



Annual Financial Report
June 30, 2019

Oakdale Joint Unified School District

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

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JUNE 30, 2019

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OAKDALE JOINT UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
Oakdale Joint Unified School District
Oakdale, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakdale Joint Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakdale Joint Unified School District, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, budgetary comparison schedule on page 68, schedule of changes in the District's total OPEB liability and related ratios on page 69, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 70, schedule of the District's proportionate share of the net pension liability on page 71, and the schedule of District contributions on page 72, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oakdale Joint Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2019, on our consideration of the 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

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

Fresno, California
December 15, 2019

Teach, Learn, Every Day, No Excuses



Oakdale Joint Unified School District

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DISTRICT ADMINISTRATION

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Superintendent

Kristi Rapinchuk

Assistant Superintendent
Curriculum & Instruction

Dave Kline

Assistant Superintendent
Human Resources

Larry Mendonca

Assistant Superintendent
Pupil Services & Facilities

Susan Dyke

Chief Business Officer

Armida Colon

Director, State
& Federal Programs

Tracey Jakubowski

Program Specialist
Special Education

GOVERNING BOARD

Mike House

President

Diane Gilbert

Clerk

Larry Betschart

Member

Tina Shatswell

Member

Barbara Shook

Member

This section of Oakdale Joint Unified School District's 2018-2019 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019, with comparative information for the year ended June 30, 2018. 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) and deferred outflows, as well as all liabilities (including long-term obligations) 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 trust and agency funds. Trust funds focus reporting on net position and changes in net position, and agency funds report only a balance sheet and do not have a measurement focus.

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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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, like our funds for associated student body activities and scholarships. 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

The ability for a 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 2018-2019, two major projects were completed using local funds and Developer Fees. First, Oakdale Junior High received a kitchen expansion that opened up the ability to prepare hot items on site and included cold storage and dry food storage units. Long sinks and food preparation areas provide expanded fresh food options for the 800+ students. Student participation in the food service program has greatly increased with the new offerings provided by the kitchen expansion.

The second project completed in 2018-2019 is the new state-of-the-art library at Magnolia Elementary. The District worked with a design firm to ensure this new facility will inspire students and meet the dynamic climate of a 21st Century learning environment. With the completion of this project, all of our elementary sites have achieved facility parity. Our students and parents all agree; their local elementary school is the best in the District!

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

THE DISTRICT AS A WHOLE

Net Position

The District's net position for governmental activities was \$29.5 million for the fiscal year ended June 30, 2019, and \$30.7 million for the fiscal year ended June 30, 2018; a decrease of \$1.2 million. Of this amount, \$2.7 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		
	2019	2018	Variance
Assets			
Current and other assets	\$ 23,958,279	\$ 23,042,049	\$ 916,230
Capital assets	71,768,070	72,381,737	(613,667)
Total Assets	<u>95,726,349</u>	<u>95,423,786</u>	<u>302,563</u>
Deferred Outflows of Resources	<u>15,027,065</u>	<u>15,899,963</u>	<u>(872,898)</u>
Liabilities			
Current liabilities	1,311,404	1,505,623	(194,219)
Long-term obligations	20,324,715	20,729,270	(404,555)
Aggregate net pension liability	55,932,414	54,687,605	1,244,809
Total Liabilities	<u>77,568,533</u>	<u>76,922,498</u>	<u>646,035</u>
Deferred Inflows of Resources	<u>3,711,148</u>	<u>3,680,412</u>	<u>30,736</u>
Net Position			
Net investment in capital assets	60,297,876	60,044,347	253,529
Restricted	2,714,695	3,605,503	(890,808)
Unrestricted	(33,538,838)	(32,929,011)	(609,827)
Total Net Position	<u>\$ 29,473,733</u>	<u>\$ 30,720,839</u>	<u>\$ (1,247,106)</u>

The \$29.5 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 – decreased by \$0.6 million.

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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

Table 2

	Governmental Activities		
	2019	2018	Variance
Revenues			
Program revenues:			
Charges for services	\$ 1,167,252	\$ 1,148,720	\$ 18,532
Operating grants and contributions	9,889,544	9,773,319	116,225
Capital grants and contributions	-	112	(112)
General revenues:			
Federal and State aid not restricted	33,776,086	31,067,404	2,708,682
Property taxes	18,285,097	17,270,391	1,014,706
Other general revenues	5,322,027	2,235,082	3,086,945
Total Revenues	68,440,006	61,495,028	6,944,978
Expenses			
Instruction related	50,685,408	45,328,724	5,356,684
Pupil services	7,628,836	7,259,250	369,586
Administration	3,759,694	3,653,829	105,865
Plant services	5,549,899	5,195,259	354,640
Other	2,063,275	1,910,668	152,607
Total Expenses	69,687,112	63,347,730	6,339,382
Change in Net Position	\$ (1,247,106)	\$ (1,852,702)	\$ 605,596

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was \$69.7 million as compared to \$63.3 million in the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$18.3 million because the cost was paid by those who benefited from the programs (\$1.2 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$9.9 million). We paid for the remaining "public benefit" portion of our governmental activities with \$33.8 million in State and Federal unrestricted funds and with \$5.3 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 \$22.8 million as compared to \$21.7 million in the prior year, which is an overall increase of approximately \$1.1 million from last year. The General Fund balance increased \$1.5 million from the prior year due to increased LCFF funding. The Special Reserve Capital Outlay Fund decreased slightly by \$0.1 million primarily due to capital project costs, and the remaining District funds decreased by approximately \$0.3 million.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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 10, 2019. 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 2018-2019 school year showed an increase in attendance of 47 ADA from the 2017-2018 year.
- Oakdale Joint Unified received an LCFE increase of \$3.5 million in 2018-2019 which represented an 8.0 percent increase. State aid represents 79.8 percent of the General Fund's operating income.
- The expenditures for the General Fund increased \$1.9 million from the 2017-2018 year. The increase is primarily due to on behalf payments related to Senate Bill 90.

The District budgeted an increase General Fund balance of approximately \$0.9 million. However, revenues and transfers in were about \$1.5 million more than budgeted, and expenditures and transfers out were approximately \$0.9 million less than budgeted, resulting in an increase of \$1.5 million to the fund balance from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had \$71.8 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 \$0.6 million from last year.

Table 3

	Governmental Activities		
	2019	2018	Variance
Land	\$ 13,755,591	\$ 13,755,591	\$ -
Land improvements	9,500,927	10,459,899	(958,972)
Buildings and improvements	44,879,751	44,700,111	179,640
Equipment	2,997,687	2,950,452	47,235
Construction in progress	634,115	515,684	118,431
Total	\$ 71,768,071	\$ 72,381,737	\$ (613,666)

We present more detailed information about our capital assets in the Notes to Financial Statements.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

Long-Term Obligations

At the end of this year, the District had \$20.3 million in long-term obligations outstanding versus \$20.7 million last year, a decrease of \$0.4 million. These obligations consisted of:

Table 4

	Governmental Activities		
	2019	2018	Variance
General obligation bonds	\$ 10,540,000	\$ 11,390,000	\$ (850,000)
Premium on bond issue	979,709	999,421	(19,712)
Compensated absences	172,781	156,275	16,506
Early retirement	317,888	211,145	106,743
Other postemployment benefits, including Medicare Premium Payment Program	8,314,337	7,972,429	341,908
Total	\$ 20,324,715	\$ 20,729,270	\$ (404,555)

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

Net Pension Liability (NPL)

