OXNARD SCHOOL DISTRICT

VENTURA COUNTY

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2020

NIGRO & NIGRO PC

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Oxnard School District
Oxnard, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard School District, as of and for the fiscal year ended June 30, 2020, 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.

Auditors' 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard School District, as of June 30, 2020, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 70 to 73 and the schedule of expenditures of federal awards on page 74 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 69 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 12, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control over financial reporting and compliance.

Nigro + Nigro, PC.

Murrieta, California
January 12, 2021

This discussion and analysis of Oxnard School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's overall financial status decreased from last year as the net position decreased by 14.2% to $(82.6) million.
- Total governmental revenues were $241.1 million.
- The total cost of basic programs was $251.4 million. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was $207.4 million.
- Average daily attendance (ADA) in grades K-8 decreased by 423, or 2.7%.
- Governmental funds decreased by $17.9 million, or 21.5%, primarily due to capital outlay in the Building Fund.
- Reserves for the General Fund decreased by $3.2 million, or 31.7%. Revenues were $209.6 million and expenditures were $212.8 million.

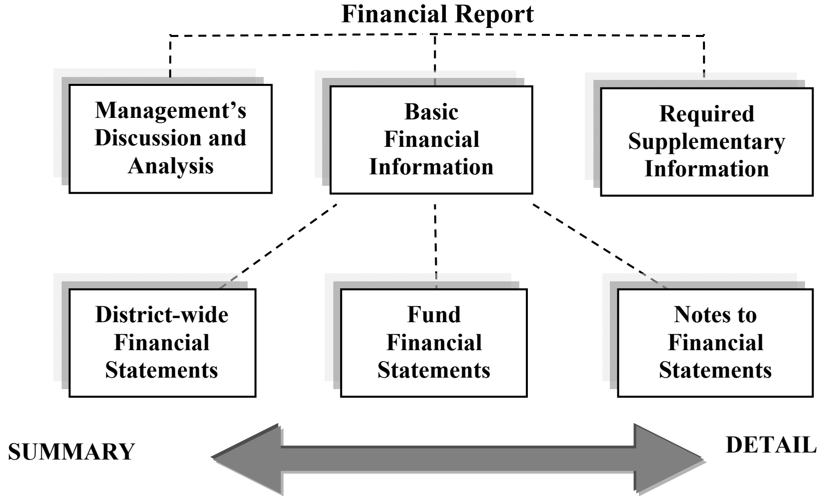
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial* statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - The *fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Oxnard School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, namely, the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2020, than it was the year before – decreasing 14.2% to $(82.6) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase
	2020	**2019**	**(Decrease)**
Assets			
Current assets	$ 88,277,317	$ 103,924,208	$ (15,646,891)
Capital assets	402,469,177	383,818,206	18,650,971
Total assets	490,746,494	487,742,414	3,004,080
Deferred outflows of resources	78,225,023	73,729,156	4,495,867
Liabilities			
Current liabilities	27,002,528	25,124,975	1,877,553
Long-term liabilities	381,076,651	375,343,434	5,733,217
Net pension liability	212,662,416	212,470,715	191,701
Total liabilities	620,741,595	612,939,124	7,802,471
Deferred inflows of resources	30,793,089	20,846,671	9,946,418
Net position			
Net investment in capital assets	133,131,187	119,569,362	13,561,825
Restricted	37,962,483	38,748,804	(786,321)
Unrestricted	(253,656,837)	(230,632,391)	(23,024,446)
Total net position	$ (82,563,167)	$ (72,314,225)	$ (10,248,942)

Changes in net position, governmental activities. The District's total revenues increased 5.2% to $241.1 million (See Table A-2). The increase is due primarily to a capital facilities grant received from the State.

The total cost of all programs and services increased 1.8% to $251.4 million. The District's expenses are predominantly related to educating and caring for students, 81.4%. The purely administrative activities of the District accounted for just 5.8% of total costs. A significant contributor to the increase in costs was from actuarially determined expenses from pensions and OPEB.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance Increase (Decrease)
	2020	2019	
Revenues			
Program Revenues:			
Charges for services	$ 1,369,620	$ 1,201,114	$ 168,506
Operating grants and contributions	31,664,031	33,177,329	(1,513,298)
Capital grants and contributions	10,973,548	218,678	10,754,870
General Revenues:			
Property taxes	45,501,667	43,897,297	1,604,370
Federal and state aid not restricted	148,919,205	148,971,153	(51,948)
Other general revenues	2,711,747	1,750,727	961,020
Total Revenues	241,139,818	229,216,298	11,923,520
Expenses			
Instruction-related	171,646,008	162,591,930	9,054,078
Pupil services	32,988,331	33,611,073	(622,742)
Administration	14,549,741	14,795,269	(245,528)
Plant services	18,522,622	17,802,310	720,312
All other activities	13,682,058	18,251,567	(4,569,509)
Total Expenses	251,388,760	247,052,149	4,336,611
Increase (decrease) in net position	(10,248,942)	(17,835,851)	7,586,909
Net Position	$ (82,563,167)	$ (72,314,225)	$ (10,248,942)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $65.6 million, which is below last year's ending fund balance of $83.5 million. The primary cause of the decreased fund balance is costs from modernization projects as part of Measure D in the Building Fund.

Table A-3: The District's Fund Balances

	Fund Balances				
	7/1/2019*	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2020
Fund					
General Fund	$ 20,887,534	$ 209,613,266	$ 212,762,107	$ (199,469)	$ 17,539,224
Child Development Fund	372,429	1,614,892	1,571,051	-	416,270
Cafeteria Fund	380,332	8,548,855	8,294,201	329,516	964,502
Deferred Maintenance Fund	378,712	1,010,629	1,016,642	-	372,699
Special Reserve Fund (Other Than Capital Outlay)	128,568	1,479	-	(130,047)	-
Building Fund	27,686,266	451,046	23,834,254	10,778,409	15,081,467
Capital Facilities Fund	8,564,860	1,292,846	3,516,210	-	6,341,496
County School Facilities Fund	9,608,957	10,973,548	-	(10,778,409)	9,804,096
Bond Interest and Redemption Fund	15,496,810	16,085,977	16,934,033	394,177	15,042,931
	$ 83,504,468	$ 249,592,538	$ 267,928,498	$ 394,177	$ 65,562,685

* *As restated*

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories

- Revenues – increased by $7.4 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased $10.0 million due to negotiated increases and STRS on behalf amounts.
- Other costs – increased approximately $6.2 million to re-budget carryover funds and revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about $9.7 million, the actual results for the year show that expenditures exceeded revenues by roughly $3.1 million. Actual revenues were $7.2 million more than anticipated, and expenditures were $0.6 million more than budgeted. That amount consists primarily of STRS on-behalf contributions from the State that were not budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
By the end of 2019-20 the District had invested $25.0 million in new capital assets. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was approximately $6.4 million.

Table A-4: Capital Assets at Year End, net of Depreciation

	Governmental Activities		Variance Increase
	2020	**2019**	**(Decrease)**
Land	$ 36,289,804	$ 36,289,804	$ -
Improvement of sites	16,673,727	17,185,172	(511,445)
Buildings	227,153,909	211,512,918	15,640,991
Equipment	3,808,758	4,314,344	(505,586)
Construction in progress	118,542,979	114,515,968	4,027,011
Total	$ 402,469,177	$ 383,818,206	$ 18,650,971

Long-Term Debt
At year-end the District had $381.1 million in general obligation bonds, certificates of participation, energy retrofit agreement, compensated absences, early retirement incentive, and other postemployment benefits – an increase of 1.5% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance Increase
	2020	**2019**	**(Decrease)**
General obligation bonds	$ 280,230,530	$ 283,506,993	$ (3,276,463)
Certificates of participation	7,931,591	11,102,864	(3,171,273)
Energy retrofit agreement	3,072,458	3,376,539	(304,081)
Compensated absences	2,240,621	1,968,822	271,799
Early retirement incentive	2,421,003	3,228,004.00	(807,001)
Other postemployment benefits	85,180,448	72,160,212	13,020,236
Total	$ 381,076,651	$ 375,343,434	$ 5,733,217

Net pension liability increased during the year by $191,701.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State Legislature passed a final budget package on June 26, 2020. The final budget package assumed that $2 billion in federal funds would be forthcoming and took the Governor's approach in the May Revision to make other spending reductions contingent on other federal money. In addition, relative to the June 15 initial package, the final package made several changes, including increasing school deferrals by $3.5 billion (assuming no federal money is forthcoming), increasing revenue assumptions by more than $1 billion, and eliminating the plan to reinstate General Fund payment deferrals. The Governor signed the 2020-21 Budget Act and related budget legislation on June 29, 2020.

Proposition 98

Proposition 98 Establishes Minimum Funding Level for Schools and Community Colleges
This minimum funding requirement is commonly called the minimum guarantee. The state calculates the minimum guarantee by comparing three main formulas or "tests". Each test takes into account certain inputs, such as state General Fund revenue, per capita personal income, and K-12 student attendance. The state can choose to fund at the minimum guarantee or any level above it. It also can suspend the guarantee with a two-thirds vote of each house of the Legislature, allowing the state to provide less funding than the formulas require that year. The state meets the guarantee through a combination of state General Fund and local property tax revenue.

Minimum Funding Requirement Down Significantly in 2019-20 and 2020-21
Estimates of the minimum guarantee under the June 2020 budget plan have dropped significantly compared with June 2019 estimates. For 2019-20, the minimum requirement is down $3.4 billion (4.2 percent). For 2020-21, the minimum requirement is down $6.8 billion (8.7 percent) from the revised 2019-20 level and $10.2 billion (12.5 percent) from the 2019-20 level estimated in June 2019. These drops mainly reflect reductions in state General Fund revenue. Test 1 remains operative in both years, with the drop in the General Fund portion of the guarantee equal to nearly 40 percent of the drop in revenues. The local property tax portion of the guarantee, by contrast, grows slowly from 2019-20 to 2020-21.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98 (continued)

Budget Plan Implements Significant Payment Deferrals
In both 2019-20 and 2020-21, the budget plan reduces school and community college funding to the lower minimum requirement. It implements these reductions primarily by deferring $12.5 billion in payments. (When the state defers payments from one fiscal year to the next, the state can reduce spending while allowing school districts to maintain programs by borrowing or using cash reserves.) Of the $12.5 billion, $11 billion applies to K-12 schools and $1.5 billion applies to community colleges. Although the budget plan authorized the Department of Finance to rescind up to $6.6 billion of the deferrals if the state received additional federal funding by October 15, 2020, Congress did not approve any additional funds prior to this deadline.

