



Financial Statements  
June 30, 2020

# Oakdale Joint Unified School District

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## Independent Auditor's Report

To the Governing Board  
Oakdale Joint Unified School District  
Oakdale, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oakdale Joint Unified School District (the District) as of and for the 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oakdale Joint Unified School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 17 to the financial statements, the District's prior-year governmental activities net position, business-type activities net position, and net position for the Enterprise Fund - Latchkey have been restated as of June 30, 2019 to allocate a portion of the District's Aggregate Net Pension Liabilities and related Deferred Inflows and Deferred Outflows to the Enterprise Fund - Latchkey. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

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

The combining non-major fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of

management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 29, 2021 on our consideration of Oakdale Joint Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Oakdale Joint Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oakdale Joint Unified School District's internal control over financial reporting and compliance.

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

Fresno, California  
April 29, 2021

# Teach, Learn, Every Day, No Excuses



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

## DISTRICT ADMINISTRATION

**Marc Malone**  
Superintendent

**Kristi Rapinchuk**  
Assistant Superintendent  
Curriculum & Instruction

**Dave Kline**  
Assistant Superintendent  
Human Resources

**Larry Mendonca**  
Assistant Superintendent  
Pupil Services & Facilities

**Kassandra Booth**  
Chief Business Officer

**Armida Colon**  
Director, State  
& Federal Programs

**Tracey Jakubowski**  
Program Specialist  
Special Education

## GOVERNING BOARD

**Diane Gilbert**  
President

**Tina Shatswell**  
Clerk

**Larry Betschart**  
Member

**Mike House**  
Member

**Barbara Shook**  
Member

This section of Oakdale Joint Unified School District's 2019-2020 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020, with comparative information for the year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

### The Financial Statements

The financial statements presented herein include all of the activities of the Oakdale Joint Unified School District (the District) and its component units using the integrated approach as prescribed by GASB Statement Number 34.

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

The Fund Financial Statements include statements for each of the three categories of funds: governmental, proprietary, and fiduciary.

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

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

The Fiduciary Funds are trust and agency funds. Trust funds focus reporting on net position and changes in net position, and agency funds report only a balance sheet and do not have a measurement focus.

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

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

## REPORTING THE DISTRICT AS A WHOLE

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

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

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

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

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

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

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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

**Governmental Funds** - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a



detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

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

## THE DISTRICT AS TRUSTEE

### Reporting the District's Fiduciary Responsibilities

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

## FINANCIAL HIGHLIGHTS OF THE PAST YEAR

During 2019-2020, school districts across the State were challenged like never before. On March 18, 2020, the Governor declared a State Emergency due to COVID 19, and forced all schools to close for in-person instruction. Our teachers, staff, administrators, parents, and community members, all pulled together to make it the best learning experience possible under a new method no one could have anticipated. Despite all this, work on our facilities continue to be a priority so our students would have the optimum experience when they returned to campus.

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

In 2019-2020, between the amazing work of our maintenance and operations staff, as well as contracted vendors, Oakdale Joint Unified School District has been able to complete a new wrestling facility for our high school students, convert the old wrestling room into a new Theatre Annex, and re-configure the old weight room to expand the useful space. At East Stanislaus High School, a new science room was completed and irrigation has been installed for student row crops at the District's school farm.

## THE DISTRICT AS A WHOLE

### Net Position

The District's net position for governmental activities was \$28.1 million for the fiscal year ended June 30, 2020, and \$29.9 million for the fiscal year ended June 30, 2019; a decrease of \$1.8 million. Of this amount, \$1.5 million was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**Table 1**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019, as restated	2020	2019, as restated	2020	2019
<b>Assets</b>						
Current and other assets	\$27,032,991	\$23,958,279	\$480,237	\$575,574	\$27,513,228	\$24,533,853
Capital assets	71,096,836	71,768,070	-	-	71,096,836	71,768,070
Total assets	98,129,827	95,726,349	480,237	575,574	98,610,064	96,301,923
Deferred outflows of resources	13,636,224	14,906,602	84,197	120,463	13,720,421	15,027,065
<b>Liabilities</b>						
Current liabilities	4,043,189	1,311,404	109	32,167	4,043,298	1,343,571
Long-term liabilities	75,332,621	75,731,741	403,912	525,388	75,736,533	76,257,129
Total liabilities	79,375,810	77,043,145	404,021	557,555	79,779,831	77,600,700
Deferred inflows of resources	4,283,475	3,680,993	26,775	30,155	4,310,250	3,711,148
<b>Net Position</b>						
Net investment in capital assets	60,750,242	60,297,876	-	-	60,750,242	60,297,876
Restricted	1,500,127	2,714,695	-	-	1,500,127	2,714,695
Unrestricted	(34,143,603)	(33,103,758)	133,638	108,327	(34,009,965)	(32,995,431)
Total net position	\$28,106,766	\$29,908,813	\$133,638	\$108,327	\$28,240,404	\$30,017,140

