updated with preliminary funding levels until final information is known.

The key assumptions in our expenditure forecast are:

1. Step and column increase for all contracted employees eligible for the salary improvement.
2. Continued full funding of the Restricted Maintenance Account.
3. Increased pension costs for CalSTRS and CalPERS members.
4. Spending priorities outlined in the Local Control Accountability Plan adopted on June 14, 2021.

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 Cassandra Booth, Chief Business Officer, at Oakdale Joint Unified School District, 168 S. Third Avenue, Oakdale, California, 95361, or e-mail at kbooth@ojusd.org.

Oakdale Joint Unified School District
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 24,780,538	\$ 314,933	\$ 25,095,471
Receivables	9,277,093	(98)	9,276,995
Internal balances	-	30,821	30,821
Prepaid expense	36,227	-	36,227
Stores inventories	30,034	-	30,034
Capital assets not depreciated	13,844,180	-	13,844,180
Capital assets, net of accumulated depreciation	55,460,507	-	55,460,507
Total assets	<u>103,428,579</u>	<u>345,656</u>	<u>103,774,235</u>
Deferred Outflows of Resources			
Deferred charge on refunding	151,391	-	151,391
Deferred outflows of resources related to OPEB	1,263,730	3,462	1,267,192
Deferred outflows of resources related to pensions	13,351,079	66,583	13,417,662
Total deferred outflows of resources	<u>14,766,200</u>	<u>70,045</u>	<u>14,836,245</u>
Liabilities			
Accounts payable	3,277,197	3,844	3,281,041
Interest payable	134,958	-	134,958
Internal balances	30,821	-	30,821
Unearned revenue	996,918	-	996,918
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	950,000	-	950,000
Long-term liabilities other than OPEB and pensions due in more than one year	8,772,677	-	8,772,677
Net other postemployment benefits liability (OPEB)	10,304,645	61,348	10,365,993
Aggregate net pension liabilities	60,623,791	359,356	60,983,147
Total liabilities	<u>85,091,007</u>	<u>424,548</u>	<u>85,515,555</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	285,107	997	286,104
Deferred inflows of resources related to pensions	2,363,535	17,642	2,381,177
Total deferred inflows of resources	<u>2,648,642</u>	<u>18,639</u>	<u>2,667,281</u>

Oakdale Joint Unified School District
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Net Position			
Net investment in capital assets	59,926,218	-	59,926,218
Restricted for			
Debt service	1,076,395	-	1,076,395
Capital projects	1,002,219	-	1,002,219
Educational programs	2,029,014	-	2,029,014
Food service	284,187	-	284,187
Student activities	212,489	-	212,489
Unrestricted (deficit)	(34,075,392)	(27,486)	(34,102,878)
Total net position	\$ 30,455,130	\$ (27,486)	\$ 30,427,644

Oakdale Joint Unified School District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities						
Instruction	\$ 45,600,868	\$ 665,959	\$ 12,333,112	\$ (32,601,797)	\$ -	\$ (32,601,797)
Instruction-related activities						
Supervision of instruction	1,120,091	7,140	401,587	(711,364)	-	(711,364)
Instructional library, media, and technology	470,004	-	9,940	(460,064)	-	(460,064)
School site administration	5,100,681	-	689,862	(4,410,819)	-	(4,410,819)
Pupil services						
Home-to-school transportation	2,179,334	273	832	(2,178,229)	-	(2,178,229)
Food services	1,451,685	11,604	1,348,719	(91,362)	-	(91,362)
All other pupil services	4,606,800	182,439	1,470,379	(2,953,982)	-	(2,953,982)
Administration						
Data processing	115,563	-	-	(115,563)	-	(115,563)
All other administration	3,187,799	259,731	417,401	(2,510,667)	-	(2,510,667)
Plant services	6,103,032	637,568	480,898	(4,984,566)	-	(4,984,566)
Ancillary services	213,690	-	-	(213,690)	-	(213,690)
Community services	2,611	-	126,403	123,792	-	123,792
Interest on long-term liabilities	284,210	-	-	(284,210)	-	(284,210)
Other outgo	1,021,453	66,178	229,288	(725,987)	-	(725,987)
Total governmental activities	71,457,821	1,830,892	17,508,421	(52,118,508)	-	(52,118,508)
Business-Type Activities						
Enterprise services	164,529	-	-	-	(164,529)	(164,529)
Total primary government	\$ 71,622,350	\$ 1,830,892	\$ 17,508,421	(52,118,508)	(164,529)	(52,283,037)

Oakdale Joint Unified School District
Statement of Activities
Year Ended June 30, 2021

	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business- Type Activities	Total
General Revenues and Subventions			
Property taxes, levied for general purposes	19,402,584	-	19,402,584
Property taxes, levied for debt service	1,231,983	-	1,231,983
Taxes levied for other specific purposes	208,444	-	208,444
Federal and State aid not restricted to specific purposes	32,511,401	-	32,511,401
Interest and investment earnings	355,599	-	355,599
Interagency revenues	56,416	-	56,416
Miscellaneous	400,669	3,405	404,074
Total general revenues and transfers	<u>54,167,096</u>	<u>3,405</u>	<u>54,170,501</u>
Change in Net Position	2,048,588	(161,124)	1,887,464
Net Position - Beginning, as Restated	<u>28,406,542</u>	<u>133,638</u>	<u>28,540,180</u>
Net Position - Ending	<u>\$ 30,455,130</u>	<u>\$ (27,486)</u>	<u>\$ 30,427,644</u>

Oakdale Joint Unified School District
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	\$ 18,955,124	\$ 5,825,414	\$ 24,780,538
Receivables	9,176,211	100,882	9,277,093
Due from other funds	78,279	300,000	378,279
Prepaid expenditures	36,227	-	36,227
Stores inventories	30,034	-	30,034
	<u>28,275,875</u>	<u>6,226,296</u>	<u>34,502,171</u>
Total assets	\$ 28,275,875	\$ 6,226,296	\$ 34,502,171
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 3,166,431	\$ 110,766	\$ 3,277,197
Due to other funds	330,821	78,279	409,100
Unearned revenue	996,918	-	996,918
	<u>4,494,170</u>	<u>189,045</u>	<u>4,683,215</u>
Total liabilities	4,494,170	189,045	4,683,215
Fund Balances			
Nonspendable	76,261	-	76,261
Restricted	1,982,242	2,801,285	4,783,527
Committed	-	1,255,159	1,255,159
Assigned	7,542,096	1,980,807	9,522,903
Unassigned	14,181,106	-	14,181,106
	<u>23,781,705</u>	<u>6,037,251</u>	<u>29,818,956</u>
Total fund balances	23,781,705	6,037,251	29,818,956
Total liabilities and fund balances	\$ 28,275,875	\$ 6,226,296	\$ 34,502,171