Makes a Few Other Spending Adjustments
In addition to the deferrals, the budget plan makes a few other adjustments to school and community college funding. Most notably, it does not provide the 2.31 percent statutory cost-of-living adjustment for school and community college programs in 2020-21. The budget plan also uses $833 million in one-time funds to cover costs for the K-12 Local Control Funding Formula (LCFF) and community college apportionments in 2019-20 and 2020-21. These one-time funds consist of $426 million in unspent prior-year funds and a $407 million settle-up payment. In addition, the budget plan withdraws the entire $377 million the state deposited into the Proposition 98 Reserve in the fall of 2019. (Formulas in the State Constitution govern Proposition 98 Reserve deposits and withdrawals.) Finally, the budget plan obtains $240 million in savings ($110 million in 2019-20 and $130 million in 2020-21) from eliminating unallocated State Preschool slots.

Creates Supplemental Obligation to Increase Funding Beginning in 2021-22
This obligation has two parts. First, it requires the state to make temporary payments on top of the Proposition 98 guarantee beginning in 2021-22. Each payment will equal 1.5 percent of annual General Fund revenue. The state can allocate these payments for any school or community college purpose. Payments will continue until the state has paid $12.4 billion—the amount of funding schools and community colleges could have received under Proposition 98 if state revenues had continued to grow. (Technically, the obligation equals the total difference between the Test 1 and Test 2 funding levels in 2019-20 and 2020-21.) Second, the obligation requires the state to increase the minimum share of General Fund revenue allocated to schools and community colleges from 38 percent to 40 percent on an ongoing basis. This increase is set to phase in over the 2022-23 and 2023-24 fiscal years.

K-12 Education

Proposition 98 Funding Decreases 12 Percent
The budget package includes $62.5 billion in Proposition 98 funding for K-12 education in 2020-21—$8.7 billion (12.2 percent) less than the 2019-20 Budget Act level.

Defers $11 Billion in K-12 Payments, Allows Exemptions in Limited Circumstances
The state distributes funding for LCFF and special education following a monthly payment schedule established in law. The budget plan modifies this schedule in 2019-20 to defer $1.9 billion in payments to the following fiscal year. In 2020-21, the budget plan maintains these deferrals and adopts $9.1 billion in additional deferrals. Under the modified schedule, portions of the payments otherwise scheduled for the months of February through June will be paid over the July through November period. The total amount deferred equates to about 16 percent of all state and local funding schools receive for LCFF and special education, or 24 percent of the General Fund allocated for these programs. If a district or charter school can demonstrate it would be unable to meet its financial obligations because of the deferrals, and has exhausted all other sources of internal and external borrowing, it can apply for an exemption.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

K-12 Education (continued)

Defers $11 Billion in K-12 Payments, Allows Exemptions in Limited Circumstances (continued)
The law allows the Department of Finance, State Controller, and State Treasurer to authorize up to $300 million in deferral exemptions per month. If these exemption requests exceed the funding available, the earliest applications will be approved first.

Addresses Historically Low-Funded Special Education Regions
Most state special education funding is provided to Special Education Local Plan Areas (SELPAs) based on total student attendance within the area. (Most SELPAs are regional collaborations of neighboring districts, county offices of education [COEs], and charter schools, though some consist of only a single large district.) Each SELPA receives a unique per-student rate linked to certain historical factors. In 2019-20, these per-student rates varied from $557 to more than $900. The budget provides $545 million to bring low-funded SELPAs to a new rate of $625 per student. This rate is roughly equivalent to the 93rd percentile of current rates.

Allocates $6.4 Billion in One-Time Federal Funding
The budget package allocates $6.4 billion in one-time federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding for K-12 education. The majority of funding ($4.8 billion) is provided for learning loss mitigation. The budget also includes $1.5 billion that can be used for a variety of activities and is distributed based on counts of low-income and disadvantaged children. The remaining funds are used to provide higher reimbursement rates for some school meals, create a competitive grant program for implementing the community schools model, and cover state costs of allocating and overseeing how CARES Act funds are spent.

Funds Learning Loss Mitigation Activities
The budget package provides $5.3 billion in one-time funding for activities mitigating learning loss due to coronavirus disease 2019 (COVID-19) school closures. This amount consists of $4.4 billion from the federal Coronavirus Relief Fund, $540 million Proposition 98 General Fund, and $355 million from the federal Governor's Emergency Education Relief Fund. Allocations from the Coronavirus Relief Fund can be used to cover eligible costs incurred between March 1, 2020 and December 30, 2020, while the remainder of the funding covers costs incurred between March 13, 2020 and September 30, 2022. Allowable activities include expanding learning supports, increasing instructional time, offering additional academic services (such as diagnostic assessments and devices and connectivity for distance learning), and addressing other barriers to learning (such as mental health services, professional development for teachers and parents, and student meals). Of this funding, $2.9 billion is to be allocated based on LCFF supplemental and concentration grants, $1.5 billion based on the number of students with disabilities, and $980 million based on total LCFF allocation.

Funds Schools Based on 2019-20 Attendance Levels, Allows Growth Under Certain Conditions
For funding purposes, the state ordinarily credits school districts with their average daily attendance in the current or prior year, whichever is higher. Charter schools and COEs are funded according to their attendance in the current year only. In 2020-21, however, the state will not collect average daily attendance data. Instead, districts, charter schools, and COEs will be funded according to their 2019-20 attendance levels unless they had previously budgeted for attendance growth. Any attendance growth for a district or charter school is limited to the lower of its (1) previously projected increase in enrollment or attendance, as documented in its budget, or (2) actual increase in enrollment from October 2019 to October 2020. (For this calculation, enrollment numbers are converted to an equivalent amount of average daily attendance by adjusting them for the statewide average absence rate.) The trailer legislation also allows a few other attendance-related adjustments. Most notably, if a charter school closes during the 2020-21 school year, the attendance it previously generated will be credited to its sponsoring school district.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

K-12 Education (continued)

Modifies Instructional Requirements to Allow for Distance Learning
The budget package suspends requirements for annual instructional minutes for 2020-21 to provide additional flexibility to schools and allows minimum instructional day requirements be met through a combination of in-person instruction and distance learning. The budget package also sets expectations for distance learning. Among other specified activities, distance learning must be substantially equivalent to in-person instruction; include daily live interaction between teachers and students; and provide appropriate supports to students with disabilities, English learners, and other student subgroups.

Includes Additional Fiscal Flexibility in a Few Areas
Budget trailer legislation includes several changes to provide more spending flexibility for school districts:

- For the purposes of calculating minimum routine maintenance deposits, excludes one-time funding for state pension payments on behalf of school districts, learning loss mitigation funds, and federal Elementary and Secondary School Emergency Relief funds. Typically, school districts receiving funding from the state's School Facility Program are required to establish a restricted account for routine maintenance of school facilities and deposit 3 percent of the district's annual expenditures.

- Allows for proceeds from the sale or lease of surplus property purchased entirely with local funds to be used for one-time general fund purposes through 2023-24.

- For the purpose of spending restricted lottery revenues, permanently expands the definition of instructional materials to also include laptop computers and devices that provide internet access. Schools and community colleges receive about $450 million in lottery revenues annually that must be spent on instructional materials.

- Allows the California Department of Education (CDE) to waive several programmatic requirements for the After School Education and Safety program.

Repurposes Prior Pension Payment to Reduce District Costs Over the Next Two Years
School district pension costs have been rising relatively quickly over the past several years. To help mitigate future cost increases, the 2019-20 budget plan included $2.3 billion non-Proposition 98 General Fund to make a supplemental pension payment on behalf of schools and community colleges. Of this amount, $1.6 billion was for the California State Teachers' Retirement System and $660 million was for the California Public Employees' Retirement System. (Nearly all school employees are covered by one of these two pension systems.) At the time, the state estimated that the supplemental payment could reduce district pension costs by roughly 0.3 percent of annual pay over the next few decades. The 2020-21 budget plan repurposes this payment to reduce pension costs by a larger amount over the next two years. Specifically, districts will receive cost savings of approximately 2.2 percent of pay in 2020-21 and 2021-22, but will not experience savings over the following decades.

All of these factors were considered in preparing the Oxnard School District budget for the 2020-21 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the Districts accountability for the money it receives. If you have questions about this report or need additional information contact the Assistant Superintendent of Budget and Fiscal Services, Oxnard School District, 1051 South A Street, Oxnard, California 93030 or at (805) 385-1501.

OXNARD SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Total Governmental Activities
ASSETS	
Deposits and investments	$ 59,199,729
Accounts receivable	28,837,160
Stores inventories	240,428
Non-depreciable assets	154,832,783
Depreciable assets	322,536,566
Less accumulated depreciation	(74,900,172)
Total assets	490,746,494
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	3,992,230
Deferred outflows related to OPEB	9,033,019
Deferred outflows related to pensions	65,199,774
Total deferred outflows of resources	78,225,023
LIABILITIES	
Accounts payable	25,727,922
Unearned revenues	1,274,606
Long-term liabilities other than pensions:	
Due within one year	8,721,598
Due after one year	372,355,053
Net pension liability	212,662,416
Total liabilities	620,741,595
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	12,695,847
Deferred inflows related to pensions	18,097,242
Total deferred inflows of resources	30,793,089
NET POSITION	
Net investment in capital assets	133,131,187
Restricted for:	
Capital projects	16,145,592
Debt service	15,042,931
Categorical programs	6,773,960
Unrestricted	(253,656,837)
Total net position	$ (82,563,167)

OXNARD SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities					
Instructional Services:					
Instruction	$ 147,743,048	$ 269,916	$ 17,100,639	$ 10,973,548	$ (119,398,945)
Instruction-Related Services:					
Supervision of instruction	5,985,302	4,181	1,373,511	-	(4,607,610)
Instructional library, media and technology	3,243,756	-	6,717	-	(3,237,039)
School site administration	14,673,902	442	617,166	-	(14,056,294)
Pupil Support Services:					
Home-to-school transportation	5,489,436	36	51,856	-	(5,437,544)
Food services	10,482,787	76,221	8,129,503	-	(2,277,063)
All other pupil services	17,016,108	59,474	1,784,778	-	(15,171,856)
General Administration:					
Data processing	2,593,028	-	-	-	(2,593,028)
All other general administration	11,956,713	4,482	788,485	-	(11,163,746)
Plant Services	18,522,622	508,530	550,707	-	(17,463,385)
Ancillary Services	25	-	-	-	(25)
Community Services	117,203	-	-	-	(117,203)
Interest on Long-term Debt	10,723,314	-	-	-	(10,723,314)
Other Outgo	2,841,516	446,338	1,260,669	-	(1,134,509)
Total governmental activities	$ 251,388,760	$ 1,369,620	$ 31,664,031	$ 10,973,548	(207,381,561)