At year-end, the District has a net pension liability of \$55.9 million versus \$54.7 million last year, and increase of \$1.2 million, or 2.3 percent. The District also reported deferred outflows of resources from pension activities of \$14.4 million, and deferred inflows of resources from pension activities of \$3.6 million. We present more detailed information regarding our NPL in the Notes to Financial Statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2018-2019 ARE NOTED BELOW:

Our students and the staff dedicated to their successes during 2018-2019 are the ones we would like to spotlight this year. Here are just a few:

1. Oakdale High School received a six-year Western Association of Schools and Colleges (WASC) accreditation after a rigorous academic evaluation.
2. Academic Decathlon: Oakdale High School won 2nd place county-wide; Junior High team took 12 individual medals in the county-wide Academic Pentathlon.
3. FFA: The Livestock Judging Team was declared the Reserve National Champion, the Ag Marketing Team took the California state title, 26 students earned State FFA Degrees, and multiple county, regional and state awards.
4. Fair Oaks and Cloverland elementary schools took 1st and 3rd place, respectively, in the county-wide Science Olympiad competition. Oakdale High and Oakdale Junior High took 3rd and 5th, respectively, in the Regional Science Olympiad.
5. AP Scholars: Ten Oakdale High School students-three with distinction (score 3.5 every exam).

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2019-2020 year, the District Board and management used the following criteria:

The key assumption in our revenue forecast is:

1. State aid is increased by 3.26 percent based on the State's schedule as of May 2019.
2. State and Federal Career Technical Education grants continue.
3. Federal grants updated with preliminary funding levels until final information is known.

The key assumptions in our expenditure forecast are:

1. Step and column increases for all contracted employees eligible for the salary improvement.
2. Continued full funding of the Restricted Maintenance Account.
3. Increased pension costs.
4. Spending priorities outlined in the LCAP for standards aligned professional development, technology updates, facility projects including: Greenhouse at Oakdale High School, Pig and Pole barns, irrigation and crop development for the School Farm, central Band/Choir/Drama facility remodel, and a new Wrestling building to be constructed adjacent to the high school.

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 Kassandra 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 FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Deposits and investments	\$ 21,638,478	\$ 563,750	\$ 22,202,228
Receivables	2,173,719	10,979	2,184,698
Internal balances (Due from other funds)	2,887	-	2,887
Prepaid expenses	115,361	845	116,206
Stores inventories	27,834	-	27,834
Nondepreciable capital assets	14,389,706	-	14,389,706
Capital assets being depreciated	92,858,732	-	92,858,732
Accumulated depreciation	(35,480,368)	-	(35,480,368)
Total Assets	95,726,349	575,574	96,301,923
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on refunding	185,033	-	185,033
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	404,392	-	404,392
Deferred outflows of resources related to pensions	14,437,640	-	14,437,640
Total Deferred Outflows of Resources	15,027,065	-	15,027,065
LIABILITIES			
Accounts payable	957,430	29,280	986,710
Accrued interest	165,250	-	165,250
Internal balances (Due to other funds)	-	2,887	2,887
Unearned revenue	188,724	-	188,724
Long-term obligations:			
Current portion of long-term obligations other than pensions	1,190,554	-	1,190,554
Noncurrent portion of long-term obligations other than pensions	19,134,161	-	19,134,161
Total Long-Term Obligations	20,324,715	-	20,324,715
Aggregate net pension liability	55,932,414	-	55,932,414
Total Liabilities	77,568,533	32,167	77,600,700
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to net other postemployment benefits (OPEB) liability	157,627	-	157,627
Deferred inflows of resources related to pensions	3,553,521	-	3,553,521
Total Deferred Inflows of Resources	3,711,148	-	3,711,148
NET POSITION			
Net investment in capital assets	60,297,876	-	60,297,876
Restricted for:			
Debt service	1,240,091	-	1,240,091
Capital projects	440,810	-	440,810
Educational programs	960,242	-	960,242
Other activities	73,552	-	73,552
Unrestricted	(33,538,838)	543,407	(32,995,431)
Total Net Position	\$ 29,473,733	\$ 543,407	\$ 30,017,140

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 43,177,774	\$ 550,702	\$ 6,185,627
Instruction-related activities:			
Supervision of instruction	1,864,109	7,227	489,787
Instructional library, media, and technology	480,679	-	17,629
School site administration	5,162,846	-	480,568
Pupil services:			
Home-to-school transportation	2,083,968	1,081	50,045
Food services	1,727,005	334,524	1,038,372
All other pupil services	3,817,863	124,658	816,622
Administration:			
Data processing	114,309	-	-
All other administration	3,645,385	28,667	301,502
Plant services	5,549,899	14,934	176,560
Community services	7	-	13
Enterprise services	(14,511)	-	15,919
Interest on long-term obligations	414,905	-	-
Other outgo	1,662,874	105,459	316,900
Total Governmental Activities	69,687,112	1,167,252	9,889,544
Business-Type Activities:			
Enterprise services	452,273	-	-
Total Business-Type Activities	452,273	-	-
Total School District	\$ 70,139,385	\$ 1,167,252	\$ 9,889,544

General revenues and subventions:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Taxes levied for other specific purposes
- Federal and State aid not restricted to specific purposes
- Interest and investment earnings
- Interagency revenues
- Internal transfers
- Miscellaneous

Subtotal, General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

**Net (Expenses) Revenues and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (36,441,445)	\$ -	\$ (36,441,445)
(1,367,095)	-	(1,367,095)
(463,050)	-	(463,050)
(4,682,278)	-	(4,682,278)
(2,032,842)	-	(2,032,842)
(354,109)	-	(354,109)
(2,876,583)	-	(2,876,583)
(114,309)	-	(114,309)
(3,315,216)	-	(3,315,216)
(5,358,405)	-	(5,358,405)
6	-	6
30,430	-	30,430
(414,905)	-	(414,905)
(1,240,515)	-	(1,240,515)
(58,630,316)	-	(58,630,316)
-	(452,273)	(452,273)
-	(452,273)	(452,273)
(58,630,316)	(452,273)	(59,082,589)
16,892,384	-	16,892,384
1,251,021	-	1,251,021
141,692	-	141,692
33,776,086	-	33,776,086
361,547	11,323	372,870
36,302	-	36,302
23,935	(23,935)	-
4,900,243	403,965	5,304,208
57,383,210	391,353	57,774,563
(1,247,106)	(60,920)	(1,308,026)
30,720,839	604,327	31,325,166
\$ 29,473,733	\$ 543,407	\$ 30,017,140

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	General Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds
ASSETS			
Deposits and investments	\$ 17,002,586	\$ 2,405,358	\$ 2,230,534
Receivables	2,070,521	-	103,198
Due from other funds	21,953	-	-
Prepaid expenditures	107,673	-	7,688
Stores inventories	27,834	-	-
Total Assets	\$ 19,230,567	\$ 2,405,358	\$ 2,341,420
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 928,144	\$ 18,300	\$ 10,986
Due to other funds	-	-	19,066
Unearned revenue	188,724	-	-
Total Liabilities	1,116,868	18,300	30,052
Fund Balances:			
Nonspendable	145,505	-	7,688
Restricted	917,233	-	1,844,481
Assigned	7,596,235	2,387,058	459,199
Unassigned	9,454,726	-	-
Total Fund Balances	18,113,699	2,387,058	2,311,368
Total Liabilities and Fund Balances	\$ 19,230,567	\$ 2,405,358	\$ 2,341,420