The \$28.1 million net position of the governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by \$1.1 million.

## Changes in Net Position

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

**Table 2**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019, as restated	2020	2019, as restated	2020	2019
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 1,230,940	\$ 1,167,252	\$ 258,208	\$ -	\$ 1,489,148	\$ 1,167,252
Operating grants and contributions	8,755,896	9,889,544	-	-	8,755,896	9,889,544
General revenues						
Federal and State aid not restricted	33,637,907	33,776,086	-	-	33,637,907	33,776,086
Property taxes	19,972,172	18,285,097	-	-	19,972,172	18,285,097
Other general revenues	1,147,715	5,322,027	3,558	391,353	1,151,273	5,713,380
<b>Total revenues</b>	<b>64,744,630</b>	<b>68,440,006</b>	<b>261,766</b>	<b>391,353</b>	<b>65,006,396</b>	<b>68,831,359</b>
<b>Expenses</b>						
Instruction-related	47,908,394	50,633,719	-	-	47,908,394	50,633,719
Pupil services	7,702,899	7,622,437	-	-	7,702,899	7,622,437
Administration	3,378,888	3,757,402	-	-	3,378,888	3,757,402
Plant services	5,818,706	5,547,218	-	-	5,818,706	5,547,218
Other	1,737,790	2,063,012	236,455	515,597	1,974,245	2,578,609
<b>Total expenses</b>	<b>66,546,677</b>	<b>69,623,788</b>	<b>236,455</b>	<b>515,597</b>	<b>66,783,132</b>	<b>70,139,385</b>
Change in net position	<u>\$ (1,802,047)</u>	<u>\$ (1,183,782)</u>	<u>\$ 25,311</u>	<u>\$ (124,244)</u>	<u>\$ (1,776,736)</u>	<u>\$ (1,308,026)</u>

## Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was \$66.5 million as compared to \$69.7 million in the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$20 million because the cost was paid by those who benefited from the programs (\$1.2 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$8.8 million). We paid for the remaining "public benefit" portion of our governmental activities with \$33.6 million in State and Federal unrestricted funds and with \$1.1 million in other revenues, like interest and general entitlements.

## **THE DISTRICT'S FUNDS**

As the District completed this year, our governmental funds reported a combined fund balance of \$23.1 million as compared to \$22.8 million in the prior year, which is an overall increase of approximately \$0.3 million from last year. The General Fund balance increased \$1.5 million from the prior year due to increased LCFF funding. The Capital Facilities Fund decreased by \$0.3 million primarily due to capital project costs, and the remaining District funds decreased by approximately \$0.9 million primarily due to capital project costs in the Special Reserve Fund for Capital Outlay Projects.

### **General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 8, 2020. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

- Student attendance is a driving factor for the majority of income for the General Fund. The 2019-2020 school year showed an increase in attendance of 56 ADA from the 2018-2019 year.
- Oakdale Joint Unified received an increase in LCFF sources of \$2.1 million in 2019-2020 which represented a 4.5 percent increase. LCFF represents 80.7 percent of the General Fund's operating income.
- The expenditures for the General Fund increased \$2 million from the 2018-2019 year primarily in instruction related expenditures.

The District budgeted a decrease General Fund balance of approximately \$9 thousand. However, revenues and transfers in were about \$0.7 million more than budgeted, and expenditures and transfers out were approximately \$0.8 million less than budgeted, resulting in an increase of \$1.5 million to the fund balance from the prior year.