General Revenues:	
Property taxes	45,501,667
Federal and state aid not restricted to specific purposes	148,919,205
Interest and investment earnings	568,297
Interagency revenues	169,044
Miscellaneous	1,974,406
Total general revenues	197,132,619
Change in net position	(10,248,942)
Net position - July 1, 2019	(72,314,225)
Net position - June 30, 2020	$ (82,563,167)

OXNARD SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2020

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Deposits and investments	$ 10,136,644	$ 16,198,424	$ 9,745,362	$ 14,972,608	$ 8,146,691	$ 59,199,729
Accounts receivable	27,110,154	115,523	58,734	71,147	1,481,602	28,837,160
Due from other funds	1,380,615	-	-	-	12,631	1,393,246
Inventories	148,818	-	-	-	91,610	240,428
Total Assets	$ 38,776,231	$ 16,313,947	$ 9,804,096	$ 15,043,755	$ 9,732,534	$ 89,670,563
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 15,729,598	$ 1,232,480	$ -	$ 824	$ 256,952	$ 17,219,854
Due to other funds	4,232,803	-	-	-	1,380,615	5,613,418
Unearned revenue	1,274,606	-	-	-	-	1,274,606
Total Liabilities	21,237,007	1,232,480	-	824	1,637,567	24,107,878
Fund Balances						
Nonspendable	168,818	-	-	-	91,816	260,634
Restricted	5,393,188	15,081,467	9,804,096	15,042,931	7,630,452	52,952,134
Committed	-	-	-	-	372,699	372,699
Assigned	5,168,326	-	-	-	-	5,168,326
Unassigned	6,808,892	-	-	-	-	6,808,892
Total Fund Balances	17,539,224	15,081,467	9,804,096	15,042,931	8,094,967	65,562,685
Total Liabilities and Fund Balances	$ 38,776,231	$ 16,313,947	$ 9,804,096	$ 15,043,755	$ 9,732,534	$ 89,670,563

Total fund balances - governmental funds			$ 65,562,685
Amounts reported for governmental activities in the statement of net position are different because capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $477,369,349 and the accumulated depreciation is ($74,900,172).			402,469,177
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(4,287,896)
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
	Certificates of participation payable	7,931,591	
	Energy retrofit agreement	3,072,458	
	Compensated absences payable	2,240,621	
	Early retirement incentives	2,421,003	
	General obligation bonds payable	280,230,530	(295,896,203)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:			3,992,230
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.			(212,662,416)
The net OPEB liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.			(85,180,448)
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred inflows and outflows relating to OPEB for the period were:			
	Deferred outflows of resources	9,033,019	
	Deferred inflows of resources	(12,695,847)	(3,662,828)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred inflows and outflows relating to pensions for the period were:			
	Deferred outflows of resources	65,199,774	
	Deferred inflows of resources	(18,097,242)	47,102,532
Total net position - governmental activities			$ (82,563,167)

OXNARD SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	$ 170,919,092	$ -	$ -	$ -	$ 1,000,000	$ 171,919,092
Federal sources	6,614,203	-	-	-	7,937,472	14,551,675
Other state sources	20,742,196	-	10,778,409	102,659	2,109,006	33,732,270
Other local sources	11,339,254	451,046	195,139	15,983,318	1,420,744	29,389,501
Total Revenues	209,614,745	451,046	10,973,548	16,085,977	12,467,222	249,592,538
EXPENDITURES						
Current:						
Instruction	139,237,373	-	-	-	1,116,512	140,353,885
Instruction-Related Services:						
Supervision of instruction	5,041,019	-	-	-	395,953	5,436,972
Instructional library, media and technology	2,580,113	-	-	-	-	2,580,113
School site administration	13,081,066	-	-	-	-	13,081,066
Pupil Support Services:						
Home-to-school transportation	5,217,431	-	-	-	-	5,217,431
Food services	1,165,371	-	-	-	7,959,229	9,124,600
All other pupil services	15,934,407	-	-	-	-	15,934,407
Community Services	43,653	-	-	-	-	43,653
General Administration Services:						
Data processing services	2,278,884	-	-	-	-	2,278,884
Other general administration	10,723,582	-	-	-	30,989	10,754,571
Plant Services	14,703,682	-	-	-	254,531	14,958,213
Transfer of Indirect Costs	(363,038)	-	-	-	363,038	-
Capital Outlay	196,499	23,674,385	-	-	921,857	24,792,741
Intergovernmental Transfers	2,519,611	-	-	-	-	2,519,611
Debt Service:						
Issuance costs	-	-	-	321,905	-	321,905
Principal	304,082	-	-	5,952,573	3,174,000	9,430,655
Interest	98,372	159,869	-	10,659,555	181,995	11,099,791
Total Expenditures	212,762,107	23,834,254	-	16,934,033	14,398,104	267,928,498
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,147,362)	(23,383,208)	10,973,548	(848,056)	(1,930,882)	(18,335,960)
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	-	10,778,409	-	-	329,516	11,107,925
Interfund transfers out	(329,516)	-	(10,778,409)	-	-	(11,107,925)
Proceeds of refunding bonds	-	-	-	27,215,000	-	27,215,000
Transfer to escrow agent for defeased debt	-	-	-	(26,820,823)	-	(26,820,823)
Total Other Financing Sources and Uses	(329,516)	10,778,409	(10,778,409)	394,177	329,516	394,177
Net Change in Fund Balances	(3,476,878)	(12,604,799)	195,139	(453,879)	(1,601,366)	(17,941,783)
Fund Balances, July 1, 2019, as originally stated	21,175,165	27,686,266	9,608,957	15,496,810	9,537,270	83,504,468
Adjustment for Restatement (Note 12)	(159,063)	-	-	-	159,063	-
Fund Balances, July 1, 2019	21,016,102	27,686,266	9,608,957	15,496,810	9,696,333	83,504,468
Fund Balances, June 30, 2020	$ 17,539,224	$ 15,081,467	$ 9,804,096	$ 15,042,931	$ 8,094,967	$ 65,562,685

OXNARD SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2020

Total net change in fund balances - governmental funds			$ (17,941,783)
Amounts reported for governmental *activities* in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
	Expenditures for capital outlay	25,023,765	
	Depreciation expense	(6,370,536)	18,653,229
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:			33,450,654
In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as an increase to liabilities. Amounts recognized in the governmental funds as proceeds from debt were:			(27,215,000)
The amounts paid to the refunded bond escrow agent in excess of the refunded bond at the time of payment are recorded as deferred amounts on the refunding and are amortized over the life of the liability. Deferred amounts on refunding exceeded the amount amortized during the year by:			2,243,797
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:			(2,258)
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:			417,340
In the statement of activities, compensated absences 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, vacation leave earned exceeded the amounts paid by:			(271,799)
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.			(763,836)
In governmental funds, if debt is issued at a premium or discount, the premium or discount is recognized as an other financing source or an other financing use in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Net amortization of premium or discount for the period is:			1,279,999
In the government-wide statements, expenses must be accrued in connections with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as early retirement incentives financed over time. This year, expenses for such obligations were:			807,001
In governmental funds, OPEB expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:			(3,813,346)
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:			(17,092,940)
Change in net position of governmental activities			$ (10,248,942)

OXNARD SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2020

	Trust Fund	Agency Funds	
	Retiree Benefits Fund	Student Body Funds	Total
Assets			
Deposits and investments	$ 6,441,587	$ 201,050	$ 6,642,637
Accounts receivable	44,195	-	44,195
Due from other funds	4,220,172	-	4,220,172
Inventory	-	46,210	46,210
Total Assets	10,705,954	$ 247,260	10,953,214
Liabilities			
Accounts payable	$ -	$ 9,375	$ 9,375
Due to student groups	-	237,885	237,885
Total Liabilities	-	$ 247,260	247,260
Net Position			
Restricted	$ 10,705,954		$ 10,705,954

OXNARD SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	Trust Fund
	Retiree Benefits Fund
ADDITIONS	
Interest	$ 147,246
In-district contributions	4,220,173
Total Additions	4,367,419
DEDUCTIONS	
Operating expenditures	3,564,681
Total Deductions	3,564,681
Net Increase (Decrease)	802,738
Net position - July 1, 2019	9,903,216
Net position - June 30, 2020	$ 10,705,954

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Oxnard School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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

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.

The District has identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds
The District reports the following major governmental funds:

General Fund: This is the chief operating fund for the District. 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. The District also maintains a Special Reserve Fund for Other Than Capital Outlay Projects. The fund does not meet the criteria to be reported as a special revenue fund. Because that fund does not meet the definition of a special revenue fund under GASB 54, the activity in that fund is being reported within the General Fund.

Building Fund: This 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.

County School Facilities Fund: This fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* sections 15125-15262).

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to 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.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090 and 38093).

Deferred Maintenance Fund: This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Projects Funds: Capital projects funds are established 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).

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

Fiduciary Funds
Fiduciary funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. 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. The District maintains the following fiduciary funds:

Retiree Benefit Fund: This fund exists to account separately for amounts held in trust from salary reduction agreements, other irrevocable contributions for employees' retirement benefit payments, or both.

Agency Funds: The District maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund, whether it is organized or not.

2. Measurement Focus, Basis of Accounting
The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting (continued)

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The agency fund has no measurement focus and utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

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

C. Budgetary Data

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

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

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	25-40 years
Land Improvements	14-30 years
Furniture and Equipment	5-15 years

4. Unearned Revenue

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

6. Compensated Absences
The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

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

8. 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 District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition 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. Investments are reported at fair value.

9. Fund Balances
The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Fund Balances (continued)

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

10. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

The District has adopted a formal minimum fund balance policy, as recommended by GASB Statement No. 54; the District follows the guidelines recommended in the Criteria and Standards of Assembly Bill (AB) 1200, which recommend a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

I. New GASB Pronouncement

In May 2020, the GASB issued Statement No. 95. The primary objective of this Statement is to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update-2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update-2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in *each* pronouncement as originally issued.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements

GASB pronouncements which will be effective in future periods, are as follows:

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

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

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

2. 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 reporting periods beginning after June 15, 2021.

3. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

3. (continued)
   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, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

4. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. 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.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

5. 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.

   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.

   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 reporting periods beginning after December 15, 2021. Earlier application is encouraged.

6. In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

   - The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
   - Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
   - The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74*, Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans*, as amended, to reporting assets accumulated for postemployment benefits
   - The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

6. (continued)

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Earlier application is encouraged and is permitted by topic.

7. In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* Some governments have entered into agreements in which variable payments made or received depending on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

   Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases,* as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

   The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

7. (continued)

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of *reference rate,* as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

8. In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

   This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

   This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases,* as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

8. (continued)
   This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement).

   This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts.

   This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination.

   An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

   The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Governmental funds	$	59,199,729
Governmental Activities		59,199,729
Fiduciary funds		6,642,637
Total deposits and investments	$	65,842,366

Deposits and investments as of June 30, 2020 consist of the following:

Cash on hand and in banks	$	201,050
Cash in revolving fund		20,206
Investments		65,621,110
Total deposits and investments	$	65,842,366

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2020, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits
Custodial credit risk 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. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 agencies. 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, 2020, $396,111 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 agency, but not in the name of the District.

Investments - Interest Rate Risk
The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Education. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments - Interest Rate Risk (continued)
Maturities of investments held at June 30, 2020, consisted of the following:

	Fair Value	Maturity: Less Than One Year	Maturity: One Year Through Five Years	Fair Value Measurement	Rating
Investment maturities:					
Cash in county treasury	$ 65,614,337	$ 65,614,337	-	uncategorized	N/A
U.S. Bank					
First American Government Obligation Fund	6,773	6,773	-	Level 1	AAA
Total	$ 65,621,110	$ 65,621,110	$ -		

Investments - Credit Risk
The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2020, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer.

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

The following provides a summary of the hierarchy used to measure fair value:

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

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

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that date 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 Ventura County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2020, consisted of the following:

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds	Retiree Benefits Fund
Federal Government:							
Categorical aid programs	$ 3,623,173	$ -	$ -	$ -	$ 1,110,324	$ 4,733,497	$ -
State Government:							
LCFF sources	21,010,003	-	-	-	-	21,010,003	-
Child nutrition	-	-	-	-	89,477	89,477	-
Lottery	788,402	-	-	-	-	788,402	-
Categorical aid programs	436,499	-	-	-	139,996	576,495	-
Local:							
Interest	185,541	115,523	58,734	71,147	110,711	541,656	44,195
Transfers of apportionment	736,145		-	-	-	736,145	-
Other local	330,391	-	-	-	31,094	361,485	-
Totals	$ 27,110,154	$ 115,523	$ 58,734	$ 71,147	$ 1,481,602	$ 28,837,160	$ 44,195

NOTE 4 – INTERFUND ACTIVITIES

A. Balances Due To/From Other Funds

Balances due/to other funds at June 30, 2020, consisted of the following:

	Due from Other Funds		
	General Fund	Non- Major Funds	Fiduciary Funds
General Fund	$ -	$ 12,631	$ 4,220,172
Non-Major Governmental Funds	1,380,615	-	-
Totals	$ 1,380,615	$ 12,631	$ 4,220,172

General Fund due to Retiree Benefit Fund for retiree benefit monthly costs that are all transferred at year end	$ 4,220,172
General Fund due to Cafeteria Fund for miscellaneous costs	12,631
Capital Facilities Fund due to General Fund for the 3% admin fee charged on developer fees collected during the year	17,577
Cafeteria Fund due to General Fund for indirect costs and publication charges to General Fund	1,304,452
Child Development Fund due to General Fund for indirect costs and publication charges to General Fund	58,586
Total	$ 5,613,418

B. Transfers To/From Other Funds

Transfers to/from other funds during the year ended June 30, 2020, consisted of the following:

General Fund transfer to Cafeteria Special Revenue Fund to cover revolving cash ending balance	$ 329,516
County School Facilties Fund to Building Fund for capital projects from state grant	10,778,409
Total	$ 11,107,925

NOTE 5 – FUND BALANCES

At June 30, 2020, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	$ 20,000	$ -	$ -	$ -	$ 206	$ 20,206
Stores inventories	148,818	-	-	-	91,610	240,428
Total Nonspendable	168,818	-	-	-	91,816	260,634
Restricted:						
Categorical programs	5,393,188	-	-	-	416,270	5,809,458
Food service	-	-	-	-	872,686	872,686
Capital projects	-	15,081,467	9,804,096	-	6,341,496	31,227,059
Debt service	-	-	-	15,042,931	-	15,042,931
Total Restricted	5,393,188	15,081,467	9,804,096	15,042,931	7,630,452	52,952,134
Committed:						
Deferred maintenance program	-	-	-	-	372,699	372,699
Total Committed	-	-	-	-	372,699	372,699
Assigned:						
Economic uncertainty - Covid	5,018,326	-	-	-	-	5,018,326
Bus Replacement	150,000	-	-		-	150,000
Total Assigned	5,168,326	-	-	-	-	5,168,326
Unassigned:						
Reserve for economic uncertainties	6,302,565	-	-	-	-	6,302,565
Remaining unassigned balances	506,327	-	-	-	-	506,327
Total Unassigned	6,808,892	-	-	-	-	6,808,892
Total	$ 17,539,224	$ 15,081,467	$ 9,804,096	$ 15,042,931	$ 8,094,967	$ 65,562,685

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance, July 1, 2019	Additions	Retirements	Balance, June 30, 2020
Capital assets not being depreciated:				
Land	$ 36,289,804	$ -	$ -	$ 36,289,804
Construction in progress	114,515,968	20,654,807	16,627,796	118,542,979
Total capital assets not being depreciated	150,805,772	20,654,807	16,627,796	154,832,783
Capital assets being depreciated:				
Improvement of sites	30,163,221	371,211	-	30,534,432
Buildings	260,731,017	20,389,569	-	281,120,586
Equipment	10,702,184	235,974	56,610	10,881,548
Total capital assets being depreciated	301,596,422	20,996,754	56,610	322,536,566
Accumulated depreciation for:				
Improvement of sites	(12,978,049)	(882,656)	-	(13,860,705)
Buildings	(49,218,099)	(4,748,578)	-	(53,966,677)
Equipment	(6,387,840)	(739,302)	(54,352)	(7,072,790)
Total accumulated depreciation	(68,583,988)	(6,370,536)	(54,352)	(74,900,172)
Total capital assets being depreciated, net	233,012,434	14,626,218	2,258	247,636,394
Governmental activity capital assets, net	$ 383,818,206	$ 35,281,025	$ 16,630,054	$ 402,469,177

Depreciation expense is allocated to the following functions in the Statement of Activities:

Instruction	$ 3,503,090
Instructional Supervision and Administration	127,972
Instructional Library, Media and Technology	63,283
School Site Administration	309,233
Home-to-School Transportation	63,283
Food Services	254,541
All other Pupil Services	127,973
Community Services	63,283
All Other General Administration	191,257
Centralized Data Processing	63,283
Plant Services	1,593,338
	$ 6,360,536

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS

Changes in long-term debt for the year ended June 30, 2020, were as follows:

	Balance, July 1, 2019	Additions	Deductions	Advance Refundings	Balance, June 30, 2019	Amount Due Within One Year
General Obligation Bonds:						
Principal repayments	$ 262,301,666	$ 27,215,000	$ 5,952,573	$ 24,020,000	$ 259,544,093	$ 5,995,000
Accreted interest component	6,051,286	1,108,836	345,000	-	6,815,122	345,000
Unamortized issuance premium	15,183,213	-	1,214,044	-	13,969,169	917,411
Unamortized issuance discount	(29,172)	(72,271)	(3,589)	-	(97,854)	(5,095)
Total - Bonds	283,506,993	28,251,565	7,508,028	24,020,000	280,230,530	7,252,316
Certificates of Participation						
Principal repayments	11,174,000	-	3,174,000	-	8,000,000	347,200
Unamortized issuance discount	(71,136)	-	(2,727)	-	(68,409)	(2,727)
Total - Certificates of Participation	11,102,864	-	3,171,273	-	7,931,591	344,473
Energy Retrofit Agreement	3,376,539	-	304,081	-	3,072,458	317,808
Compensated Absences	1,968,822	271,799	-	-	2,240,621	-
Early retirement incentive	3,228,004	-	807,001	-	2,421,003	807,001
Other Postemployment Benefits (OPEB)	72,160,212	14,163,098	1,142,862	-	85,180,448	-
Totals	$ 375,343,434	$ 42,686,462	$ 12,933,245	$ 24,020,000	$ 381,076,651	$ 8,721,598

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Certificates of participation payments are made by Capital Facilities Funds and the Building Fund. Accumulated vacation, retirement incentives, other postemployment benefits, and net pension liabilities will be paid for by the fund for which the employee worked. Lease payments for the Energy Retrofit Agreement will be paid for by the General Fund.

A. General Obligation Bonds

General Obligation Bonds - Measure M6
On November 7, 2006, the District received authorization to issue $64 million in general obligation bonds. The Bonds were authorized in order to replace portable classrooms and relieve student overcrowding by building and equipping new classrooms and educational facilities.

General Obligation Bonds - Measure R
Bonds were authorized at an election of the registered voters of the District held on November 6, 2012 at which more than 55 percent of the voters authorized the issuance and sale of general obligation bonds not to exceed $90 million. The bonds are general obligations of the District. The bonds will be issued to finance the acquisition, construction, and modernization of school facilities and to pay costs of the issuance of the bonds.

Election 2016 – Measure D
On November 8, 2016, the voters of the District approved Measure D authorizing the District to issue up to $142.5 million general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

A. General Obligation Bonds (continued)

Prior-Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2020, $17,090,000 of bonds outstanding are considered defeased. The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2020, deferred amounts on refunding were $3,992,230.

2019 General Obligation Refunding Bonds

On December 5, 2019, the District issued $27,215,000 of General Obligation Refunding Bonds, Series 2019. The bonds bear fixed interest rates ranging between 1.858% and 3.50% with annual maturities from August 1, 2020, through August 1, 2043. The net proceeds of $27,142,728 (after discounts and issuance costs) were used to advance refund a portion of the District's outstanding General Obligation Bonds and Refunding Bonds.

The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest and principal of the bonds.