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

**Total
Governmental
Funds**

\$ 21,638,478
2,173,719
21,953
115,361
27,834

\$ 23,977,345

\$ 957,430
19,066
188,724

1,165,220

153,193
2,761,714
10,442,492
9,454,726

22,812,125

\$ 23,977,345

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total Fund Balance - Governmental Funds **\$ 22,812,125**
**Amounts Reported for Governmental Activities in the Statement
of Net Position are Different Because:**

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

The cost of capital assets is	\$ 107,248,438	
Accumulated depreciation is	<u>(35,480,368)</u>	
Net Capital Assets		71,768,070

In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred. (165,250)

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

Pension contributions subsequent to measurement date	5,329,195	
Net change in proportionate share of net pension liability	15,438	
Difference between projected and actual earnings on pension plan investments	124,687	
Differences between expected and actual experience in the measurement of the total pension liability	1,122,864	
Changes of assumptions	<u>7,845,456</u>	
Total Deferred Outflows of Resources Related to Pensions		14,437,640

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

Net change in proportionate share of net pension liability	1,393,489	
Difference between projected and actual earnings on pension plan investments	1,568,395	
Differences between expected and actual experience in the measurement of the total pension liability	<u>591,637</u>	
Total Deferred Inflows of Resources Related to Pensions		(3,553,521)

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2019018**

Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of amounts paid by the District for OPEB as the benefits comes due subsequent to the measurement date.	\$ 404,392
Deferred inflows of resources related to OPEB represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of amounts related to the change of assumptions.	(157,627)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	(55,932,414)
Deferred amounts on refunding (the difference between the reacquisition price of 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.	185,033
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Bonds payable, including unamortized premiums	\$ 11,519,709
Compensated absences	172,781
District sponsored early retirement	317,888
Net other postemployment benefits (OPEB) liability	8,314,337
Total Long-Term Obligations	<u>(20,324,715)</u>
Total Net Position - Governmental Activities	<u>\$ 29,473,733</u>

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Special Reserve Capital Outlay Fund
REVENUES		
Local Control Funding Formula	\$ 47,905,517	\$ -
Federal sources	2,195,408	-
Other State sources	6,201,065	-
Other local sources	3,708,068	435,095
Total Revenues	60,010,058	435,095
EXPENDITURES		
Current		
Instruction	36,691,084	-
Instruction-related activities:		
Supervision of instruction	1,674,286	-
Instructional library, media and technology	452,385	-
School site administration	4,367,096	-
Pupil services:		
Home-to-school transportation	1,355,478	-
Food services	14,605	-
All other pupil services	3,400,205	-
Administration:		
Data processing	57,714	-
All other administration	3,277,816	-
Plant services	5,057,121	-
Other outgo	1,638,809	-
Enterprise services	73	-
Facility acquisition and construction	43,422	2,072,649
Debt service		
Principal	-	-
Interest and other	-	-
Total Expenditures	58,030,094	2,072,649
Excess (Deficiency) of Revenues Over Expenditures	1,979,964	(1,637,554)
Other Financing Sources (Uses)		
Transfers in	57,062	1,500,000
Transfers out	(500,065)	-
Net Financing Sources (Uses)	(443,003)	1,500,000
NET CHANGE IN FUND BALANCES	1,536,961	(137,554)
Fund Balance - Beginning	16,576,738	2,524,612
Fund Balance - Ending	\$ 18,113,699	\$ 2,387,058

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 641,420	\$ 48,546,937
1,122,484	3,317,892
166,235	6,367,300
2,322,775	6,465,938
<u>4,252,914</u>	<u>64,698,067</u>
476,300	37,167,384
-	1,674,286
1,000	453,385
147,959	4,515,055
-	1,355,478
1,470,421	1,485,026
-	3,400,205
-	57,714
79,607	3,357,423
65,727	5,122,848
-	1,638,809
-	73
-	2,116,071
850,000	850,000
430,400	430,400
<u>3,521,414</u>	<u>63,624,157</u>
<u>731,500</u>	<u>1,073,910</u>
-	1,557,062
<u>(1,033,062)</u>	<u>(1,533,127)</u>
<u>(1,033,062)</u>	<u>23,935</u>
(301,562)	1,097,845
2,612,930	21,714,280
<u>\$ 2,311,368</u>	<u>\$ 22,812,125</u>

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds \$ 1,097,845
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.

Capital outlays	\$ 2,216,089	
Depreciation expense	(2,829,756)	
Net Expense Adjustment		(613,667)

In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, there were special termination benefits earned that exceeded amounts paid by \$106,743. Vacation earned was more than the amounts paid by \$16,506. (123,249)

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. (2,026,138)

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. (447,392)

Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. Discount amortization during the year was:

Amortization of premiums	19,712
Amortization of deferred outflows on refundings	(16,821)

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, Continued FOR THE YEAR ENDED JUNE 30, 2019

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

General obligation bonds \$ 850,000

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of accrued interest on the general obligation bonds and the reversal of prior year interest due and paid within the current fiscal year.

12,604

\$ (1,247,106)

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Business-Type Activities Enterprise Fund Latchkey
ASSETS	
Current Assets	
Deposits and investments	\$ 563,750
Receivables	10,979
Prepaid expenses	845
Total Current Assets	<u>575,574</u>
LIABILITIES	
Current Liabilities	
Accounts payable	29,280
Due to other funds	2,887
Total Current Liabilities	<u>32,167</u>
NET POSITION	
Unrestricted	<u>\$ 543,407</u>

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities Enterprise Fund Latchkey
OPERATING REVENUES	
Local and intermediate sources	\$ 379,966
OPERATING EXPENSES	
Payroll costs	367,599
Supplies and materials	16,325
Facility rental	155
Other operating cost	44,194
Total Operating Expenses	428,273
Operating Loss	(48,307)
NONOPERATING REVENUES (EXPENSES)	
Interest income	11,322
Transfers in	65
Transfers out	(24,000)
Total Nonoperating Revenues (Expenses)	(12,613)
Change in Net Position	(60,920)
Total Net Position - Beginning	604,327
Total Net Position - Ending	\$ 543,407

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities Enterprise Fund Latchkey
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 376,149
Cash payments to other suppliers of goods or services	(63,950)
Cash payments to employees for services	(367,599)
Net Cash Used by Operating Activities	<u>(55,400)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	65
Transfers to other funds	(24,000)
Net Cash Used by Noncapital Financing Activities	<u>(23,935)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>11,322</u>
Net Decrease in Cash and Cash Equivalents	(68,013)
Cash and Cash Equivalents - Beginning	631,763
Cash and Cash Equivalents - Ending	<u>\$ 563,750</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (48,307)
Changes in assets and liabilities:	
Increase in accounts receivable	(1,263)
Decrease in due from other funds	1,700
Increase in prepaid expenditures	(845)
Decrease in unearned revenue	(4,254)
Decrease in accounts payable	(5,318)
Increase in due to other funds	2,887
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (55,400)</u>

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Scholarship Trust</u>	<u>Agency Funds</u>
ASSETS		
Deposits and investments	\$ 2,169,773	\$ 379,878
LIABILITIES		
Due to student groups	-	\$ 379,878
NET POSITION		
Restricted for scholarships	\$ 2,169,773	

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2019

	Scholarship Trust
ADDITIONS	
Private donations	\$ 51,542
Interest and dividends	11,439
Increase in market value	62,064
Proceeds from sale of securities	9,980
Total Additions	<u>135,025</u>
DEDUCTIONS	
Scholarships awarded	115,125
Other expenses	2,236
Total Deductions	<u>117,361</u>
Change in Net Position	17,664
Net Position - Beginning	<u>2,152,109</u>
Net Position - Ending	<u>\$ 2,169,773</u>

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit discussed below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District.