Oakdale Joint Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2021

Total Fund Balance - Governmental Funds		\$ 29,818,956
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 110,118,067	
Accumulated depreciation is	<u>(40,813,380)</u>	
Net capital assets		69,304,687
<p>In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.</p>		
		(134,958)
<p>Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to</p>		
Debt refundings (deferred charge on refunding)	151,391	
Other postemployment benefits (OPEB)	1,263,730	
Net pension liability	<u>13,351,079</u>	
Total deferred outflows of resources		14,766,200
<p>Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to</p>		
Other postemployment benefits (OPEB)	(285,107)	
Net pension liability	<u>(2,363,535)</u>	
Total deferred inflows of resources		(2,648,642)
<p>Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(60,623,791)
<p>The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(10,304,645)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
<p>Long-term liabilities at year-end consist of</p>		
General obligation bonds including unamortized premiums	(9,574,125)	
Compensated absences (vacations)	<u>(148,552)</u>	
Total long-term liabilities		<u>(9,722,677)</u>
Total net position - governmental activities		<u>\$ 30,455,130</u>

Oakdale Joint Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	\$ 50,013,389	\$ 694,504	\$ 50,707,893
Federal sources	6,276,649	1,373,716	7,650,365
Other State sources	7,172,518	231,654	7,404,172
Other local sources	4,607,766	2,527,696	7,135,462
Total revenues	<u>68,070,322</u>	<u>4,827,570</u>	<u>72,897,892</u>
Expenditures			
Current			
Instruction	41,380,111	445,836	41,825,947
Instruction-related activities			
Supervision of instruction	1,056,971	-	1,056,971
Instructional library, media, and technology	448,959	2,545	451,504
School site administration	4,480,568	161,650	4,642,218
Pupil services			
Home-to-school transportation	1,586,473	-	1,586,473
Food services	44,683	1,139,635	1,184,318
All other pupil services	4,238,613	-	4,238,613
Administration			
Data processing	59,329	-	59,329
All other administration	2,846,968	80,884	2,927,852
Plant services	5,599,920	54,845	5,654,765
Ancillary services	-	213,690	213,690
Community services	2,583	-	2,583
Other outgo	1,021,453	-	1,021,453
Facility acquisition and construction	117,520	265,055	382,575
Debt service			
Principal	-	905,000	905,000
Interest and other	-	365,640	365,640
Total expenditures	<u>62,884,151</u>	<u>3,634,780</u>	<u>66,518,931</u>
Excess of Revenues Over Expenditures	<u>5,186,171</u>	<u>1,192,790</u>	<u>6,378,961</u>
Other Financing Sources (Uses)			
Transfers in	344,557	1,382,828	1,727,385
Transfers out	<u>(1,382,828)</u>	<u>(344,557)</u>	<u>(1,727,385)</u>
Net Financing Sources (Uses)	<u>(1,038,271)</u>	<u>1,038,271</u>	<u>-</u>
Net Change in Fund Balances	4,147,900	2,231,061	6,378,961
Fund Balance - Beginning, as Restated	<u>19,633,805</u>	<u>3,806,190</u>	<u>23,439,995</u>
Fund Balance - Ending	<u>\$ 23,781,705</u>	<u>\$ 6,037,251</u>	<u>\$ 29,818,956</u>

Oakdale Joint Unified School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
 Funds to the Statement of Activities
 Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 6,378,961

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

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

Depreciation expense	\$ (2,811,704)
Capital outlays	<u>1,019,951</u>

Net expense adjustment (1,791,753)

Gain(Loss) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (396)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. 11,665

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. (2,790,435)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (745,884)

Deferred charge on refunding (the difference between the reacquisition price and the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter. (16,821)

Oakdale Joint Unified School District

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

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium amortization 82,792

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds 905,000

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

15,459

Change in net position of governmental activities

\$ 2,048,588

Oakdale Joint Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2021

	Business-Type Activities - Enterprise Fund Latchkey
Assets	
Current assets	
Deposits and investments	\$ 314,933
Receivables	(98)
Due from other funds	30,821
Total current assets	345,656
Deferred Outflows of Resources	
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	3,462
Deferred outflows of resources related to pensions	66,583
Total deferred outflows of resources	70,045
Liabilities	
Current liabilities	
Accounts payable	3,844
Noncurrent liabilities	
Net other postemployment benefits liabilities	61,348
Aggregate net pension liabilities	359,356
Total liabilities	424,548
Deferred Inflows of Resources	
Deferred inflows of resources related to other postemployment benefits (OPEB) liability	997
Deferred inflows of resources related to pensions	17,642
Total deferred outflows of resources	18,639
Net Position	
Unrestricted (Deficit)	\$ (27,486)

Oakdale Joint Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities - Enterprise Fund Latchkey
Operating Revenues	
Local and intermediate sources	\$ (3,216)
Operating Expenses	
Payroll costs	163,356
Supplies and materials	971
Other operating cost	201
Total operating expenses	164,528
Operating Loss	(167,744)
Nonoperating Revenues	
Fair market value adjustments	751
Interest income	5,869
Total nonoperating revenues	6,620
Change in Net Position	(161,124)
Net Position - Beginning	133,638
Net Position - Ending (Deficit)	\$ (27,486)

Oakdale Joint Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities - Enterprise Fund Latchkey
Operating Activities	
Cash receipts from parents and guardians	\$ 451
Cash payments for interfund services provided	6,199
Cash payments to other suppliers of goods or services	2,563
Cash payments to employees for services	(140,548)
Net Cash Used for Operating Activities	(131,335)
Investing Activities	
Fair market value adjustments	751
Interest on investments	5,869
Net Cash From Investing Activities	6,620
Net Change in Cash and Cash Equivalents	(124,715)
Cash and Cash Equivalents, Beginning	439,648
Cash and Cash Equivalents, Ending	\$ 314,933
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	\$ (167,744)
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Receivables	3,667
Due from other funds	6,199
Deferred outflows of resources	14,152
Accounts payable	3,735
Net other postemployment benefits liabilities	4,473
Aggregate net pension liabilities	12,319
Deferred inflows of resources	(8,136)
Net Cash Used For Operating Activities	\$ (131,335)

Oakdale Joint Unified School District
Statement of Net Position – Fiduciary Funds
June 30, 2021

	<u>Custodial Fund</u>	<u>Scholarship Trust Fund</u>
Assets		
Deposits and investments	<u>\$ 404,795</u>	<u>\$ 2,281,934</u>
Net Position		
Held in trusts for scholarships	<u>\$ 404,795</u>	<u>\$ 2,281,934</u>

Oakdale Joint Unified School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2021

	Custodial Fund	Scholarship Trust Fund
Additions		
Private donations	\$ 43,759	\$ -
Net change in market value	-	484,995
Investment income	-	82,900
Interests and dividends	2,739	3,100
Miscellaneous contributions	77	-
Total additions	<u>46,575</u>	<u>570,995</u>
Deductions		
Scholarships awarded	37,000	82,981
Bank fees	77	-
Total deductions	<u>37,077</u>	<u>82,981</u>
Net Increase in Fiduciary Net Position	9,498	488,014
Net Position - Beginning, as Restated	<u>395,297</u>	<u>1,793,920</u>
Net Position - Ending	<u>\$ 404,795</u>	<u>\$ 2,281,934</u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Oakdale Joint Unified School District (the District) was unified under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates one comprehensive high school, one junior high school, four elementary schools, an independent study high school, a home study charter high school, and one continuation high school.

A reporting entity is comprised of the primary government 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 Oakdale Joint Unified School District, this includes general operations, food service, and student related activities of the District.