A summary of the District's outstanding general obligation bonds is below:

Bond	Interest Rate	Date of Issue	Maturity Date	Amount of Original Issue	Outstanding, July 1, 2019	Additions	Redeemed During Year	Advanced Refunded During Year	Outstanding, June 30, 2020
Measure M6 (2006)									
Series B	3.0% to 5.74%	7/11/2008	7/1/2033	$ 31,997,467	$ 7,077,467	$ -	$ -	$ -	$ 7,077,467
Measure R (2012)									
Series A	2.0% to 5.0%	12/27/2012	8/1/2043	18,390,000	16,915,000	-	210,000	5,535,000	11,170,000
Series B	3.375% to 5.0%	5/30/2013	8/1/2043	25,500,000	25,500,000	-	-	5,990,000	19,510,000
Series C	3.625% to 5.75%	11/5/2014	8/1/2044	15,750,000	15,750,000	-	-	-	15,750,000
Series D	2.0% to 5.25%	8/4/2015	8/1/2040	30,360,000	29,440,000	-	105,000	-	29,335,000
Measure D (2016)									
Series A	3.5% to 5.0%	3/30/2018	8/1/2046	81,000,000	81,000,000	-	-	-	81,000,000
Series B	3.0 to 5.0%	3/29/2019	8/1/2041	13,996,626	13,996,626	-	1,065,000	-	12,931,626
Refunding Issues									
1997 Ref.	3.5% to 7.8%	3/7/1997	8/1/2019	19,890,672	62,573	-	62,573	-	-
2001 Ref., Ser. A	3.9% to 5.75%	8/15/2001	8/1/2030	20,920,000	11,005,000	-	870,000	8,150,000	1,985,000
2010 Ref.	2.0% to 5.0%	3/7/2011	8/1/2023	10,750,000	5,020,000	-	1,170,000	-	3,850,000
2011 Ref.	2.0% to 5.0%	7/14/2011	8/1/2027	7,275,000	5,370,000	-	30,000	4,345,000	995,000
2012 Ref.	2.0% to 5.0%	7/2/2012	8/1/2033	12,240,000	11,800,000	-	100,000	-	11,700,000
2014 Ref.	4.0% to 5.0%	6/19/2014	8/1/2027	11,835,000	9,330,000	-	840,000	-	8,490,000
2015 Ref.	2.0% to 5.0%	5/6/2015	8/1/2036	14,305,000	14,125,000	-	-	-	14,125,000
2016 Ref.	1.25% to 4.0%	9/27/2016	8/1/2026	16,360,000	15,910,000	-	1,500,000	-	14,410,000
2019 Ref.	1.86% to 3.5%	12/5/2019	8/1/2043	27,215,000	-	27,215,000	-	-	27,215,000
					$ 262,301,666	$ 27,215,000	$ 5,952,573	$ 24,020,000	$ 259,544,093
			Accreted Interest:						
				1997 Ref.	$ 134,776	$ 210,224	$ 345,000	$ -	$ -
				2006, Ser.B	5,795,423	748,838	-	-	6,544,261
				2016. Ser. B.	121,087	149,774	-	-	270,861
					$ 6,051,286	$ 1,108,836	$ 345,000	-	$ 6,815,122

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

A. General Obligation Bonds (continued)

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2020, are as follows:

Fiscal Year	Principal	Interest	Total
2020-2021	$ 5,995,000	$ 10,100,483	$ 16,095,483
2021-2022	5,920,000	10,195,158	16,115,158
2022-2023	5,304,412	10,041,298	15,345,710
2023-2024	6,634,480	9,842,743	16,477,223
2024-2025	7,261,024	9,632,854	16,893,878
2025-2030	42,762,630	50,623,856	93,386,486
2030-2035	45,665,614	46,919,862	92,585,476
2035-2040	53,929,204	25,701,109	79,630,313
2040-2045	59,181,729	12,959,063	72,140,792
2045-2047	26,890,000	1,923,075	28,813,075
Total	$ 259,544,093	$ 187,939,501	$ 447,483,594

B. Certificates of Participation

2010 Refunding

On January 19, 2010, the District issued $5,285,900 of Refunding Certificates of Participation pursuant to a lease agreement with the Public Property Financing Corporation of California for the purpose of refunding the 1997 certificates. The certificates were sold bearing stated interest rate of 4.75 percent maturing between August 1, 2011 and August 1, 2026. During the fiscal year 2019-20, the District paid the remaining balance of the certificates.

2016 Certificates of Participation

On April 7, 2016, the District issued $8,000,000 of Certificates of Participation through the Public Property Financing Corporation of California. The certificates bear an initial interest rate of 2.00% with a 5.00% step-up interest rate that commences August 1, 2021. The certificates were issued as term certificates due August 1, 2045, with annual mandatory sinking fund payments due on August 1 of each year beginning in 2022 until maturity. The proceeds of the certificates are being used to finance the acquisition and improvement of real property for use by the District as educational facilities. At June 30, 2020, the principal balance outstanding was $8,000,000.

The annual requirements to amortize all outstanding certificates are as follows:

Fiscal Year	Principal	Interest	Total
2020-2021	$ -	$ 160,000	$ 160,000
2021-2022	-	280,000	280,000
2022-2023	180,000	395,500	575,500
2023-2024	190,000	386,250	576,250
2024-2025	200,000	376,500	576,500
2025-2030	1,155,000	1,718,625	2,873,625
2030-2035	1,470,000	1,392,250	2,862,250
2035-2040	1,870,000	956,250	2,826,250
2040-2045	2,385,000	387,750	2,772,750
2045-2046	550,000	93,375	643,375
Total	$ 8,000,000	$ 6,146,500	$ 14,146,500

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

C. Energy Retrofit Agreement

On July 17, 2012, the District entered into an equipment lease/purchase agreement with Banc of America Public Capital Corp. for the acquisition of an energy efficiency program and corresponding equipment. The acquisition amount was $4,797,640 with a contract rate of 2.98% and total payments of $6,140,842.

Annual payments on the lease agreement are shown below:

Fiscal Year	Principal	Interest	Total
2020-2021	$ 317,808	$ 89,209	$ 407,017
2021-2022	333,284	79,624	412,908
2022-2023	350,490	69,565	420,055
2023-2024	369,416	58,980	428,396
2024-2025	390,063	47,819	437,882
2025-2028	1,311,397	69,951	1,381,348
	$ 3,072,458	$ 415,148	$ 3,487,606

D. Early Retirement Incentive

The District has established a supplemental early retirement incentive program (SERP) whereby certain qualified employees may retire early and receive a portion of their salary paid out as an annuity. The total future payments owing at June 30, 2020, for these obligations are shown below:

Future Years	Amount
2020-2021	$ 807,001
2021-2022	807,001
2022-2023	807,001
	$ 2,421,003

E. Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 84,300,135	$ 9,033,019	$ 12,695,847	$ 4,700,832
MPP Program	880,313	-	-	(64,882)
Total	$ 85,180,448	$ 9,033,019	$ 12,695,847	$ 4,635,950

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

E. Other Postemployment Benefits (OPEB) Liability (continued)
The details of each plan are as follows:

District Plan

Plan Description
Oxnard School District's single-employer defined benefit provides post-employment benefits other than pensions (OPEB) to employees who meet certain criteria. The District provides post-employment healthcare benefits to eligible retirees and their covered eligible dependents and pays a portion of the cost. All active employees who retire directly from the District and meet the eligibility criteria may participate. The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided
The postretirement health plans and the District's obligation vary by employee group as described below.

	OEA	CSEA	Management	OSSA
Benefit Types Provided	Medical, dental, and vision	Medical, dental, and vision	Medical, dental, and vision	Medical, dental, and vision
Duration of Benefits	To age 69	To Age 65[1]	To age 69	To age 65[1]
Required Service	8 years[2]	15 years[3]	8 years[2]	8 years[2]
Minimum Age	55	55	55	55
Dependent Coverage	No[4]	No[4]	No[4]	No[4]
District Contribution %	100%	100%	100%	100%
District Cap	None	Premium rate at retirement[5]	None	None

[1]To age 69 if hired before 8/1/05 for CSEA and 7/1/06 for OSSA
[2]This is the requirement for Oxnard School District. Also requires 15 years in California Public Schools
[3]For those hired before 8/1/05, 8 years with OSD and 15 years in California Public Schools
[4]Contract language allows "employee-only" premium. District currently pays a composite rate that includes dependents.
[5]Affects CSEA members who were employed on or after 8/1/05

The Plan provides medical, dental, and vision benefits for retirees. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. Article 4 of the Trust By-Laws grants the authority to establish and amend the benefit terms to the Trust Board.

Employees Covered by Benefit Terms
At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	243
Active employees	683
Total	926

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

E. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

Total OPEB Liability
The District's total OPEB liability of $84,300,135 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Inflation	2.75 percent
Salary increases	2.75 percent
Healthcare cost trend rates	4.00 percent for 2020 and thereafter
Retirees' share of benefit-related costs	Varies depending on bargaining unit. No District CAP for OEA, management, and OSSA; CSEA pays premium rate at retirement.

Discount Rate
The discount rate used to measure the total OPEB liability was 2.2 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate in the prior valuation was 3.5 percent.

Mortality Rates
Following are the tables the mortality assumptions are based upon.

2009 CalSTRS Mortality
The mortality assumptions are based on the 2009 CalSTRS Mortality table created by CalSTRS. CalSTRS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

2009 CalPERS Retiree and Active Mortality for Miscellaneous Employees
The mortality assumptions are based on the 2009 CalPERS Retiree and Active Mortality for Miscellaneous Employees tables created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

Following are the tables the retirement and turnover assumptions are based upon.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

E. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

Mortality Rates (continued)

2009 CalSTRS Retirement Rates
The retirement assumptions are based on the 2009 CalSTRS Retirement Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

2009 CalPERS Retirement Rates for School Employees
The retirement assumptions are based on the 2009 CalPERS Retirement Rates for School Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

2009 CalSTRS Termination Rates
The turnover assumptions are based on the 2009 CalSTRS Termination Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

2009 CalPERS Termination Rates for School Employees
The turnover assumptions are based on the 2009 CalPERS Termination Rates for School Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Changes in the Total OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2019	$ 81,160,496	$ 9,903,216	$ 71,257,280
Changes for the year:			
Service cost	3,837,913	-	3,837,913
Interest	1,779,340	-	1,779,340
Expected investment income	-	284,231	(284,231)
Investment gains (losses)	-	(136,985)	136,985
Changes of assumptions	8,408,860	-	8,408,860
Benefit payments	(4,400,693)	(3,564,681)	(836,012)
Net changes	9,625,420	(3,417,435)	13,042,855
Balance at June 30, 2020	$ 90,785,916	$ 6,485,781	$ 84,300,135

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

E. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

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 percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	OPEB Liability
1% decrease	$ 90,597,031
Current discount rate	$ 84,300,135
1% increase	$ 78,580,264

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 percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	$ 79,463,280
Current trend rate	$ 84,300,135
1% increase	$ 88,109,977

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
The deferred outflows and inflows of resources related to changes of assumptions and differences between expected and actual experience in the measurement of the total OPEB liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the current measurement period and 2018-19 is 8.4 years and 10.2 years for 2017-18.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 25,419	$ 11,095,540
Changes of assumptions	8,668,502	1,600,307
Investment gains and losses	339,098	-
Total	$ 9,033,019	$ 12,695,847

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

E. Other Postemployment Benefits (OPEB) Liability (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)
The deferred outflows and inflows of resources related to changes of assumptions and differences between expected and actual experience in the measurement of Net OPEB Liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive and retirees) as of the beginning of the measurement period. The EARSL for the current measurement period is 8.4 years and 10.2 years for the 2019-20 measurement period and earlier.