Charter School 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. The District receives revenue on behalf of the Oakdale Home Study Charter School which it passes on to the Charter.

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:

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 \$5,729,251.

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

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.

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).

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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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).

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 obligations.

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.

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 assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into two classifications: scholarship trust funds and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using 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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

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

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 60 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Investments

Investments held at June 30, 2019, 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 pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

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 the donor's acquisition cost.

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 obligations.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 Obligations

Accounts payable and long-term obligations 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 obligations of the funds.

Premiums

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

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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

Fund Balances - Governmental Funds

As of June 30, 2019, fund balances of the governmental funds are classified as follows:

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board, 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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$2,714,695 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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

New Accounting Pronouncements

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

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

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

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

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

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

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 21,638,478
Proprietary fund	563,750
Fiduciary funds	<u>2,549,651</u>
Total Deposits and Investments	<u><u>\$ 24,751,879</u></u>

Deposits and investments as of June 30, 2019, consist of the following:

Cash on hand and in banks	\$ 414,003
Cash in revolving	9,998
Investments	<u>24,327,878</u>
Total Deposits and Investments	<u><u>\$ 24,751,879</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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by 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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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	Fair Value	12 Months or Less	13 - 24 Months
Money Market Mutual Funds	\$ 1,797,978	\$ 1,797,978	\$ -
County Pool	22,656,339	-	22,656,339
Total	\$ 24,454,317	\$ 1,797,978	\$ 22,656,339

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, 2019, \$163,221 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 \$1,797,978, the District has a custodial credit risk exposure of \$1,797,978 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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

The District's fair value measurements are as follows at June 30, 2019:

Investment Type	Fair Value	Fair Value Measurements Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Money Market Mutual Funds	\$ 1,797,978	\$ 1,797,978	\$ -	\$ -	\$ -
County Pool	22,656,339	-	-	-	22,656,339
Total	<u>\$ 24,454,317</u>	<u>\$ 1,797,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,656,339</u>

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

NOTE 4 - RECEIVABLES

Receivables at June 30, 2019, consist of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
Federal Government				
Categorical aid	\$ 1,306,636	\$ 88,228	\$ 1,394,864	\$ -
State Government				
State grants and entitlements	704,800	15,433	720,233	-
Local Sources	59,085	(463)	58,622	10,979
Total	<u>\$ 2,070,521</u>	<u>\$ 103,198</u>	<u>\$ 2,173,719</u>	<u>\$ 10,979</u>

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, are as follows:

	Balance <u>July 1, 2018</u>	Additions	Deductions	Balance <u>June 30, 2019</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 13,755,591	\$ -	\$ -	\$ 13,755,591
Construction in process	515,684	503,500	385,069	634,115
Total Capital Assets Not Being Depreciated	<u>14,271,275</u>	<u>503,500</u>	<u>385,069</u>	<u>14,389,706</u>
Capital Assets Being Depreciated				
Land improvements	18,850,461	-	-	18,850,461
Buildings and improvements	65,677,612	1,763,057	-	67,440,669
Furniture and equipment	6,238,123	334,601	5,122	6,567,602
Total Capital Assets Being Depreciated	<u>90,766,196</u>	<u>2,097,658</u>	<u>5,122</u>	<u>92,858,732</u>
Less Accumulated Depreciation				
Land improvements	8,390,562	958,972	-	9,349,534
Buildings and improvements	20,977,501	1,583,417	-	22,560,918
Furniture and equipment	3,287,671	287,367	5,122	3,569,916
Total Accumulated Depreciation	<u>32,655,734</u>	<u>2,829,756</u>	<u>5,122</u>	<u>35,480,368</u>
Governmental Activities Capital Assets, Net	<u>\$ 72,381,737</u>	<u>\$ (228,598)</u>	<u>\$ 385,069</u>	<u>\$ 71,768,070</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 1,273,392
School site administration	113,190
Home-to-school transportation	679,141
Food services	226,380
Data processing	113,190
All other general administration	56,595
Plant services	367,868
Total Depreciation Expenses Governmental Activities	<u>\$ 2,829,756</u>

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Fund		
General	\$ 21,953	\$ -
Non-Major Governmental Fund		
Cafeteria	-	19,066
Total All Governmental Funds	<u>-</u>	<u>19,066</u>
Proprietary Fund		
Enterprise	-	2,887
Total	<u>\$ 21,953</u>	<u>\$ 21,953</u>

The Cafeteria Non-Major Governmental Fund owes the General Fund for a temporary loan.	\$ 19,066
The Enterprise Fund owes the General Fund for transportation charges.	2,887
Total	<u>\$ 21,953</u>

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, 2019, consist of the following:

The General Fund transferred to the Special Reserve Capital Outlay Fund for the Magnolia Library remodel.	\$ 500,000
The General Fund transferred to the Enterprise Fund for a transportation overpayment.	65
The Charter School Non-Major Governmental Fund transferred to the General Fund for payment of District services.	33,062
The Capital Facilites Non-Major Governmental Fund transferred to the Special Reserve Capital Outlay Fund for the wrestling building project.	1,000,000
The Enterprise Fund transferred to the General Fund for the ASPIRE and summer camp programs.	14,000
The Enterprise Fund transferred to the General Fund for the ASPIRE shade structure.	10,000
Total	<u>\$ 1,557,127</u>

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 - PREPAID EXPENDITURES (EXPENSES)

Prepaid expenditures (expenses) at June 30, 2019, consist of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
Service contracts	\$ 75,945	\$ 7,688	\$ 83,633	\$ -
Other	31,728	-	31,728	845
Total	<u>\$ 107,673</u>	<u>\$ 7,688</u>	<u>\$ 115,361</u>	<u>\$ 845</u>

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consists of the following:

	General Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
Vendor payables	\$ 298,666	\$ 18,300	\$ 6,135	\$ 323,101	\$ 2,790
State principal apportionment	357,961	-	525	358,486	-
Accrued payroll	111,646	-	1,945	113,591	14,944
Deferred payroll	159,871	-	2,381	162,252	11,546
Total	<u>\$ 928,144</u>	<u>\$ 18,300</u>	<u>\$ 10,986</u>	<u>\$ 957,430</u>	<u>\$ 29,280</u>

NOTE 9 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consists of the following:

	General Fund
Federal financial assistance	\$ 179,720
State categorical aid	6,348
Local assistance	2,656
Total	<u>\$ 188,724</u>

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General obligation bonds	\$ 11,390,000	\$ -	\$ 850,000	\$ 10,540,000	\$ 875,000
Premium on bond issue	999,421	-	19,712	979,709	-
Compensated absences - net	156,275	16,506	-	172,781	-
District sponsored early retirement	211,145	339,333	232,590	317,888	315,554
Other postemployment benefits, including Medicare Premium Payment Program	7,972,429	341,908	-	8,314,337	-
Total	<u>\$ 20,729,270</u>	<u>\$ 697,747</u>	<u>\$ 1,102,302</u>	<u>\$ 20,324,715</u>	<u>\$ 1,190,554</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local tax revenues. The compensated absences, early retirement obligations, and other postemployment benefits will be paid by the fund for which the employee worked.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Bonds Redeemed	Bonds Outstanding June 30, 2019
5/3/17	8/1/17-8/1/30	4.0-2.0%	\$ 11,555,000	\$ 11,390,000	\$ 850,000	\$ 10,540,000
			1,076,300	999,421	19,712	979,709
	Total			<u>\$ 12,389,421</u>	<u>\$ 869,712</u>	<u>\$ 11,519,709</u>

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Debt Service Requirements to Maturity

2017 Refunding Bond

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2020	\$ 875,000	\$ 414,100	\$ 1,289,100
2021	905,000	379,100	1,284,100
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
2025-2029	5,055,000	679,500	5,734,500
2030-2031	750,000	28,500	778,500
Total	<u>\$ 10,540,000</u>	<u>\$ 2,414,700</u>	<u>\$ 12,954,700</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to \$172,781.