Related Entity

The District has an approved Charter for the Oakdale Home Study Charter School pursuant to *Education Code* Section 47605. The Oakdale Home Study Charter School is operated by the District, and its financial activities are presented in the Charter School Special Revenue Fund.

Basis of Presentation - Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and 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.

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Non-Capital Fund, and Fund 20, Special Reserve Postemployment Benefits Fund, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been consolidated with the General Fund for presentation in these audited financial statements. As a result, the General Fund reflects an increase in fund balance of \$5,401,225.

Non-Major Governmental Funds

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

- **Student Activities Fund** The Student Activities Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Charter School Fund** The Charter School Fund may be used by authorizing districts to account separately for the operating activities of a district-operated charter school that would otherwise be reported in the authorizing District's General 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).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).
- **Foundation Special Revenue Fund** The Foundation Special Revenue Fund is used to account for resources received from gifts or bequests pursuant to *Education Code* Section 41031 under which both earnings and principal may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

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

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (Education Code Sections 17620-17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

- **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).

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

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into two classifications: scholarship trust funds and custodial funds. The trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District's trust funds is the Scholarship Trust Fund. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are for scholarships.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position 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 use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The 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 the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund 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 reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.
- **Fiduciary 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.

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. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. 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 revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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 60 days. Principal and interest on long-term liabilities, 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.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments 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.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds.

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 statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition 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/infrastructure, 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 governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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 as long-term liabilities.

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.

Accounts Payable and Long-Term Liabilities

Accounts payable and long-term liabilities are reported in the government-wide financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as liabilities of the funds.

Premiums and Issuance Costs

In the government-wide financial statements, long-term liabilities are reported as liabilities in the governmental activities. Debt premiums are amortized over the life of the debt using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, debt premiums 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 expenditures in the period incurred.

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Fund Balances - Governmental Funds

As of June 30, 2021, 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.

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, chief business official or superintendent 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 maintains a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts and it is the Board's desire to keep this level at five percent of General Fund expenditures and other financing uses, however, it shall not be lower than the requirements of 5 CCR 15450.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. 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 \$4,604,304 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are fees for child care services. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

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 in the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of Activities.

Estimates

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

Property Tax

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

Change in Accounting Principles**Implementation of GASB Statement No. 84**

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental, the creation of the District's Custodial Fiduciary Fund and a restatement to the District's Scholarship Trust Fund. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 17.

New Accounting Pronouncements

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 June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	\$ 24,780,538
Proprietary funds	314,933
Fiduciary funds	<u>2,686,729</u>
Total deposits and investments	<u><u>\$ 27,782,200</u></u>

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 506,384
Cash in revolving	10,000
Investments	<u>27,265,816</u>
Total deposits and investments	<u><u>\$ 27,782,200</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.

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 has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Reported Amount	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Money Market Mutual Funds	\$ 2,273,619	\$ 2,273,619	\$ -	\$ -	\$ -
County Pool	24,992,197	-	-	24,992,197	-
Total	<u>\$ 27,265,816</u>	<u>\$ 2,273,619</u>	<u>\$ -</u>	<u>\$ 24,992,197</u>	<u>\$ -</u>

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, 2021, \$272,243 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in Money Market Mutual Funds of \$2,273,619, the District has a custodial credit risk exposure of \$2,273,619 because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

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

The District’s fair value measurements are as follows at June 30, 2021:

Investment Type	Reported Amount	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money Market Mutual Funds	\$ 2,273,619	\$ 2,273,619	\$ -	\$ -
County Pool	24,992,197	24,992,197	-	-
Total	<u>\$ 27,265,816</u>	<u>\$ 27,265,816</u>	<u>\$ -</u>	<u>\$ -</u>

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

Note 4 - Receivables

Receivables at June 30, 2021, consist of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Proprietary Funds
Federal Government				
Categorical aid	\$ 1,912,445	\$ -	\$ 1,912,445	\$ -
State Government				
LCFF apportionment	5,592,621	92,811	5,685,432	-
Categorical aid	1,655,237	8,071	1,663,308	-
Local Sources	15,908	-	15,908	(98)
Total	\$ 9,176,211	\$ 100,882	\$ 9,277,093	\$ (98)

Note 5 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 13,755,591	\$ -	\$ -	\$ 13,755,591
Construction in progress	1,850,885	5,900	(1,768,196)	88,589
Total capital assets not being depreciated	15,606,476	5,900	(1,768,196)	13,844,180
Capital assets being depreciated				
Land improvements	18,916,325	200,669	-	19,116,994
Buildings and improvements	67,955,483	2,199,790	-	70,155,273
Furniture and equipment	6,719,736	381,788	(99,904)	7,001,620
Total capital assets being depreciated	93,591,544	2,782,247	(99,904)	96,273,887
Total capital assets	109,198,020	2,788,147	(1,868,100)	110,118,067
Accumulated depreciation				
Land improvements	(10,201,177)	(855,755)	-	(11,056,932)
Buildings and improvements	(24,186,064)	(1,637,442)	-	(25,823,506)
Furniture and equipment	(3,713,943)	(318,507)	99,508	(3,932,942)
Total accumulated depreciation	(38,101,184)	(2,811,704)	99,508	(40,813,380)
Governmental activities capital assets, net	\$ 71,096,836	\$ (23,557)	\$ (1,768,592)	\$ 69,304,687

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 1,265,267
Supervision of instruction	112,468
Home-to-school transportation	674,809
Food services	224,936
Data processing	112,468
All other administration	56,234
Plant services	365,522
Total depreciation expenses governmental activities	\$ 2,811,704

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, 2021, between the major fund, non-major governmental funds, and the proprietary fund are as follows:

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Fund		
General	\$ 78,279	\$ 330,821
Non-Major Governmental Funds		
Charter Schools	-	27,129
Cafeteria	-	51,150
Deferred Maintenance	300,000	-
Proprietary Fund		
Latchkey Enterprise	30,821	-
Total	\$ 409,100	\$ 409,100

The Cafeteria Non-Major Governmental Fund owes the General Fund for indirect costs.	\$ 51,150
The General Fund owes the Deferred Maintenance Non-Major Governmental Fund for a contribution.	300,000
The General Fund owes the Latchkey Enterprise Fund for salary expenditures.	30,821
The Charter Schools Non-Major Governmental Fund owes the General Fund for service costs.	27,129
Total	\$ 409,100

Operating Transfers

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. Interfund transfers for the year ended June 30, 2021, consist of the following:

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for future costs.	\$ 1,382,828
The Charter Schools Non-Major Governmental Fund transferred to the General Fund for District services.	27,129
The Foundation Non-Major Governmental Fund transferred to the General Fund for VAPA expenses.	22,454
The Special Reserve for Capital Outlay Non-Major Governmental Fund transferred to the General Fund for new school buses.	<u>294,974</u>
Total	<u><u>\$ 1,727,385</u></u>

Note 7 - Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) at June 30, 2021, consist of the following:

	<u>General Fund</u>
Service contracts	<u>\$ 36,227</u>

Note 8 - Accounts Payable

Accounts payable at June 30, 2021, consists of the following:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>	<u>Proprietary Funds</u>
Vendor payables	\$ 552,239	\$ 75,542	\$ 627,781	\$ 3,844
LCFF apportionment	1,572,346	34,732	1,607,078	-
Salaries and benefits	<u>1,041,846</u>	<u>492</u>	<u>1,042,338</u>	<u>-</u>
Total	<u><u>\$ 3,166,431</u></u>	<u><u>\$ 110,766</u></u>	<u><u>\$ 3,277,197</u></u>	<u><u>\$ 3,844</u></u>