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	$ 1,322,708	$ 1,954,898
2022	1,322,708	1,954,898
2023	1,270,714	1,954,898
2024	1,228,873	1,954,898
2025	1,201,476	1,954,898
Thereafter	2,686,540	2,921,357
	$ 9,033,019	$ 12,695,847

Medicare Premium Payment (MPP) Program

Plan Description
The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit 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, 2018 annual actuarial valuation report, Medicare Premium Payment Program. 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/actuarial-financial-and-investor-information.

Benefits Provided
The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the 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 MPP Program is closed to new entrants as members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2019, 5,744 retirees participated in the MPP Program. The number of retired members who will participate in the program in the future is unknown because eligibility cannot be predetermined.

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

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

E. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

Total OPEB Liability
At June 30, 2020, the District reported a liability of $880,313 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2019, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total OPEB liability to June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Change Increase/ (Decrease)
Measurement Date	June 30, 2019	June 30, 2018	
Proportion of the Net OPEB Liability	0.236391%	0.246936%	-0.010545%

For the year ended June 30, 2020, the District reported OPEB expense of $(64,882).

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2019
Valuation Date	June 30, 2018
Experience Study	July 1, 2010, through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Healthcare Cost Trend Rates	3.70% for Medicare Part A, and 4.10% for Medicare Part B

In addition, 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 380, or an average of 0.23% of the potentially eligible population (165,422).

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

E. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs (continued)
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% of the ultimate improvement factor from the Mortality Improvement Scale (MP–2016) table issued by the Society of Actuaries.

Discount Rate
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, 2019, 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 California State Treasurer.

The discount rate used to measure the total OPEB liability was 3.50%. The MPP Program is funded on a pay-as-you-go basis as previously noted, 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 3.50%, which is the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37% from 3.87% as of June 30, 2018.

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, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	MPP OPEB Liability
1% decrease	$ 960,622
Current discount rate	$ 880,313
1% increase	$ 806,471

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, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	$ 802,167
Current trend rate	$ 880,313
1% increase	$ 969,869

NOTE 8 – PENSION PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated 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, 2020, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 138,136,433	$ 47,224,915	$ 16,426,757	$ 22,738,947
CalPERS	74,525,983	17,974,859	1,670,485	17,647,006
Total	$ 212,662,416	$ 65,199,774	$ 18,097,242	$ 40,385,953

The details of each plan are as follows:

A. 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, 2018, 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/ actuarial-financial-and-investor-information.

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% 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 non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Benefits Provided (continued)
The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	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 Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	17.10%	17.10%
Required State Contribution Rate	10.328%	10.328%

Contributions
Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately $2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution is allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

The contribution rates for each program for the year ended June 30, 2020, are presented above, and the District's total contributions were $14,025,190.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	$	138,136,433
State's proportionate share of the net pension liability associated with the District		75,362,646
Total	$	213,499,079

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

The net pension liability was measured as of June 30, 2019. 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 proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2020	**Fiscal Year Ending June 30, 2019**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2019	June 30, 2018	
Proportion of the Net Pension Liability	0.152948%	0.157029%	-0.004081%

For the year ended June 30, 2020, the District recognized pension expense of $22,738,947. In addition, the District recognized pension expense and revenue of $2,061,895 for support provided by the State. At June 30, 2020, 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	$ 14,025,190	$ -
Net change in proportionate share of net pension liability	15,061,633	6,895,044
Difference between projected and actual earnings on pension plan investments	318,132	5,639,189
Changes of assumptions	17,471,240	-
Differences between expected and actual experience	348,720	3,892,524
Total	$ 47,224,915	$ 16,426,757

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	$ 8,307,539	$ 2,669,323
2022	8,307,539	6,363,015
2023	8,307,539	2,719,796
2024	6,237,372	1,581,864
2025	1,019,868	1,673,632
Thereafter	1,019,868	1,419,127
Total	$ 33,199,725	$ 16,426,757

Actuarial Methods and Assumptions
The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of 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 our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP–2016) table issued by the Society of Actuaries.

The long-term investment 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) as inputs 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.

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions (continued)
For each future valuation, CalSTRS' independent consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47%	4.8%
Fixed Income	12%	1.3%
Real Estate	13%	3.6%
Private Equity	13%	6.3%
Risk Mitigating Strategies	9%	1.8%
Inflation Sensitive	4%	3.3%
Cash/Liquidity	2%	(0.4%)

Discount Rate
The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments and administrative expenses occur midyear. Based on those 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 the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 205,696,583
Current discount rate (7.10%)	138,136,433
1% increase (8.10%)	82,116,202

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 pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, for the 2018-19 fiscal year, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $10,512,358.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS)

Plan Description
Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer 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, 2018 annual actuarial valuation report, Schools Pool Accounting Report. 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/employers/actuarial-resources/gasb.

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, 2020, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before	On or after
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	2.0 – 2.5%	2.0 – 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	19.721%	19.721%

Contributions
Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions 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 contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020 are presented above, and the total District contributions were $7,205,929.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $74,525,983. The net pension liability was measured as of June 30, 2019. 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 proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Change Increase/ (Decrease)
Measurement Date	June 30, 2019	June 30, 2018	
Proportion of the Net Pension Liability	0.255714%	0.255595%	0.000119%

For the year ended June 30, 2020, the District recognized pension expense of $17,647,006. At June 30, 2020, 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	$ 7,205,929	$ -
Net change in proportionate share of net pension liability	929,451	101,010
Difference between projected and actual earnings on pension plan investments	878,233	1,569,475
Changes of assumptions	3,547,668	-
Differences between expected and actual experience	5,413,578	-
Total	$ 17,974,859	$ 1,670,485

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	$ 6,895,303	$ 50,505
2022	2,527,860	1,413,443
2023	1,055,607	206,537
2024	289,522	-
2025	638	-
Thereafter	-	-
Total	$ 10,768,930	$ 1,670,485

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.50%
Wage Growth	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

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 and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 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.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 107,424,304
Current discount rate (7.15%)	74,525,983
1% increase (8.15%)	47,234,553

C. 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 the Social Security as its alternative plan.

D. Payables to the Pension Plans

At June 30, 2020, the District reported payables of $34,747 and $12,462 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2020.

NOTE 9 – JOINT VENTURES

The Oxnard School District participates in one joint powers agreement (JPA) entity, the Ventura County Schools Self-Funding Authority (VCSSFA). The relationship between the Oxnard School District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The VCSSFA provides workers compensation, property and liability coverage for its member school districts through a varying combination of self-insurance and excess coverage. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

Condensed audited financial information for the fiscal year ended June 30, 2019, is as follows:

	VCSSFA
Assets	$ 128,939,865
Deferred Outflows of Resources	430,267
Liabilities	53,989,890
Deferred Inflows of Resources	145,889
Net Assets	$ 75,234,353
Revenues	$ 26,936,338
Expenses	24,474,102
Operating Income	2,462,236
Non-Operating Income	2,857,461
Change in Net Assets	$ 5,319,697

NOTE 10 – RISK MANAGEMENT

Property and Liability and Workers' Compensation
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, 2020, the District participated in the Ventura County Schools Self-Funding Authority public entity risk pool for property and liability insurance coverage and workers' compensation 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 2019-20, the District participated in the Ventura County Schools Self-Funding Authority public entity risk pool for workers' compensation, with excess coverage provided by the SCRMA public entity risk pool. The District maintains a $100,000 Self-Insured Retention (SIR) amount.

Employee Medical Benefits
The District has contracted with Gold Coast Benefits Trust to provide employee health and welfare benefits.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants
The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Litigation
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2020.

C. Construction Commitments
At June 30, 2020, the District had commitments with respect to unfinished capital projects of approximately $2.5 million to be paid from bond proceeds and developer fees.

D. Impact of COVID-19
On March 13, 2020, a presidential emergency was declared due to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. The declaration made federal disaster assistance available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to the State of California to supplement the local recovery efforts by the K-12 education community. On that same date, Governor Newsom issued Executive Order N-26-20, guaranteeing continued State funding, holding LEAs harmless from several regulations, and providing guidelines for LEAs to operate under a “distance learning” environment.

In response, the District announced the closing of all schools in mid-March. With nearly all districts in California shut down to stem the spread of COVID-19, officials statewide hastily put in place plans to deliver “grab and go” meals with minimal contact between cafeteria staff, volunteers and families in need. In addition, the District worked to implement distance learning for all students for the remainder of the 2019-20 school year.

A companion bill to Executive Order N-26-20, Senate Bill 117 changed the method used by the District to calculate average daily attendance (ADA) for both the P-2 and Annual period apportionment to include all full school months from July 1, 2019 to February 29, 2020. As events unfold and changes are made on a daily basis, the future impacts of COVID-19 on the District’s operations are not fully known at this time.

NOTE 12 – ADJUSTMENT FOR RESTATEMENT

Fund Balance in the General Fund was reduced by $159,063 and increased in the Child Development Fund by the same amount for activity in prior years.

NOTE 13 – SUBSEQUENT EVENTS

On September 3, 2020, the District issued $90,775,000 in 2020 General Obligation refunding bonds. The bonds were issued for the purpose of refinancing on an advance basis certain outstanding general obligations of the District.