Early Retirement

The District has entered into early retirement incentive agreements with five classified employees whereby the employees receive an incentive payment for retiring. The Early Retirement Incentive Program (ERIP) program requires that employees have 15 years of continuous service with the District. Each employee must be a minimum of 55 years old during their retiring year, but not more than 63 years old. Retirees may elect to receive all or a portion of their ERIP prior to the effective date of retirement or they may receive their respective payments over a period not to exceed five years. The ERIP amount for each retiring employee is determined as follows:

Fifty percent (50%) of his/her current yearly salary for retiring between the age of 55 and including 59 years of age.

Forty-five percent (45%) of his/her current yearly salary for retiring at 60 years of age.

Twenty-five percent (25%) of his/her current yearly salary for retiring at 61 years of age.

Fifteen percent (15%) of his/her current yearly salary for retiring between 62 and including 63 years of age.

Longevity pay is included in computation, but not overtime pay.

The District's remaining obligation was \$317,888 as of June 30, 2019.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Total Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported net OPEB liability, deferred outflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 8,009,863	\$ 404,392	\$ 157,627	\$ 480,293
Medicare Premium Payment (MPP) Program	304,474	-	-	(32,901)
Total	\$ 8,314,337	\$ 404,392	\$ 157,627	\$ 447,392

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, 2017, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	49
Active employees	442
Total	491

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 fiscal year 2018-2019, the District paid \$456,244 in benefits.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Total OPEB Liability of the District

The District's total OPEB liability of \$8,009,863 was measured as of June 30, 2018, by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions

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

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	3.8 percent
Healthcare cost trend rates	4.0 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 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.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2017.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2017	\$ 7,635,054
Service cost	707,481
Interest	294,906
Changes of assumptions or other inputs	(171,334)
Benefit payments	(456,244)
Net change in total OPEB liability	374,809
Balance, June 30, 2018	<u>\$ 8,009,863</u>

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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:

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (2.8%)	\$ 8,525,764
Current discount rate (3.8%)	8,009,863
1% increase (4.8%)	7,523,392

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 3.5 percent to 3.8 percent since the previous valuation.

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

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 rates:

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (3%)	\$ 7,550,321
Current healthcare cost trend rate (4%)	8,009,863
1% increase (5%)	8,499,591

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$480,293. At June 30, 2018, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 404,392	\$ -
Changes of assumptions	-	157,627
Total	<u>\$ 404,392</u>	<u>\$ 157,627</u>

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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The deferred inflows of resources related to 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 inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2019	\$ (13,707)
2020	(13,707)
2021	(13,707)
2022	(13,707)
2023	(13,707)
Thereafter	(89,092)
Total	<u>\$ (157,627)</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, 2017, 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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

Net OPEB Liability and OPEB Expense

At June 30, 2019, the District reported a liability of \$304,474 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. 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, 2018 and June 30, 2017, respectively, was 0.0795 percent and 0.0802 percent, resulting in a net decrease in the proportionate share of 0.0007 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of \$(32,901).

Actuarial Methods and Assumptions

The June 30, 2018, total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2017, 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-2016) table, issued by the Society of Actuaries.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 459 or an average of 0.27 percent of the potentially eligible population (171,593).

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, 2018, 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, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

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 (2.87%)	\$ 336,764
Current discount rate (3.87%)	304,474
1% increase (4.87%)	275,319

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

The following presents the District's proportionate share of the net OPEB liability calculated using the current 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 (2.7% Part A and 3.1% Part B)	\$ 277,650
Current medicare costs trend rate (3.7% Part A and 4.1% Part B)	304,474
1% increase (4.7% Part A and 5.1% Part B)	333,324

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 11 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total	Scholarship Trust
Nonspendable					
Revolving cash	\$ 9,998	\$ -	\$ -	\$ 9,998	\$ -
Stores inventories	27,834	-	-	27,834	-
Prepaid expenditures	107,673	-	7,688	115,361	-
Total Nonspendable	145,505	-	7,688	153,193	-
Restricted					
Legally restricted programs	917,233	-	114,065	1,031,298	-
Capital projects	-	-	490,325	490,325	-
Debt service	-	-	1,240,091	1,240,091	-
Scholarships	-	-	-	-	2,169,773
Total Restricted	917,233	-	1,844,481	2,761,714	2,169,773
Assigned					
Site carry-overs	126,264	-	-	126,264	-
LCAP priorities	292,949	-	429,290	722,239	-
Medi-Cal Administrative Activities	265,544	-	-	265,544	-
Special Education contingency	300,000	-	-	300,000	-
Maintenance and transportation	133,175	-	-	133,175	-
Site and district donations	42,298	-	-	42,298	-
Lottery	683,432	-	23,541	706,973	-
Textbooks and technology	1,228,918	-	-	1,228,918	-
Deferred Maintenance	809,609	-	-	809,609	-
Grounds equipment	28,173	-	-	28,173	-
Retiree health benefits	3,685,873	-	-	3,685,873	-
Capital projects	-	345,931	-	345,931	-
Bus replacement	-	801,336	-	801,336	-
Music uniform replacement	-	35,219	-	35,219	-
School Farm Phase 2	-	115,242	-	115,242	-
OHS Wrestling	-	1,089,330	-	1,089,330	-
Oakdale Educational Foundation	-	-	6,368	6,368	-
Total Assigned	7,596,235	2,387,058	459,199	10,442,492	-
Unassigned					
Reserve for economic uncertainties	2,913,732	-	-	2,913,732	-
Remaining unassigned	6,540,994	-	-	6,540,994	-
Total Unassigned	9,454,726	-	-	9,454,726	-
Total	\$ 18,113,699	\$ 2,387,058	\$ 2,311,368	\$ 22,812,125	\$ 2,169,773

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 - 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, 2019, 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 2019, 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 Central Region School Insurance Group (CRSIG) to provide employee dental and vision benefits and 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 13 - 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, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 40,730,838	\$ 10,452,743	\$ 3,314,096	\$ 4,598,183
CalPERS	15,201,576	3,984,897	239,425	2,757,150
Total	\$ 55,932,414	\$ 14,437,640	\$ 3,553,521	\$ 7,355,333

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2017, 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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were \$3,983,355.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 40,730,838
State's proportionate share of the net pension liability associated with the District	<u>23,320,310</u>
Total	<u><u>\$ 64,051,148</u></u>

The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, respectively was 0.0443 percent and 0.0443 percent, resulting in no change in the proportionate share.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