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2021, consists of the following:

	General Fund
Federal financial assistance	\$ 171,700
State categorical aid	825,218
Total	\$ 996,918

Note 10 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2020	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities				
General obligation bonds	\$ 9,665,000	\$ (905,000)	\$ 8,760,000	\$ 950,000
Unamortized debt premiums	896,917	(82,792)	814,125	-
Early retirement liabilities	2,334	(2,334)	-	-
Compensated absences	157,883	(9,331)	148,552	-
Total	\$ 10,722,134	\$ (999,457)	\$ 9,722,677	\$ 950,000

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local tax revenues. The premiums are being amortized over the life of the related debt. The early retirement liabilities and compensated absences will be paid by the fund for which the employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Redeemed	Bonds Outstanding June 30, 2021
5/3/17	8/1/17-8/1/30	4.0-2.0%	\$ 11,550,000	\$ 9,665,000	\$ (905,000)	\$ 8,760,000

Debt Service Requirements to Maturity

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2022	\$ 950,000	\$ 342,900	\$ 1,292,900
2023	980,000	304,900	1,284,900
2024	1,025,000	265,700	1,290,700
2025	1,065,000	224,700	1,289,700
2026	1,110,000	182,100	1,292,100
2027-2031	3,630,000	301,200	3,931,200
Total	\$ 8,760,000	\$ 1,621,500	\$ 10,381,500

Early Retirement

The District had entered into early retirement incentive agreements with five classified employees whereby the employees receive an incentive payment for retiring. The outstanding obligation was paid off during the current year.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$148,552.

Note 11 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	\$ 10,032,054	\$ 1,267,192	\$ 286,104	\$ 1,124,531
Medicare Premium Payment (MPP) Program	333,939	-	-	43,162
Total	\$ 10,365,993	\$ 1,267,192	\$ 286,104	\$ 1,167,693

The details of each plan are as follows:

District Plan

Plan Administration

The District’s governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	61	
Active employees	456	
Total		517

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 Plan. The District’s governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Oakdale Teachers Association (OTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, OTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2020, the District paid \$451,689 in benefits.

Actuarial Assumption

The total OPEB liability as of June 30, 2020 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent
Discount rate	2.20 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified and miscellaneous employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

Retirement rates were based on the 2009 CalSTRS Retirement Rates for certificated employees, the 2009 CalPERS Retirement Rates for classified employees hired before 2013, and the 2009 CalPERS two percent at 60 Retirement Rates for classified employees hired after 2012 (adjusted to reflect minimum retirement age of 52.)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2019	\$ 8,749,973
Service cost	766,775
Interest	309,262
Differences between expected and actual experience	(142,931)
Changes of assumptions or other inputs	800,664
Benefit payments	(451,689)
Net change in total OPEB liability	1,282,081
Balance, June 30, 2020	\$ 10,032,054

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

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

Discount Rate	Total OPEB Liability
1% decrease (1.20%)	\$ 10,497,808
Current discount rate (2.20%)	10,032,054
1% increase (3.20%)	9,393,520

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

Changes of Assumptions - The discount rate was changed from 3.5 percent to 2.2 percent since the previous valuation.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.0%)	\$ 9,612,228
Current healthcare cost trend rate (4.0%)	10,032,054
1% increase (5.0%)	10,405,810

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,124,531. At June 30, 2021, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 417,159	\$ -
Differences between expected and actual experience	-	155,891
Changes of assumptions	850,033	130,213
Total	\$ 1,267,192	\$ 286,104

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

The deferred outflows/(inflows) of resources related to differences between expected and actual experience and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 76,209	\$ (27,715)
2023	76,209	(27,715)
2024	76,209	(27,715)
2025	76,209	(27,715)
2026	76,209	(27,715)
Thereafter	468,988	(147,529)
Total	<u>\$ 850,033</u>	<u>\$ (286,104)</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$333,939 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0788 percent and 0.0781 percent, resulting in a net increase in the proportionate share of 0.0007 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$43,162.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

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

Discount Rate

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

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB 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 OPEB Liability</u>
1% decrease (1.21%)	\$ 369,262
Current discount rate (2.21%)	333,939
1% increase (3.21%)	303,881

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

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

<u>Medicare Costs Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.50% Part A and 4.40% Part B)	\$ 302,794
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	333,939
1% increase (5.50% Part A and 6.40% Part B)	369,793

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Non-Major Governmental Funds	Total
Nonspendable			
Revolving cash	\$ 10,000	\$ -	\$ 10,000
Stores inventories	30,034	-	30,034
Prepaid expenditures	36,227	-	36,227
Total nonspendable	<u>76,261</u>	<u>-</u>	<u>76,261</u>
Restricted			
Legally restricted programs	1,982,242	46,772	2,029,014
Student activities		212,489	212,489
Food service	-	284,187	284,187
Capital projects	-	1,046,484	1,046,484
Debt service	-	1,211,353	1,211,353
Total restricted	<u>1,982,242</u>	<u>2,801,285</u>	<u>4,783,527</u>
Committed			
Deferred maintenance program	-	1,255,159	1,255,159
Assigned			
Retiree health benefits	4,150,088	-	4,150,088
Textbook and technology	1,465,112	-	1,465,112
Lottery	1,052,309	-	1,052,309
Special education contingency	300,000	-	300,000
Site carry over	144,805	-	144,805
Medi-Cal administrative activities	190,357	-	190,357
Site and district donations	64,237	-	64,237
Grounds equipment replacement	28,188	-	28,188
Transportation	147,000	-	147,000
LCAP priorities	-	708,477	708,477
Capital projects	-	538,939	538,939
OHS greenhouse	-	7,403	7,403
Music uniform replacement	-	44,569	44,569
Bus replacement	-	647,993	647,993
OID farm donation	-	33,426	33,426
Total assigned	<u>7,542,096</u>	<u>1,980,807</u>	<u>9,522,903</u>
Unassigned			
Reserve for economic uncertainties	3,210,000	-	3,210,000
Remaining unassigned	10,971,106	-	10,971,106
Total unassigned	<u>14,181,106</u>	<u>-</u>	<u>14,181,106</u>
Total	<u>\$ 23,781,705</u>	<u>\$ 6,037,251</u>	<u>\$ 29,818,956</u>

Note 13 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the District contracted with Central Region School Insurance Group (CRSIG) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2021, the District participated in the Central Region School Insurance Group (CRSIG), an insurance purchasing pool. The intent of CRSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in CRSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in CRSIG. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with the California's Valued Trust (CVT) to provide employee health benefits. 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, 2021, the District reported its proportionate share of 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>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 43,825,174	\$ 10,459,706	\$ 1,888,723	\$ 5,648,254
CalPERS	17,157,973	2,957,956	492,454	3,232,971
Total	<u>\$ 60,983,147</u>	<u>\$ 13,417,662</u>	<u>\$ 2,381,177</u>	<u>\$ 8,881,225</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	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%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In 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, 2021, are presented above and the District's total contributions were \$4,385,752.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 43,825,174
State's proportionate share of the net pension liability	22,591,882
Total	\$ 66,417,056