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Required Supplementary Information

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OXNARD SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF Sources	$ 170,226,857	$ 170,690,238	$ 170,919,092	$ 228,854
Federal Sources	8,659,991	11,871,224	6,614,203	(5,257,021)
Other State Sources	8,010,317	10,822,159	20,742,196	9,920,037
Other Local Sources	8,185,722	9,067,885	11,337,775	2,269,890
Total Revenues	195,082,887	202,451,506	209,613,266	7,161,760
Expenditures				
Current:				
Certificated Salaries	83,649,054	86,913,409	86,190,415	722,994
Classified Salaries	29,307,904	29,742,731	30,968,180	(1,225,449)
Employee Benefits	40,135,169	46,458,697	57,178,955	(10,720,258)
Books and Supplies	13,900,863	15,648,186	8,265,767	7,382,419
Services and Other Operating Expenditures	24,697,971	30,460,547	27,195,792	3,264,755
Transfers of Indirect Costs	(521,451)	(531,630)	(363,038)	(168,592)
Capital Outlay	1,667,843	310,248	403,971	(93,723)
Other Outgo	2,527,734	2,536,048	2,519,611	16,437
Debt Service	564,000	574,200	402,454	171,746
Total Expenditures	195,929,087	212,112,436	212,762,107	(649,671)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(846,200)	(9,660,930)	(3,148,841)	6,512,089
Other Financing Sources and Uses				
Interfund Transfers In	-	-	130,047	130,047
Interfund Transfers Out	(1,830,606)	(325,960)	(329,516)	(3,556)
Total Other Financing Sources and Uses	(1,830,606)	(325,960)	(199,469)	126,491
Excess (Deficiency) of Revenues and Other Expenditures and Other Financing Uses	(2,676,806)	(9,986,890)	(3,348,310)	6,638,580
Fund Balances, July 1, 2019	20,482,005	20,887,534	20,887,534	-
Fund Balances, June 30, 2020	$ 17,805,199	$ 10,900,644	$ 17,539,224	$ 6,638,580

OXNARD SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2020

Last Ten Fiscal Years*

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
CalSTRS						
District's proportion of the net pension liability	0.1529%	0.1570%	0.1485%	0.1547%	0.1500%	0.1270%
District's proportionate share of the net pension liability	$ 138,136,433	$ 144,320,917	$ 137,347,794	$ 125,365,550	$ 100,986,000	$ 74,214,990
State's proportionate share of the net pension liability associated with the District	75,362,646	82,630,475	$ 81,253,795	71,378,879	53,410,318	44,814,665
Totals	$ 213,499,079	$ 226,951,392	$ 218,601,589	$ 196,744,429	$ 154,396,318	$ 119,029,655
District's covered-employee payroll	$ 84,292,598	$ 83,459,653	$ 80,537,440	$ 76,798,239	$ 70,452,489	$ 63,059,794
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.88%	172.92%	170.54%	163.24%	143.34%	117.69%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
CalPERS						
District's proportion of the net pension liability	0.2557%	0.2556%	0.2519%	0.2531%	0.2457%	0.2290%
District's proportionate share of the net pension liability	$ 74,525,983	$ 68,149,798	$ 60,128,107	$ 49,987,407	$ 36,216,423	$ 25,974,371
District's covered-employee payroll	$ 36,543,090	$ 33,887,773	$ 32,092,252	$ 30,393,939	$ 27,191,989	$ 23,660,479
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	203.94%	201.10%	187.36%	164.47%	133.19%	109.78%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%

Notes to Schedule:

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

OXNARD SCHOOL DISTRICT
Schedule of Pension Contributions
For the Fiscal Year Ended June 30, 2020

Last Ten Fiscal Years*

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
CalSTRS						
Contractually required contribution	$ 14,025,190	$ 13,722,835	$ 12,043,228	$ 10,131,610	$ 8,240,451	$ 6,256,181
Contributions in relation to the contractually required contribution	14,025,190	13,722,835	12,043,228	10,131,610	8,240,451	6,256,181
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	82,018,654	$ 84,292,597	$ 83,459,652	$ 80,537,440	$ 76,798,239	$ 70,452,489
Contributions as a percentage of covered-employee payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 7,205,929	$ 6,600,413	$ 5,263,110	$ 4,456,972	$ 3,600,770	$ 3,200,769
Contributions in relation to the contractually required contribution	7,205,929	6,600,413	5,263,110	4,456,972	3,600,770	3,200,769
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	36539369.2	$ 36,543,090	$ 33,887,773	$ 32,092,252	$ 30,393,939	$ 27,191,989
Contributions as a percentage of covered-employee payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

OXNARD SCHOOL DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2020

Last 10 Fiscal Years*

	2019-20	2018-19	2017-18
Total OPEB liability			
Service cost	$ 3,837,913	$ 4,987,643	$ 4,854,154
Interest	1,779,340	3,428,314	3,335,606
Differences between expected and actual experience	-	(14,858,061)	-
Changes of assumptions or other inputs	8,408,860	1,654,667	(2,267,105)
Expected benefit payments	-	-	(3,630,866)
Benefit payments	(4,400,693)	(3,928,421)	85,492
Other changes	-	374,367	-
Net change in total OPEB liability	9,625,420	(8,341,491)	2,377,281
Total OPEB liability - beginning	81,160,496	89,501,987	87,124,706
Total OPEB liability - ending	$ 90,785,916	$ 81,160,496	$ 89,501,987
Plan Fiduciary Net Position			
Contributions - employer	$ -	$ 4,265,389	$ 4,339,503
Net investment income	284,231	154,831	79,553
Benefit payments	(3,564,682)	(3,928,421)	(3,630,865)
Investment Gains/(Losses)	(136,984)	-	-
Administrative expenses	-	-	85,492
Net change in plan fiduciary net position	(3,417,435)	491,799	873,683
Total fiduciary net position - beginning	9,903,216	9,411,417	8,537,734
Total fiduciary net position - ending	$ 6,485,781	$ 9,903,216	$ 9,411,417
District's net OPEB liability (asset) - ending	$ 84,300,135	$ 71,257,280	$ 80,090,570
Covered-employee payroll	$ 112,720,844	$ 114,428,198	$ 112,683,361
Total OPEB liability as a percentage of covered-employee payroll	74.79%	62.27%	71.08%

Notes to Schedule:

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

OXNARD SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2020

Last 10 Fiscal Years*

	2019	2018	2017
District's proportion of net OPEB liability	0.2364%	0.2469%	0.2364%
District's proportionate share of net OPEB liability	$ 880,313	$ 945,194	$ 994,457
Covered-employee payroll	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	0.40%	0.01%

Notes to Schedule:

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.

**This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

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 States 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 adoptions with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

Schedule of 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.

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

***Change of assumptions* -** There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

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.

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

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

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working life. The discount rate was changed from 3.5 percent in the previous valuation to 2.2 percent.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 3.87 percent to 3.50 percent since the previous valuation.

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Supplementary Information

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The Oxnard School District was established in 1873, and consists of an area comprising approximately 28 square miles in the southern portion of Ventura County encompassing a portion of the City of Oxnard. The District operates twelve elementary schools (K-5), three intermediate schools (6-8), five K-8 schools, and one preschool. There were no boundary changes during the year.

GOVERNING BOARD

Member	Office	Term Expires
Ms. Monica Madrigal Lopez	President	November, 2020
Mrs. Veronica Robles-Solis	Member	November, 2022
Mrs. Debra Cordes	Member	November, 2022
Ms. Jarely Lopez	Member	November, 2020
Mr. Denis O'Leary	Member	November, 2020

DISTRICT ADMINISTRATORS

Karling Aguilera-Fort,
Superintendent

Ms. Janet Penanhoat,
Assistant Superintendent, Business and Fiscal Services

Dr. Ana DeGenna,
Assistant Superintendent, Educational Services

Dr. Jesus Vaca,
Assistant Superintendent, Human Resources and Support Services

OXNARD SCHOOL DISTRICT

Schedule of Average Daily Attendance

For the Fiscal Year Ended June 30, 2020

	Second Period Report Certificate No. (04C30765)	Annual Report Certificate No. (BE97523B)
Regular ADA:		
Grades TK-3	6,514.02	6,514.02
Grades 4-6	5,165.24	5,165.24
Grades 7-8	3,504.37	3,504.37
Total Regular ADA	15,183.63	15,183.63
Special Education - Nonpublic, Nonsectarian Schools:		
Grades 7-8	10.43	10.43
Total Special Education, Nonpublic, Nonsectarian Schools	10.43	10.43
Total ADA	15,194.06	15,194.06

OXNARD SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2020

Grade Level	Required	2019-2020 Offered Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	47,412	180	Complied
Grade 1	50,400	53,910	180	Complied
Grade 2	50,400	53,910	180	Complied
Grade 3	50,400	53,910	180	Complied
Grade 4	54,000	54,783	180	Complied
Grade 5	54,000	54,783	180	Complied
Grade 6	54,000	61,281	180	Complied
Grade 7	54,000	61,281	180	Complied
Grade 8	54,000	61,281	180	Complied

See accompanying note to supplementary information.

General Fund	(Budget) 2021 [2]	2020	2019	2018
Revenues and other financing sources	$ 187,399,735	$ 209,743,313	$ 218,657,684	$ 202,297,565
Expenditures	191,242,391	212,762,107	223,874,640	213,298,207
Other uses and transfers out	654,729	329,516	2,330,338	461,555
Total outgo	191,897,120	213,091,623	226,204,978	213,759,762
Change in fund balance (deficit)	(4,497,385)	(3,348,310)	(7,547,294)	(11,462,197)
Ending fund balance	$ 13,041,839	$ 17,539,224	$ 20,887,534	$ 28,434,828
Available reserves [1]	$ 9,380,328	$ 6,808,892	$ 9,970,664	$ 9,298,798
Available reserves as a percentage of total outgo	4.9%	3.2%	4.4%	4.4%
Total long-term debt	$ 585,017,469	$ 593,739,067	$ 587,814,149	$ 587,542,951
Average daily attendance at P-2	N/A	15,194	15,617	15,984

The General Fund balance has decreased by $10,895,604 over the past two years. The fiscal year 2020-21 adopted budget projects a decrease of $4,497,385. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in the previous three years, and anticipates incurring an operating deficit during the 2020-21 fiscal year. Long-term debt has increased by $6,196,116 over the past two years.

Average daily attendance has decreased by 790 over the past two years. ADA will not be reported in 20-21.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] Revised Final Budget August, 2020.

There were no differences between the Annual Financial and Budget Report and the Audited Financial Statements in any funds.