For the year ended June 30, 2019, the District recognized pension expense of \$4,598,183. In addition, the District recognized pension expense and revenue of \$2,739,611 for support provided by the State. At June 30, 2019, 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	\$ 3,983,355	\$ -
Net change in proportionate share of net pension liability	15,438	1,154,064
Difference between projected and actual earnings on pension plan investments	-	1,568,395
Differences between expected and actual experience in the measurement of the total pension liability	126,305	591,637
Changes of assumptions	6,327,645	-
Total	<u>\$ 10,452,743</u>	<u>\$ 3,314,096</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 inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2020	\$ 340,542
2021	(247,108)
2022	(1,315,822)
2023	(346,007)
Total	<u>\$ (1,568,395)</u>

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 867,765
2021	867,765
2022	867,768
2023	989,663
2024	1,134,135
Thereafter	(3,409)
Total	<u>\$ 4,723,687</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, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 59,665,912
Current discount rate (7.10%)	40,730,838
1% increase (8.10%)	25,031,825

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2017, 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, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019, are presented above and the total District contributions were \$1,345,840.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$15,201,576. The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, respectively was 0.0570 percent and 0.0575 percent, resulting in a net decrease in the proportionate share of 0.0005 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$2,757,150. At June 30, 2019, 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	\$ 1,345,840	\$ -
Net change in proportionate share of net pension liability	-	239,425
Difference between projected and actual earnings on pension plan investments	124,687	-
Differences between expected and actual experience in the measurement of the total pension liability	996,559	-
Changes of assumptions	1,517,811	-
Total	<u>\$ 3,984,897</u>	<u>\$ 239,425</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.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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
2020	\$ 453,514
2021	108,454
2022	(347,554)
2023	(89,727)
Total	<u>\$ 124,687</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (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 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 976,827
2021	992,390
2022	305,728
Total	<u>\$ 2,274,945</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, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
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

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 22,132,768
Current discount rate (7.15%)	15,201,576
1% increase (8.15%)	9,451,160

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 \$2,152,313 (9.828 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. 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*.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018-2019 contribution on behalf of school employers of \$2.246 billion for CalSTRS and \$904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

NOTE 14 - 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, 2019.

Litigation

The District is involved in one litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of the litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 15 - 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, 2019, the District made payments of \$888,133 to CRSIG for its vision, dental, workers' compensation, and property and liability coverage. At June 30, 2019, 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, 2019, the District made payments of \$2,769,899 to CVT and CRSIG for its employee health benefits. At June 30, 2019, the District has recorded no accounts receivable or accounts payable due from/to CVT.

REQUIRED SUPPLEMENTARY INFORMATION

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Favorable
				(Unfavorable)
				Final to Actual
REVENUES				
Local Control Funding Formula	\$ 46,922,426	\$ 47,883,631	\$ 47,905,517	\$ 21,886
Federal sources	2,145,254	2,332,150	2,195,408	(136,742)
Other State sources	3,594,687	3,736,292	6,201,065	2,464,773
Other local sources	3,226,771	3,287,403	3,708,068	420,665
Total Revenues ¹	55,889,138	57,239,476	60,010,058	2,770,582
EXPENDITURES				
Current				
Certificated salaries	24,042,763	24,995,088	24,850,101	144,987
Classified salaries	7,261,764	7,668,975	7,710,134	(41,159)
Employee benefits	10,334,055	10,557,814	12,539,375	(1,981,561)
Books and supplies	2,611,082	4,001,195	3,283,117	718,078
Services and operating expenditures	7,032,993	8,413,954	7,933,519	480,435
Other outgo	1,568,952	1,535,271	1,578,971	(43,700)
Capital outlay	140,133	209,519	134,877	74,642
Total Expenditures ¹	52,991,742	57,381,816	58,030,094	(648,278)
Excess (Deficiency) of Revenues Over Expenditures	2,897,396	(142,340)	1,979,964	2,122,304
Other Financing Sources (Uses)				
Transfers in	508,462	1,295,750	57,062	(1,238,688)
Transfers out	(208,764)	(208,829)	(500,065)	(291,236)
Net Financing Sources (Uses)	299,698	1,086,921	(443,003)	(1,529,924)
NET CHANGE IN FUND BALANCES	3,197,094	944,581	1,536,961	592,380
Fund Balance - Beginning	16,576,738	16,576,738	16,576,738	-
Fund Balance - Ending	\$ 19,773,832	\$ 17,521,319	\$ 18,113,699	\$ 592,380

¹ Due to the consolidation of Fund 17, Special Reserve Non-Capital Fund, and Fund 20, Special Reserve Postemployment Benefits Fund for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the actual revenues and expenditures, however, are not included in the original and final General Fund budgets. Additionally, on behalf payments of \$2,081,026 relating to Senate Bill 90 (Chapter 33, Statutes of 2019) are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
Total OPEB Liability		
Service cost	\$ 707,481	\$ 688,546
Interest	294,906	253,646
Changes of assumptions	(171,334)	-
Benefit payments	(456,244)	(438,696)
Net change in total OPEB liability	<u>374,809</u>	<u>503,496</u>
Total OPEB liability - beginning	<u>7,635,054</u>	<u>7,131,558</u>
Total OPEB liability - ending	<u><u>\$ 8,009,863</u></u>	<u><u>\$ 7,635,054</u></u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>
District's total OPEB liability as a percentage of covered payroll	<u>N/A¹</u>	<u>N/A¹</u>

¹ The District's 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.

See accompanying note to required supplementary information.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30,	2019	2018
District's proportion of the net OPEB liability	0.0795%	0.0802%
District's proportionate share of the net OPEB liability	\$ 304,474	\$ 337,375
District's covered-employee payroll	N/A ¹	N/A ¹
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.40%	0.01%

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.

See accompanying note to required supplementary information.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
CalSTRS		
District's proportion of the net pension liability	<u>0.0443%</u>	<u>0.0443%</u>
District's proportionate share of the net pension liability	\$ 40,730,838	\$ 40,963,715
State's proportionate share of the net pension liability associated with the District	<u>23,320,310</u>	<u>24,233,787</u>
Total	<u>\$ 64,051,148</u>	<u>\$ 65,197,502</u>
District's covered - employee payroll	<u>\$ 24,014,012</u>	<u>\$ 23,621,224</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>169.61%</u>	<u>173.42%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>
CalPERS		
District's proportion of the net pension liability	<u>0.0570%</u>	<u>0.0575%</u>
District's proportionate share of the net pension liability	<u>\$ 15,201,576</u>	<u>\$ 13,723,890</u>
District's covered - employee payroll	<u>\$ 7,527,725</u>	<u>\$ 7,331,063</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>201.94%</u>	<u>187.20%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>72%</u>

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

See accompanying note to required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>0.0457%</u>	<u>0.0463%</u>	<u>0.0467%</u>
\$ 36,961,317	\$ 31,199,553	\$ 27,297,799
<u>21,041,419</u>	<u>16,501,124</u>	<u>16,483,590</u>
<u>\$ 58,002,736</u>	<u>\$ 47,700,677</u>	<u>\$ 43,781,389</u>
<u>\$ 22,982,507</u>	<u>\$ 22,008,671</u>	<u>\$ 20,768,933</u>
<u>160.82%</u>	<u>141.76%</u>	<u>131.44%</u>
<u>70%</u>	<u>74%</u>	<u>77%</u>
<u>0.0588%</u>	<u>0.0607%</u>	<u>0.0614%</u>
\$ 11,605,259	\$ 8,945,959	\$ 6,966,033
\$ 7,057,939	\$ 6,750,854	\$ 6,452,246
<u>164.43%</u>	<u>132.52%</u>	<u>107.96%</u>
<u>74%</u>	<u>79%</u>	<u>83%</u>