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0452 percent and 0.0441 percent, resulting in a net increase in the proportionate share of 0.0011 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$5,648,254. In addition, the District recognized pension expense and revenue of \$3,164,901 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,385,752	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	682,014	652,777
Differences between projected and actual earnings on pension plan investments	1,041,034	-
Differences between expected and actual experience in the measurement of the total pension liability	77,331	1,235,946
Changes of assumptions	4,273,575	-
Total	\$ 10,459,706	\$ 1,888,723

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 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 of Resources
2022	\$ (635,233)
2023	354,700
2024	707,666
2025	613,901
Total	\$ 1,041,034

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 883,414
2023	1,007,917
2024	1,153,726
2025	(10,376)
2026	(6,733)
Thereafter	116,249
Total	<u>\$ 3,144,197</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	(0.4%)

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 66,213,733
Current discount rate (7.10%)	43,825,174
1% increase (8.10%)	25,340,265

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/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, 2021, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

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, 2021, are presented above and the total District contributions were \$1,686,880.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$17,157,973. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0559 percent and 0.0553 percent, resulting in a net increase in the proportionate share of 0.0006 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$3,232,971. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,686,880	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	492,454
Differences between projected and actual earnings on pension plan investments	357,174	-
Differences between expected and actual experience in the measurement of the total pension liability	850,983	-
Changes of assumptions	62,919	-
	<u>\$ 2,957,956</u>	<u>\$ 492,454</u>
Total	<u>\$ 2,957,956</u>	<u>\$ 492,454</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 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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2022	\$ (133,662)
2023	119,223
2024	207,227
2025	<u>164,386</u>
Total	<u>\$ 357,174</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 367,263
2023	67,830
2024	(11,602)
2025	<u>(2,043)</u>
Total	<u>\$ 421,448</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 24,667,716
Current discount rate (7.15%)	17,157,973
1% increase (8.15%)	10,925,264

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to Social Security.

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 \$2,556,384 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS.

Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves, but have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

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, 2021.

Litigation

The District is not currently a party to any legal proceedings.

Note 16 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Central Region School Insurance Group (CRSIG) joint powers authority and the California's Valued Trust (CVT). The District pays annual premiums to these entities for its vision, dental, health, workers' compensation, and property and liability coverage. The relationships between the District and the entities are such that the entities are not component units of the District for financial reporting purposes.

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

The District has appointed one member to the governing board of CRSIG.

During the year ended June 30, 2021, the District made payments of \$1,117,919 to CRSIG for its workers' compensation, and property and liability coverage. At June 30, 2021, the District has recorded no accounts receivable or accounts payable due from/to CRSIG.

The District has no members appointed to the governing board of CVT.

During the year ended June 30, 2021, the District made payments of \$5,983,906 to CVT and CRSIG for its employee health benefits. At June 30, 2021, the District has recorded no accounts receivable or accounts payable due from/to CVT.

Note 17 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the Oakdale Joint Unified School District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund, the creation of the District’s Custodial Fiduciary Fund, and restated the beginning Net Position of the District’s Scholarship Trust Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 3,506,414	\$ 23,140,219
Reclassification of student activity funds from agency funds to a special revenue fund	299,776	299,776
Fund Balance - Beginning as Restated July 1, 2020	\$ 3,806,190	\$ 23,439,995
Governmental Activities Financial Statements		
Beginning Governmental Activities Net Position previously reported at June 30, 2020		\$ 28,106,766
Reclassification of student activity funds from agency funds to a special revenue fund		299,776
Net Position - Beginning as Restated July 1, 2020		\$ 28,406,542
Custodial Fund		
Beginning Net Position previously reported at June 30, 2020		\$ -
Inclusion of beginning net position from the adoption of GASB Statement No. 84		395,297
Net position - Beginning as Restated July 1, 2020		\$ 395,297
Scholarship Trust Fund		
Beginning Net Position previously reported at June 30, 2020		\$ 2,173,566
Adjustment of beginning net position from the adoption of GASB Statement No. 84		(379,646)
Net position - Beginning as Restated July 1, 2020		\$ 1,793,920

Oakdale Joint Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 46,160,174	\$ 50,283,265	\$ 50,013,389	\$ (269,876)
Federal sources	2,236,881	6,008,420	6,276,649	268,229
Other State sources	4,415,503	5,803,632	7,172,518	1,368,886
Other local sources	3,661,090	3,694,170	4,607,766	913,596
Total revenues ¹	<u>56,473,648</u>	<u>65,789,487</u>	<u>68,070,322</u>	<u>2,280,835</u>
Expenditures				
Current				
Certificated salaries	25,681,158	26,811,142	27,395,112	(583,970)
Classified salaries	8,294,141	8,376,525	8,525,136	(148,611)
Employee benefits	13,130,148	13,615,422	13,748,152	(132,730)
Books and supplies	2,506,564	5,160,073	3,962,578	1,197,495
Services and operating expenditures	7,905,002	8,315,616	7,774,899	540,717
Other outgo	1,833,324	1,631,844	970,303	661,541
Capital outlay	193,865	1,052,484	507,971	544,513
Total expenditures ¹	<u>59,544,202</u>	<u>64,963,106</u>	<u>62,884,151</u>	<u>2,078,955</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,070,554)</u>	<u>826,381</u>	<u>5,186,171</u>	<u>4,359,790</u>
Other Financing Sources (Uses)				
Transfers in	418,852	736,221	344,557	(391,664)
Transfers out	(212,913)	(1,404,420)	(1,382,828)	21,592
Net financing sources (uses)	<u>205,939</u>	<u>(668,199)</u>	<u>(1,038,271)</u>	<u>(370,072)</u>
Net Change in Fund Balances	(2,864,615)	158,182	4,147,900	3,989,718
Fund Balance - Beginning	<u>19,633,805</u>	<u>19,633,805</u>	<u>19,633,805</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 16,769,190</u>	<u>\$ 19,791,987</u>	<u>\$ 23,781,705</u>	<u>\$ 3,989,718</u>

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

Oakdale Joint Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 766,775	\$ 726,937	\$ 707,481	\$ 688,546
Interest	309,262	310,228	294,906	253,646
Difference between expected and actual experience	(142,931)	(14,872)	-	-
Changes of assumptions	800,664	136,692	(171,334)	-
Benefit payments	(451,689)	(418,875)	(456,244)	(438,696)
Net change in total OPEB liability	1,282,081	740,110	374,809	503,496
Total OPEB Liability - Beginning	<u>8,749,973</u>	<u>8,009,863</u>	<u>7,635,054</u>	<u>7,131,558</u>
Total OPEB Liability - Ending	<u>\$ 10,032,054</u>	<u>\$ 8,749,973</u>	<u>\$ 8,009,863</u>	<u>\$ 7,635,054</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