OXNARD SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	$ 895,715	
National School Lunch Program	10.555	13523	4,278,867	
Summer Food Service Program Operations	10.559	13004	673,974	
USDA Donated Foods	10.555	N/A	783,654	
Total Child Nutrition Cluster				$ 6,632,210
Child and Adult Food Care Program	10.558	13393	855,153	
Cash in Lieu of Commodities	10.558	13393	51,628	
Total Child and Adult Food Care Program				906,781
Total U.S.Department of Agriculture				7,538,991
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
COVID-19 Coronavirus Relief Fund	21.019	25516		2,897,506
Education Stabilization Fund:				
COVID-19 Elementary and Secondary School Emergency Relief (ESSER)	84.425D	15536	121,681	
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C	15517	6	
Total Education Stabilization Fund				121,687
Every Student Succeeds Act (ESSA):				
Title I Grants				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	2,524,877	
Title I, School Improvement Funding	84.010	15438	48,364	
Total Title I Grants				2,573,241
Title II, Part A, Supporting Effective Instruction State Grant	84.367	14341		341,819
English Language Acquisition Grants:				
Title III, Immigrant Education Program	84.365	15146	12,391	
Title III, Limited English Proficiency	84.365	14346	370,628	
Total English Language Acquisition Grants Cluster				383,019
Title IV, Part A, Student Support and Academic Enrichment				168,687
Passed through Ventura County SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Local Assistance Entitlement	84.027	13379	2,992,687	
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	15,532	
IDEA Preschool Grants, Part B, Section 619	84.173	13430	139,218	
Total Special Education (IDEA) Cluster				3,147,437
Total U.S.Department of Education				9,633,396
Total Expenditures of Federal Awards				$ 17,172,387

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

NOTE 1 – PURPOSE OF SCHEDULES

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 participated in the Incentives for Longer Instructional Day and Longer Instructional Year. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*. The instructional time presented in this schedule includes the days that the schools were closed due to the COVID-19 pandemic.

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.

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 Expenditures of Federal Awards

The 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 the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2020.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 14,551,675
Differences between Federal Revenues and Expenditures:		
COVID-19 Coronavirus Relief Fund	21.019	2,897,506
COVID-19 Elementary and Secondary School Emergency Relief (ESSER)	84.425D	121,681
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C	6
Summer Food Service Program Option	10.559	(512,368)
Child and Adult Food Care Program	10.558	113,887
Total Schedule of Expenditures of Federal Awards		$ 17,172,387

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Other Independent Auditors' Reports

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

Board of Trustees
Oxnard School District
Oxnard, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Oxnard School District's basic financial statements, and have issued our report thereon dated January 12, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Oxnard School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oxnard School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oxnard School District's internal control.

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

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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Oxnard School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Purpose of this Report

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

Nigro + Nigro, PC.

Murrieta, California
January 12, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Oxnard School District
Oxnard, California

Report on Compliance for Each Major Federal Program

We have audited Oxnard School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Oxnard School District's major federal programs for the year ended June 30, 2020. Oxnard School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Oxnard 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, 2020.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Report on Internal Control Over Compliance

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

Nigro + Nigro, PC.

Murrieta, California
January 12, 2021

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Oxnard School District
Oxnard, California

Report on State Compliance
We have audited Oxnard School District's compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Oxnard School District's state government programs as noted on the following page for the fiscal year ended June 30, 2020.

Management's Responsibility
Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Oxnard School District's state programs based on our audit of the types of compliance requirements referred to on the following page. 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 *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Oxnard 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 state program. However, our audit does not provide a legal determination of Oxnard School District's compliance.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

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Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

Unmodified Opinion on Compliance with State Programs

In our opinion, Oxnard School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2020.

Nigro + Nigro, PC.

Murrieta, California
January 12, 2021

Findings and Questioned Costs

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.558	Child and Adult Food Care Program
84.027, 84.173	IDEA
21.019	COVID-19 Coronavirus Relief Fund

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

State Awards

Type of auditors' report issued on compliance for state programs:	Unmodified

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2019-20.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2019-20.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs in 2019-20.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2019-001: Documentation of Employee Time and Effort	2 CFR Section 225 requires that employees funded through multiple cost objectives complete a personnel activity report (PAR) or equivalent documentation. The PAR or equivalent documentation must reflect an after-the-fact distribution of the actual activity of each employee, account for the total activity for which each employee is compensated, be prepared at least monthly and coincide with one or more pay periods, and be signed by the employee. The District charged salary costs to Medicare Administrative Activities for an employee that is split-funded but did not provide documentation of time and effort that fulfills the requirement of 2 CFR section 225. This is not a repeat finding and appears to be isolated.	50000 30000	We recommend that the District ensure that the portion of employee salaries charged to Medi-Cal and MAA programs be reflective of each employee's actual activity and ensure that it is properly documented. We further recommend that the District follow the California School Accounting Manual Procedure 905 on Documenting Wages and Salaries moving forward.	Implemented.
Finding 2019-002: CALPADS Unduplicated Pupil Counts	Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals: • Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* sections 2574(b)(2) and 42238.02(b)(1)). • Divided by total enrollment in the LEA (*EC* sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.	40000	We recommend that the District implement a procedure to review the CALPADS information prior to the reports' submission to the California Department of Education.	Implemented.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2019-002: CALPADS Unduplicated Pupil Counts (continued)	During our testing of the English Learner (EL) and Free and Reduced Price Meal (FRPM) eligible students reported in the CALPADS 1.17 and 1.18 reports, we noted 5 students who were incorrectly classified as EL or FRPM eligible. We noted errors in four of the schools we tested, for a total of 5 exceptions out of a sample size of 302. This finding also occurred in 2017-18 testing of the unduplicated pupil count and was reported as finding 2018-001.			

To the Board of Trustees
Oxnard School District
Oxnard, California

In planning and performing our audit of the basic financial statements of Oxnard School District for the fiscal year ending June 30, 2020, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity 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 January 12, 2021, on the financial statements of Oxnard School District.

ATTENDANCE

Observation: During inquiry, we noted that one of three teachers sampled at **Mc Kinna, Kamala and Elm Schools** each had not certified their reported attendance on a contemporaneous basis. Attendance had been taken daily and there was no impact on ADA.

> ***Recommendation*****:** When teachers are taking attendance, the rosters are required to be printed out and signed by the teacher on a weekly basis to indicate their review and agreement of the attendance reported. We recommend that the rosters be signed and dated on a weekly basis as required by CDE to create a valid contemporaneous record. Alternatively, the District may seek approval for digital signatures, but a digital system must first be approved by the CDE.

ASSOCIATED STUDENT BODY (ASB) FUNDS

Observation: We noted that the Student Council did not prepare an annual operating budget at **Chavez School**. A budget is an important tool to monitor the financial activities of the ASB.

> ***Recommendation:*** After preparation of an annual operating budget, the Student Council should adopt the budget and document it in the minutes.

Observation**:** During our testing, we identified that bank reconciliations **at all sites** were not prepared timely. Timely and accurate bank reconciliations are prudent and necessary to ensure that the accounting records match the amounts held on deposit. Additionally, we noted reconciling items for two sites that should be investigated because of their size and age. Lastly, we noted that accounting practices were not followed at some sites in that reconciled cash was not used as the financial statement balance.

> ***Recommendation***: We recommend the bookkeeper perform monthly bank reconciliations within two weeks after the statement arrives. Furthermore, the Principal or ASB Advisor should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed. Review of the bank reconciliations by someone other than the ASB Bookkeeper is an important internal control to detect errors and possible questionable or suspicious activity. Reconciling items that are carried forward should be investigated for accuracy. Proper accounting principles should be used to report reconciled cash on the site balance sheet.

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ASSOCIATED STUDENT BODY (ASB) FUNDS (continued)

Observation: In our testing of cash receipts, we found that several deposits tested lacked sufficient supporting documentation at several sites. A clear audit trail should be maintained between the point of collection and to the time of deposit. Without supporting documentation, we could not verify whether all cash collected had been deposited intact and into the correct ASB account.

> ***Recommendation***: We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales. Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for.

Observation: During our cash receipts testing we noted that cash receipts that we sampled at **Chavez School** were not deposited in a timely manner. Collected checks were dated up to a month prior to being deposited.

> ***Recommendation:*** We recommend that the site emphasize to the advisors and teachers that deposits should be made to the bookkeeper on a weekly basis or more often as needed. Money should never be left over the weekend or holidays because thefts are more likely to occur during these times.

Observation: In our sample of cash receipts at **Chavez School** a deposit could not be traced to the bank deposit slip or bank statement.

> ***Recommendation*****:** All cash receipts which are prepared for deposit should be evidenced by additional documentation showing an itemization of the item being included in in the total bank deposit. This provides an audit trail from the initial cash receipt to the final deposit of the funds into the bank account and evidence that the funds have been deposited intact. Without proper documentation procedures in place, there is an opportunity for misappropriation of funds to go undetected.

Observation: In our test of cash disbursements, we noted that several disbursements selected in our sample were not approved by the District representative, the ASB advisor, and/or the student representative until after the expenditure had already been incurred.

> ***Recommendation:*** As a "best practice", approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines. Education Code Section 48933(b) requires all expenditures from ASB funds be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds.

Observation: During our testing of cash disbursements, we noted that several disbursements tested lacked evidence of receipt of goods or services. In one case an item was shipped to a personal address rather than the site.

> ***Recommendation:*** We recommend that the site document a physical receipt of the goods or services on the corresponding invoice, packing slip, or other documentation, such as writing "ok to pay" or "received" and initialing the document prior to issuing the check for payment. This ensures that payment is not being made for items received incorrectly or not received at all. Care should be taken when items are shipped to a personal address rather than the site to ensure the item is for the benefit of the students.

Observation: In our test of expenditures at **Chavez School** and **Frank Middle** disbursements were found to be missing supporting documentation such as an invoice, proper authorization, and proof of receipt. Issuing payment for expenditures without proper approvals and supporting documentation can provide the opportunity for the misappropriation of student funds.

ASSOCIATED STUDENT BODY (ASB) FUNDS (continued)

Recommendation: We advise that the District follow-up on the noted exceptions to ensure that the disbursements are not fraudulent transactions. In addition, we recommend that the site require all approvals and appropriate supporting documentation prior to issuing disbursements to ensure that student funds are being properly spent. Additionally, Ed Code 48933(b) requires approval of expenditures by a District representative, the ASB Advisor, and a student representative, prior to the issuance of funds.

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

Nigro + Nigro, PC.

Murrieta, California
January 12, 2021