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
CalSTRS		
Contractually required contribution	\$ 3,983,355	\$ 3,465,222
Contributions in relation to the contractually required contribution	<u>3,983,355</u>	<u>3,465,222</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 24,467,783</u>	<u>\$ 24,014,012</u>
Contributions as a percentage of covered - employee payroll	<u>16.28%</u>	<u>14.43%</u>
CalPERS		
Contractually required contribution	\$ 1,345,840	\$ 1,169,131
Contributions in relation to the contractually required contribution	<u>1,345,840</u>	<u>1,169,131</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 7,451,224</u>	<u>\$ 7,527,725</u>
Contributions as a percentage of covered - employee payroll	<u>18.062%</u>	<u>15.531%</u>

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

See accompanying note to required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 2,971,550	\$ 2,466,023	\$ 1,954,370
<u>2,971,550</u>	<u>2,466,023</u>	<u>1,954,370</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 23,621,224	\$ 22,982,507	\$ 22,008,671
<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
\$ 1,018,138	\$ 836,154	\$ 794,643
<u>1,018,138</u>	<u>836,154</u>	<u>794,643</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,331,063	\$ 7,057,939	\$ 6,750,854
<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

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.

At June 30, 2019, the District's General Fund exceeded the budgeted amount in total as follows which was caused by the required recording of the State on behalf contributions totaling \$2,081,026 relating to Senate Bill 90 (Chapter 33, Statutes of 2019).

Fund	Expenditures and Other Uses		
	Budget	Actual	Excess
General	\$ 57,590,645	\$ 58,530,157	\$ 939,512

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

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

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

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.5 percent to 3.8 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 3.58 percent to 3.87 percent since the previous valuation.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

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.

SUPPLEMENTARY INFORMATION

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education (CDE):			
Title I - Part A, Basic	84.010	14329	\$ 821,973
Title I - Migrant Education	84.011	14326	1,069
Title II - Part A, Supporting Effective Instruction	84.367	14341	81,078
Title III - English Language Acquisition - LEP	84.365	14346	66,767
Title IV - Student Support and Academic Achievement	84.424	15396	63,640
Vocational and Technical Education	84.048	14894	32,211
Special Education Cluster:			
Special Education, Basic Local Assistance	84.027	13379	956,515
Special Education, Part B, Section 611, Private School	84.027	10115	1,540
Subtotal Special Education Cluster			<u>958,055</u>
Total U.S. Department of Education			<u>2,024,793</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Health Care Services:			
Medicaid Cluster:			
Medi-Cal Administrative Assistance	93.778	10060	91,987
Medi-Cal Billing Option	93.778	10013	78,628
Subtotal Medicaid Cluster			<u>170,615</u>
Total U.S. Department of Health and Human Services			<u>170,615</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through CDE:			
Child Nutrition Cluster:			
National School Lunch	10.555	13391	760,938
Especially Needy Breakfast	10.553	13526	212,792
Meals Supplements	10.555	13391	38,217
Food Distribution - Commodities	10.555	13391	106,446
Summer Food Program	10.559	13004	3,895
Subtotal Child Nutrition Cluster			<u>1,122,288</u>
Total U.S. Department of Agriculture			<u>1,122,288</u>
Total Expenditures of Federal Awards			<u>\$ 3,317,696</u>

See accompanying note to supplementary information.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2019

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 boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Michael P. House	President	2022
Diane Gilbert	Clerk	2022
Larry Betschart	Member	2020
Tina Shatswell	Member	2020
Barbara Shook	Member	2022

ADMINISTRATION

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

See accompanying note to supplementary information.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Second Period Report</u>	<u>Annual Report</u>
OAKDALE JOINT UNIFIED SCHOOL DISTRICT		
Regular ADA		
Transitional kindergarten through third	1,437.13	1,440.03
Fourth through sixth	1,137.83	1,137.83
Seventh and eighth	807.77	806.44
Ninth through twelfth	<u>1,663.49</u>	<u>1,655.91</u>
Total Regular ADA	<u><u>5,046.22</u></u>	<u><u>5,040.21</u></u>
 OAKDALE CHARTER HIGH SCHOOL		
Regular ADA - all non-classroom based		
Seventh and eighth	12.31	12.66
Ninth through twelfth	<u>55.45</u>	<u>56.42</u>
Total Regular ADA	<u><u>67.76</u></u>	<u><u>69.08</u></u>

See accompanying note to supplementary information.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019**

Grade Level	1986-1987	2018-2019	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	36,900	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		50,924	180	N/A	Complied
Grade 2		50,924	180	N/A	Complied
Grade 3		50,924	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,204	180	N/A	Complied
Grade 5		54,204	180	N/A	Complied
Grade 6		54,204	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		57,871	180	N/A	Complied
Grade 8		57,871	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		68,029	180	N/A	Complied
Grade 10		68,029	180	N/A	Complied
Grade 11		68,029	180	N/A	Complied
Grade 12		68,029	180	N/A	Complied

See accompanying note to supplementary information.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

	(Budget)			
	2020 ^{1,3}	2019 ³	2018 ³	2017 ³
GENERAL FUND				
Revenues	\$ 56,954,134	\$ 61,757,729	\$ 56,095,128	\$ 54,125,554
Other sources and transfers in	571,854	1,309,750	648,830	429,807
Total Revenues and Other Sources	<u>57,525,988</u>	<u>63,067,479</u>	<u>56,743,958</u>	<u>54,555,361</u>
Expenditures	55,346,063	59,903,335	56,171,522	52,985,546
Other uses and transfers out	208,764	244,543	215,765	1,258,537
Total Expenditures and Other Uses	<u>55,554,827</u>	<u>60,147,878</u>	<u>56,387,287</u>	<u>54,244,083</u>
INCREASE (DECREASE) IN FUND BALANCE	<u>\$ 1,971,161</u>	<u>\$ 2,919,601</u>	<u>\$ 356,671</u>	<u>\$ 311,278</u>
ENDING FUND BALANCE	<u>\$ 14,355,609</u>	<u>\$ 12,384,448</u>	<u>\$ 9,464,847</u>	<u>\$ 9,108,176</u>
AVAILABLE RESERVES²	<u>\$ 11,202,477</u>	<u>\$ 9,454,726</u>	<u>\$ 5,735,242</u>	<u>\$ 5,942,406</u>
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO⁶	<u>20.16%</u>	<u>16.28%</u>	<u>10.17%</u>	<u>10.95%</u>
LONG-TERM OBLIGATIONS⁵	<u>Not Available</u>	<u>\$ 20,324,715</u>	<u>\$ 20,729,270</u>	<u>\$ 21,216,682</u>
AVERAGE DAILY ATTENDANCE AT P-2⁴	<u>5,046</u>	<u>5,046</u>	<u>4,999</u>	<u>4,947</u>

The General Fund balance has increased by \$3,276,272 over the past two years. The fiscal year 2019-2020 budget projects a further increase of \$1,971,161 (15.9 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 2019-2020 fiscal year. Total long-term obligations have decreased by \$891,967 over the past two years.

Average daily attendance has increased by 99 over the past two years. No change in ADA is anticipated during fiscal year 2019-2020.

¹ Budget 2020 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.

⁵ The balance of long-term obligations for the year ended June 30, 2017, has been restated due to the implementation of GASB Statement No. 75.