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

Oakdale Joint Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0788%	0.0781%	0.0795%	0.0802%
Proportionate share of the net OPEB liability	\$ 333,939	\$ 290,777	\$ 304,474	\$ 337,375
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Oakdale Joint Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CaSTRS				
Proportion of the net pension liability	0.0452%	0.0441%	0.0443%	0.0443%
Proportionate share of the net pension liability	\$ 43,825,174	\$ 39,864,600	\$ 40,730,838	\$ 40,963,715
State's proportionate share of the net pension liability	22,591,882	21,748,800	23,320,310	24,233,787
Total	<u>\$ 66,417,056</u>	<u>\$ 61,613,400</u>	<u>\$ 64,051,148</u>	<u>\$ 65,197,502</u>
Covered payroll	<u>\$ 25,103,234</u>	<u>\$ 24,467,783</u>	<u>\$ 24,014,012</u>	<u>\$ 23,621,224</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>174.58%</u>	<u>162.93%</u>	<u>169.61%</u>	<u>173.42%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CaIPERS				
Proportion of the net pension liability	0.0559%	0.0553%	0.0570%	0.0575%
Proportionate share of the net pension liability	\$ 17,157,973	\$ 16,109,049	\$ 15,201,576	\$ 13,723,890
Covered payroll	<u>\$ 8,061,361</u>	<u>\$ 7,451,224</u>	<u>\$ 7,527,725</u>	<u>\$ 7,331,063</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>212.84%</u>	<u>216.19%</u>	<u>201.94%</u>	<u>187.20%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Oakdale Joint Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CaSTRS			
Proportion of the net pension liability	0.0457%	0.0463%	0.0467%
Proportionate share of the net pension liability	\$ 36,961,317	\$ 31,199,553	\$ 27,297,799
State's proportionate share of the net pension liability	21,041,419	16,501,124	16,483,590
Total	<u>\$ 58,002,736</u>	<u>\$ 47,700,677</u>	<u>\$ 43,781,389</u>
Covered payroll	<u>\$ 22,982,507</u>	<u>\$ 22,008,671</u>	<u>\$ 20,768,933</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>160.82%</u>	<u>141.76%</u>	<u>131.44%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CaIPERS			
Proportion of the net pension liability	0.0588%	0.0607%	0.0614%
Proportionate share of the net pension liability	\$ 11,605,259	\$ 8,945,959	\$ 6,966,033
Covered payroll	<u>\$ 7,057,939</u>	<u>\$ 6,750,854</u>	<u>\$ 6,452,246</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>164.43%</u>	<u>132.52%</u>	<u>107.96%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

Oakdale Joint Unified School District
Schedule of the District Contributions
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CalSTRS				
Contractually required contribution	\$ 4,385,752	\$ 4,292,653	\$ 3,983,355	\$ 3,465,222
Less contributions in relation to the contractually required contribution	<u>4,385,752</u>	<u>4,292,653</u>	<u>3,983,355</u>	<u>3,465,222</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 27,156,359</u>	<u>\$ 25,103,234</u>	<u>\$ 24,467,783</u>	<u>\$ 24,014,012</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>
CalPERS				
Contractually required contribution	\$ 1,686,880	\$ 1,589,781	\$ 1,345,840	\$ 1,169,131
Less contributions in relation to the contractually required contribution	<u>1,686,880</u>	<u>1,589,781</u>	<u>1,345,840</u>	<u>1,169,131</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 8,149,179</u>	<u>\$ 8,061,361</u>	<u>\$ 7,451,224</u>	<u>\$ 7,527,725</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>

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

Oakdale Joint Unified School District
Schedule of the District Contributions
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CaSTRS			
Contractually required contribution	\$ 2,971,550	\$ 2,466,023	\$ 1,954,370
Less contributions in relation to the contractually required contribution	<u>2,971,550</u>	<u>2,466,023</u>	<u>1,954,370</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 23,621,224</u>	<u>\$ 22,982,507</u>	<u>\$ 22,008,671</u>
Contributions as a percentage of covered payroll	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CaIPERS			
Contractually required contribution	\$ 1,018,138	\$ 836,154	\$ 794,643
Less contributions in relation to the contractually required contribution	<u>1,018,138</u>	<u>836,154</u>	<u>794,643</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 7,331,063</u>	<u>\$ 7,057,939</u>	<u>\$ 6,750,854</u>
Contributions as a percentage of covered payroll	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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 Total OPEB Liability and Related Ratios

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The discount rate assumption was changed from 3.5 percent to 2.2 percent since the previous valuation.

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.50 percent to 2.21 percent since the previous valuation.

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

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

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

Oakdale Joint Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Treasury Passed Through California Department of Education (CDE) COVID-19, Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	<u>\$ 2,476,131</u>
U.S. Department of Education Passed Through California Department of Education (CDE) COVID-19, Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	642,219
COVID-19, Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	780,764
COVID-19, Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	<u>294,867</u>
Subtotal - COVID-19 programs, CFDA# 84.425			<u>1,717,850</u>
Title I Grants to Local Educational Agencies	84.010	14329	679,944
Title I, School Improvement Grant	84.010	15438	<u>175,674</u>
Subtotal - Title I programs, CFDA# 84.010			<u>855,618</u>
Special Education Cluster Special Education Grants to States - Basic Local Assistance	84.027	13379	1,002,459
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	70,231
English Language Acquisition State Grants - LEP	84.365	14346	62,306
Student Support and Academic Enrichment Program	84.424	15396	59,297
Career and Technical Education - Basic Grants to States	84.048	14894	<u>37,426</u>
Total U.S. Department of Education			<u>3,805,187</u>

Oakdale Joint Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	107,433
National School Lunch Program - Meal Supplements	10.555	13391	16,017
National School Lunch Program - Commodity Supplemental Food	10.555	13391	<u>39,029</u>
Subtotal - National School Lunch Programs, CFDA# 10.555			162,479
School Breakfast Program - Especially Needy Breakfast	10.553	13526	49,686
National School Lunch Program - Summer Food Program	10.559	13004	<u>1,156,705</u>
Total Child Nutrition Cluster			<u>1,368,870</u>
Total U.S. Department of Agriculture			<u>1,368,870</u>
Total Federal Financial Assistance			<u><u>\$ 7,650,188</u></u>

Organization

The Oakdale Joint Unified School District was established in 1998 and consists of an area comprising approximately 336 square miles. The District operates one comprehensive high school, one junior high school, four elementary schools, an independent study high school, a home study charter high school, and one continuation high school. There were no school boundary changes during the year.

Governing Board

Member	Office	Term Expires
Barbara Shook	President	2022
Tina Shatswell	Clerk	2024
Larry Betschart	Member	2024
Michael P. House	Member	2022
Diane Gilbert	Member	2022

Administration

Marc Malone	Superintendent
Kristi Rapinchuk	Assistant Superintendent, Curriculum and Instruction
Kassandra Booth	Chief Business Officer
Dave Kline	Deputy Superintendent, Human Resources
Larry Mendonca	Assistant Superintendent, Pupil Services and Facilities

Oakdale Joint Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

Oakdale Unified School District

Grade Level	Number of Actual Days		Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar		
Kindergarten	180	N/A	180	Complied
Grades 1 - 3				
Grade 1	180	N/A	180	Complied
Grade 2	180	N/A	180	Complied
Grade 3	180	N/A	180	Complied
Grades 4 - 8				
Grade 4	180	N/A	180	Complied
Grade 5	180	N/A	180	Complied
Grade 6	180	N/A	180	Complied
Grade 7	180	N/A	180	Complied
Grade 8	180	N/A	180	Complied
Grades 9 - 12				
Grade 9	180	N/A	180	Complied
Grade 10	180	N/A	180	Complied
Grade 11	180	N/A	180	Complied
Grade 12	180	N/A	180	Complied

Oakdale Charter School

Grade Level	Number of Actual Days		Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar		
Grades 7 - 8				
Grade 7	180	N/A	180	Complied
Grade 8	180	N/A	180	Complied
Grades 9 - 12				
Grade 9	180	N/A	180	Complied
Grade 10	180	N/A	180	Complied
Grade 11	180	N/A	180	Complied
Grade 12	180	N/A	180	Complied

Oakdale Joint Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

Oakdale Joint Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund ³				
Revenues	\$ 64,170,599	\$ 67,978,255	\$ 61,880,723	\$ 61,757,729
Other sources	419,160	578,068	482,502	1,309,750
Total Revenues and Other Sources	<u>64,589,759</u>	<u>68,556,323</u>	<u>62,363,225</u>	<u>63,067,479</u>
Expenditures	63,014,860	62,884,151	60,451,013	59,903,335
Other uses and transfers out	474,398	1,300,000	288,352	244,543
Total Expenditures and Other Uses	<u>63,489,258</u>	<u>64,184,151</u>	<u>60,739,365</u>	<u>60,147,878</u>
Increase in Fund Balance	<u>1,100,501</u>	<u>4,372,172</u>	<u>1,623,860</u>	<u>2,919,601</u>
Ending Fund Balance	<u>\$ 19,480,981</u>	<u>\$ 18,380,480</u>	<u>\$ 14,008,308</u>	<u>\$ 12,384,448</u>
Available Reserves ²	<u>\$ 15,094,223</u>	<u>\$ 14,181,106</u>	<u>\$ 12,031,404</u>	<u>\$ 9,454,726</u>
Available Reserves as a Percentage of Total Outgo	<u>23.77%</u>	<u>22.09%</u>	<u>19.81%</u>	<u>15.72%</u>
Long-Term Liabilities	<u>Not Available</u>	<u>\$ 80,651,113</u>	<u>\$ 75,332,621</u>	<u>\$ 76,257,129</u>
Average Daily Attendance at P-2 ⁴	<u>5,102</u>	<u>5,102</u>	<u>5,102</u>	<u>5,046</u>

The General Fund balance has increased by \$5,996,032 over the past two years. The fiscal year 2021-2022 budget projects a further increase of \$1,100,501 (6.0 percent). For a district this size, the State recommends available reserves of at least 3.0 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$4,393,984 over the past two years.

Average daily attendance has increased by 56 over the past two years. No change in ADA is anticipated during fiscal year 2021-2022.

¹ Budget 2022 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.

³ General Fund amounts do not include activity related to the consolidation of the Special Reserve Non-Capital Outlay Fund and the Special Reserve Postemployment Benefits Fund as required by GASB Statement No. 54.

⁴ Excludes charter school average daily attendance.

Oakdale Joint Unified School District
Schedule of Charter Schools
Year Ended June 30, 2021

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Oakdale Charter High	0103	Yes

Oakdale Joint Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Student Activities Fund	Charter Schools Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets										
Deposits and investments	\$ 212,489	\$ 712,591	\$ 356,558	\$ 1,013,609	\$ -	\$ 44,265	\$ 1,002,219	\$ 1,272,330	\$ 1,211,353	\$ 5,825,414
Receivables	-	100,882	-	-	-	-	-	-	-	100,882
Due from other funds	-	-	-	300,000	-	-	-	-	-	300,000
Total assets	\$ 212,489	\$ 813,473	\$ 356,558	\$ 1,313,609	\$ -	\$ 44,265	\$ 1,002,219	\$ 1,272,330	\$ 1,211,353	\$ 6,226,296
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ 31,095	\$ 21,221	\$ 58,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,766
Due to other funds	-	27,129	51,150	-	-	-	-	-	-	78,279
Total liabilities	-	58,224	72,371	58,450	-	-	-	-	-	189,045
Fund Balances										
Restricted	212,489	46,772	284,187	-	-	44,265	1,002,219	-	1,211,353	2,801,285
Committed	-	-	-	1,255,159	-	-	-	-	-	1,255,159
Assigned	-	708,477	-	-	-	-	-	1,272,330	-	1,980,807
Total fund balances	212,489	755,249	284,187	1,255,159	-	44,265	1,002,219	1,272,330	1,211,353	6,037,251
Total liabilities and fund balances	\$ 212,489	\$ 813,473	\$ 356,558	\$ 1,313,609	\$ -	\$ 44,265	\$ 1,002,219	\$ 1,272,330	\$ 1,211,353	\$ 6,226,296

Oakdale Joint Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2021

	Student Activities Fund	Charter Schools Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues										
Local Control Funding Formula	\$ -	\$ 694,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 694,504
Federal sources	-	4,670	1,368,869	-	-	-	-	-	177	1,373,716
Other State sources	-	79,633	142,186	-	-	-	-	-	9,835	231,654
Other local sources	126,403	11,709	13,658	2,416	255	804	908,125	231,082	1,233,244	2,527,696
Total revenues	126,403	790,516	1,524,713	2,416	255	804	908,125	231,082	1,243,256	4,827,570
Expenditures										
Current										
Instruction	-	445,836	-	-	-	-	-	-	-	445,836
Instruction-related activities										
Instructional library, media, and technology	-	2,545	-	-	-	-	-	-	-	2,545
School site administration	-	161,650	-	-	-	-	-	-	-	161,650
Pupil services										
Food services	-	-	1,139,635	-	-	-	-	-	-	1,139,635
Administration										
All other administration	-	-	51,150	-	-	-	29,734	-	-	80,884
Plant services	-	3,054	49,741	2,050	-	-	-	-	-	54,845
Ancillary services	213,690	-	-	-	-	-	-	-	-	213,690
Facility acquisition and construction	-	-	-	128,035	-	-	-	137,020	-	265,055
Debt service										
Principal	-	-	-	-	-	-	-	-	905,000	905,000
Interest and other	-	-	-	-	-	3,650	-	-	361,990	365,640
Total expenditures	213,690	613,085	1,240,526	130,085	-	3,650	29,734	137,020	1,266,990	3,634,780
Excess (Deficiency) of Revenues Over Expenditures	(87,287)	177,431	284,187	(127,669)	255	(2,846)	878,391	94,062	(23,734)	1,192,790
Other Financing Sources (Uses)										
Transfers in	-	-	-	1,382,828	-	-	-	-	-	1,382,828
Transfers out	-	(27,129)	-	-	(22,454)	-	-	(294,974)	-	(344,557)
Net Financing Sources (Uses)	-	(27,129)	-	1,382,828	(22,454)	-	-	(294,974)	-	1,038,271
Net Change in Fund Balances	(87,287)	150,302	284,187	1,255,159	(22,199)	(2,846)	878,391	(200,912)	(23,734)	2,231,061
Fund Balance - Beginning, as Restated	299,776	604,947	-	-	22,199	47,111	123,828	1,473,242	1,235,087	3,806,190
Fund Balance - Ending	\$ 212,489	\$ 755,249	\$ 284,187	\$ 1,255,159	\$ -	\$ 44,265	\$ 1,002,219	\$ 1,272,330	\$ 1,211,353	\$ 6,037,251

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Oakdale Joint Unified School District (the District) under programs of the federal government for the year ended June 30, 2021. The information 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position or fund balance nor changes thereof for the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. For the fiscal year ending June 30, 2021, the District had no commodities remaining in its inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of FHA In Lieu of Tax Apportionment funds that have been recorded in the current period as revenues but have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the Bond Interest and Redemption Fund.