⁶ On behalf payments of \$2,081,026 relating to Senate Bill 90 (Chapter 33, Statutes of 2019) have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

See accompanying note to supplementary information.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2019**

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

See accompanying note to supplementary information.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	Charter School Fund	Cafeteria Fund	Foundation Special Revenue Fund
ASSETS			
Deposits and investments	\$ 487,387	\$ 6,363	\$ 6,368
Receivables	9,867	93,331	-
Prepaid expenses	780	2,496	4,412
Total Assets	\$ 498,034	\$ 102,190	\$ 10,780
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,414	\$ 9,572	\$ -
Due to other funds	-	19,066	-
Total Liabilities	1,414	28,638	-
Fund Balances:			
Nonspendable	780	2,496	4,412
Restricted	43,009	71,056	-
Assigned	452,831	-	6,368
Total Fund Balances	496,620	73,552	10,780
Total Liabilities and Fund Balances	\$ 498,034	\$ 102,190	\$ 10,780

See accompanying note to supplementary information.

Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
\$ 49,515	\$ 440,810	\$ 1,240,091	\$ 2,230,534
-	-	-	103,198
-	-	-	7,688
<u>\$ 49,515</u>	<u>\$ 440,810</u>	<u>\$ 1,240,091</u>	<u>\$ 2,341,420</u>
\$ -	\$ -	\$ -	\$ 10,986
-	-	-	19,066
-	-	-	30,052
-	-	-	7,688
49,515	440,810	1,240,091	1,844,481
-	-	-	459,199
<u>49,515</u>	<u>440,810</u>	<u>1,240,091</u>	<u>2,311,368</u>
<u>\$ 49,515</u>	<u>\$ 440,810</u>	<u>\$ 1,240,091</u>	<u>\$ 2,341,420</u>

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	Charter School Fund	Cafeteria Fund	Foundation Special Revenue Fund
REVENUES			
Local Control Funding Formula	\$ 641,420	\$ -	\$ -
Federal sources	-	1,122,288	-
Other State sources	76,731	78,106	-
Other local sources	10,385	364,562	83,340
Total Revenues	728,536	1,564,956	83,340
EXPENDITURES			
Current			
Instruction	399,562	-	76,738
Instruction-related activities:			
Instructional library, media, and technology	1,000	-	-
School site administration	145,989	-	1,970
Pupil services:			
Food services	-	1,470,421	-
Administration:			
All other administration	-	59,838	-
Plant services	5,567	60,160	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	552,118	1,590,419	78,708
Excess (Deficiency) of Revenues Over Expenditures	176,418	(25,463)	4,632
Other Financing Uses			
Transfers out	(33,062)	-	-
NET CHANGE IN FUND BALANCES	143,356	(25,463)	4,632
Fund Balance - Beginning	353,264	99,015	6,148
Fund Balance - Ending	\$ 496,620	\$ 73,552	\$ 10,780

See accompanying note to supplementary information.

Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 641,420
-	-	196	1,122,484
-	-	11,398	166,235
1,034	579,341	1,284,113	2,322,775
1,034	579,341	1,295,707	4,252,914
-	-	-	476,300
-	-	-	1,000
-	-	-	147,959
-	-	-	1,470,421
-	19,769	-	79,607
-	-	-	65,727
-	-	850,000	850,000
3,550	-	426,850	430,400
3,550	19,769	1,276,850	3,521,414
(2,516)	559,572	18,857	731,500
-	(1,000,000)	-	(1,033,062)
(2,516)	(440,428)	18,857	(301,562)
52,031	881,238	1,221,234	2,612,930
\$ 49,515	\$ 440,810	\$ 1,240,091	\$ 2,311,368

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of the difference between revenues and expenditures for the FHA In Lieu Tax Apportionment.

	<u>CFDA Number</u>	<u>Amount</u>
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 3,317,892
Reconciling item:		
FHA In Lieu Tax Apportionment	N/A	(196)
Total Schedule of Expenditures of Federal Awards		<u>\$ 3,317,696</u>

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-1987 requirements as required by *Education Code* Section 46201.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

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.

INDEPENDENT AUDITOR'S REPORTS



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Governing Board
Oakdale Joint Unified School District
Oakdale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oakdale Joint Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Oakdale Joint Unified School District's basic financial statements, and have issued our report thereon dated December 15, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oakdale Joint Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oakdale Joint Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oakdale Joint Unified School District's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Oakdale Joint Unified School District in a separate letter dated December 15, 2019.

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
December 15, 2019



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

Governing Board
Oakdale Joint Unified School District
Oakdale, California

Report on Compliance for Each Major Federal Program

We have audited Oakdale Joint Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oakdale Joint Unified School District's major Federal programs for the year ended June 30, 2019. Oakdale Joint Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Oakdale Joint Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2019.

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 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
December 15, 2019



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Oakdale Joint Unified School District
Oakdale, California

Report on State Compliance

We have audited Oakdale Joint Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Oakdale Joint Unified School District's State government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Oakdale Joint Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Oakdale Joint Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Oakdale Joint Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Oakdale Joint Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

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

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	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
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No (see below)
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	No (see below)
Non Classroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Non Classroom-Based Instruction	Yes
Annual Instruction Minutes Classroom-Based	No (see below)
Charter School Facility Grant Program	No (see below)

We did not perform procedures for Independent Study because the independent study ADA was under the level that requires testing.

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

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

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

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 a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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 or Annual Instruction Minutes Classroom-Based because the District's charter school is entirely non-classroom based.

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

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Fresno, California
December 15, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>
Identification of major Federal programs:	

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

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for programs:	<u>Unmodified</u>
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OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

OAKDALE JOINT UNIFIED SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

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



Management
Oakdale Joint Unified School District
Oakdale, California

In planning and performing our audit of the financial statements of Oakdale Joint Unified School District (the District) for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 15, 2019, on the government-wide financial statements of the District.

DISTRICT OFFICE

Journal Entries - Independent Review and Approval

Observation

During our testing of journal entries, we noted that the District's business services department has gone through a turnover of management and high-level accountants that had been employed at the District for many years. The District has had a policy of independently reviewing and approving only intra-fund entries. Th inter-fund entries did not require a review and approval as long as they were processed by management and the high-level accountants.

Recommendation

Due to the high turnover, we would recommend that not only the intra-fund journal entries be reviewed and approved, but that the process be applied to inter-fund entries as well.

OAKDALE HIGH SCHOOL - ASSOCIATED STUDENT BODY (ASB)

Concession Stand - Inventory

Observation

As noted in the prior year, student clubs within the ASB organization do not perform a concession stand inventory prior to or after school events.

Recommendation

A physical inventory of concession stand products should be taken before and after each event by club members that intend to operate the stand. Additionally, the difference between the beginning and ending amounts multiplied by their value could be compared to the total sales after the event in an effort to determine whether inventory has been lost or stolen.

Prohibited Expenditures

Observation

We noted one instance where student body funds were used to reimburse monies spent on a breakfast for the athletic director, the principal, and league representatives. According to the *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* published by the Fiscal Crisis & Management Assistance Team (FCMAT) which is available at www.fcmat.org, expenditures that "do not directly promote the general welfare, morale or educational experience of the students, or are considered district responsibility, or do no benefit a group of students (with some exceptions), or are a gift of public funds" are considered prohibited.

Recommendation

The site should review the cash disbursement procedures outlined in the *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* published by the Fiscal Crisis & Management Assistance Team (FCMAT) which is available at www.fcmat.org. All expenditures should be approved only if the purchased item is for the general welfare and benefit of the students. This will reduce the risk of unauthorized spending and using ASB monies for prohibited expenditures.

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



Fresno, California
December 15, 2019