	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Description		
Total Federal Revenues reported on the financial statements		\$ 7,650,365
FHA In Lieu Tax Apportionment	N/A	(177)
Total Schedule of Expenditures of Federal Awards		\$ 7,650,188

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 Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oakdale Joint Unified 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fresno, California
January 28, 2022

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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



Fresno, California
January 28, 2022

Compliance Requirements Tested

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

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
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
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	No (see below)
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No (see below)
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	No (see below)
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Charter School Facility Grant Program	No (see below)

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.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

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

We did not perform procedures for the Charter Schools Mode of Instruction because the District's charter school is entirely nonclassroom-based.

Additionally, we did not perform procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

Basis for Qualified Opinion on Kindergarten Continuance

As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*, Oakdale Joint Unified School District did not comply with requirements regarding kindergarten continuance, as identified in Finding 2021-001. Compliance with such requirements is necessary, in our opinion, for Oakdale Joint Unified School District to comply with the requirements referred to above.

Qualified Opinion on Kindergarten Continuance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Oakdale Joint Unified School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2021.

Oakdale Joint Unified School District's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*. Oakdale Joint Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Unmodified Opinion on Each of the Other Programs

In our opinion, Oakdale Joint Unified School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Fresno, California
January 28, 2022

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
COVID-19, Coronavirus Relief Fund (CRF)	21.019
COVID-19, Governor's Emergency Education Relief Fund (GEER)	84.425C
COVID-19, Elementary and Secondary School Emergency Relief Fund I (ESSER I)	84.425D
COVID-19, Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D
Child Nutrition Cluster	10.553, 10.555, 10.559
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified
Unmodified for all programs except for the following program which was qualified	

Name of Program
Kindergarten Continuance

None reported.

None reported.

The following finding represents an instance of noncompliance relating to compliance with state laws and regulations. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance and Distance Learning

2021-001 10000

Kindergarten Continuance

Criteria

The District must comply with California Education Code Section 46300 (g) which states the following:

“In computing the average daily attendance of a school district, there shall be included the attendance of pupils in kindergarten after they have completed one school year in kindergarten only if the school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the State Department of Education and signed by the pupil's parent or guardian, that the pupil may continue in kindergarten for not more than an additional year.”

Condition

The District had five kindergarten students that were retained beyond their one year anniversary date. The Kindergarten Continuance Form utilized by the District was not a California Department of Education (CDE) approved form. Additionally, an email confirmation approving the retention was obtained from the parent or guardian rather than a signature for four out of the five students.

This finding is not a repeat of, nor is it related to, a finding in the previous year.

Effect

The District is out of compliance with California Education Code Section 46300 (g).

Questioned Cost

There is no questioned cost associated with this condition.

Cause

Due to COVID-19, it appears that the use of the CDE approved form was overlooked. COVID-19 also contributed to the difficulty of obtaining parent or guardian approval signatures.

Recommendation

The District should implement procedures which ensure that all sites understand the importance of completing the “Kindergarten Continuance” form when a Kindergarten student is retained for another year. Also, proper completion of the form should be ensured, and it should be kept on file at the school site.

Corrective Action Plan and Views of Responsible Officials

The District will make it clear that administrators at all elementary schools must fill out both the California Department of Education Kindergarten Continuance Form and the Oakdale Joint Unified Retention/Promotion form. These forms will be available to all administrators through the District website.

The parents must sign both forms. Emailed permission is not acceptable. Electronic signatures are not permissible. The forms must be filed in the student’s cum file and a copy of the forms must be submitted to the district office within a week of signing.

Administrators will be reminded of this process annually via email to which the two forms will be attached.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2020-001 30000

Internal Control Over Financial Reporting

Criteria

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls include a process for the accurate recording and review of all liabilities for the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we discovered two errors in the recording of year end accounts payable. The first error was for construction services received prior to or on June 30, 2020 for which the expenditure was not accrued in the Special Reserve Fund for Capital Outlay Purposes. The second error occurred because a payable was recorded for an upcoming transfer from the cash in county treasurer account to a local bank account in the Scholarship Trust Fund; such a transaction is a transfer of assets and the liability should not have been recorded.

We also noted that the District's aggregate net pension liabilities, net other postemployment benefits liabilities, and related deferred outflows and deferred inflows were not allocated to the Enterprise Fund - Latchkey. This resulted in misstatements to the beginning net position, current year activity and related balances, and ending net position for both the Government-Wide Financial Statements - Governmental Activities, the Government-Wide Financial Statements - Business-Type Activities, and the Enterprise Fund - Latchkey. The misstatements have been detailed in Note 17.

Questioned Costs

There were no questioned costs associated with the conditions identified.

Context

The conditions were identified as a result of our audit of accounts payable, pension liabilities, and other postemployment benefits liabilities as of June 30, 2020.

Effect

Due to the effect of the condition identified related to accounts payable, expenditures and accounts payable were underreported in the Special Reserve Fund for Capital Outlay Projects by \$115,553 each, and accounts payable was overstated in the Scholarship Trust Fund by \$258,800.

The effects of the condition identified related to aggregate net pension liabilities and net other postemployment benefits liabilities are detailed in Note 17 to the financial statements. The effect of these conditions resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process.

Cause

The cause of the first accounts payable error appears to be due to inadequate over the liability accrual process in relation to the preparation of the District's year-end financial statements. The second accounts payable error was caused because the District wanted the financial statements to reflect the upcoming transfer of assets. Upon further discussions with district personnel it was mentioned that the general ledger system would not let them code the transfer from asset account to asset account when a warrant is to be written from the cash in county treasurer account. As such, a liability was created so when the warrant was eventually prepared, they could pay it against the liability.

In regard to the error in which net pension liabilities, net other postemployment benefits liabilities, and related deferred outflows and deferred inflows were not allocated to the Enterprise Fund – Latchkey, management was not aware that the allocation to the Enterprise Fund – Latchkey was necessary for proper financial statement presentation of those liabilities.

Repeat Finding (Yes or No)

This finding is not a repeat of or related to a finding in the previous year.

Recommendation

Regarding the accounts payable conditions, the District should ensure invoices received after the last day of the fiscal year are reviewed in depth to determine which fiscal year the expenditure is applicable to. The District should also work with the County Office of Education to figure out why the system would not let them code a warrant to the correct object code. While there should not be a significant amount of cash being transferred out of the County Treasurer and into a local bank, when such an event occurs the system should be able to correctly account for that transaction.

Regarding the condition in which net pension liabilities, net other postemployment benefits liabilities, and related deferred outflows and deferred inflows were not allocated to the Enterprise Fund – Latchkey, management should ensure that these liabilities are allocated correctly in future years.

Current Status

Implemented