## **CAPITAL ASSET AND LONG-TERM LIABILITIES**

### **Capital Assets**

At June 30, 2020, the District had \$71.1 million in a broad range of capital assets, including land, buildings, and furniture and equipment (net of accumulated depreciation). This amount represents a net decrease (including additions, deductions and depreciation) of \$0.7 million from last year.

**Table 3**

	Governmental Activities	
	2020	2019
Land and construction in progress	\$ 15,606,476	\$ 14,389,706
Buildings and improvements	52,484,567	54,380,678
Equipment	3,005,793	2,997,686
Total	<u>\$ 71,096,836</u>	<u>\$ 71,768,070</u>

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

### Long-Term Liabilities

At the end of this year, the District had \$75.7 million in long-term liabilities outstanding versus \$76.3 million last year, a decrease of \$0.6 million. These liabilities consisted of:

**Table 4**

	Governmental and Business-Type Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	\$ 9,665,000	\$ 10,540,000
Unamortized premiums	896,917	979,709
Early retirement liabilities	2,334	317,888
Compensated absences	157,883	172,781
Net OPEB liability	8,983,875	8,314,337
Aggregate net pension liability	55,626,612	55,932,414
Total	<u>\$ 75,332,621</u>	<u>\$ 76,257,129</u>

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

#### **SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2019-2020 ARE NOTED BELOW:**

Our students and the staff dedicated to their successes during 2019-2020 are the ones we would like to spotlight this year. Here are just a few:

1. FFA: The Livestock Judging Team received 1st High Team at UC Davis West Coast Elite. One OHS student received the National FFA Scholarship, and 47 students competed at the Stanislaus County Fair receiving multiple 1st place awards.
2. Academic Decathlon: Oakdale High School students were declared the County Champions, which included nine gold medals, 16 silver medals, 12 bronze medals. OHS also received two bronze medals during the online State Competition.
3. Countywide Spelling Bee Championship: Fair Oaks, Magnolia, and Sierra View each had one student win a gold medal. Oakdale Junior High had two gold medals, with one qualifying for the State Championship.
4. AP Scholars: 19 Oakdale High School students scored 3 on 3 exams, 15 students with Distinction, 7 with honor and one student was awarded a National AP Scholar, which means the student scored a 4 on at least 8 exams.
5. Science: Sierra View had five teams invited to attend the Wonder League Robotics Invitational Round competition.

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

In considering the District Budget for the 2020-2021 year, the District Board and management used the following criteria:

The key assumption in our Revised budgeted revenue forecast is:

1. State aid included no cost of living adjustment from prior year.
2. State and Federal Career Technical Education grants continue.
3. Federal grants updated with preliminary funding levels until final information is known.

The key assumptions in our expenditure forecast are:

1. Step and column increases for all contracted employees eligible for the salary improvement.
2. Continued full funding of the Restricted Maintenance Account.
3. Increased pension costs for CalPERS members.
4. Spending priorities outlined in the Local Control Accountability Plan adopted on June 8, 2020.

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

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Cassandra Booth, Chief Business Officer, at Oakdale Joint Unified School District, 168 S. Third Avenue, Oakdale, California, 95361, or e-mail at [kbooth@ojusd.org](mailto:kbooth@ojusd.org).

Oakdale Joint Unified School District  
Statement of Net Position  
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Deposits and investments	\$ 18,767,200	\$ 439,648	\$ 19,206,848
Receivables	8,195,291	3,569	8,198,860
Internal balances	-	37,020	37,020
Prepaid items	47,859	-	47,859
Stores inventories	22,641	-	22,641
Capital assets not depreciated	15,606,476	-	15,606,476
Capital assets, net of accumulated depreciation	55,490,360	-	55,490,360
Total assets	98,129,827	480,237	98,610,064
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	168,212	-	168,212
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	573,515	3,752	577,267
Deferred outflows of resources related to pensions	12,894,497	80,445	12,974,942
Total deferred outflows of resources	13,636,224	84,197	13,720,421
<b>Liabilities</b>			
Accounts payable	3,802,758	109	3,802,867
Interest payable	150,417	-	150,417
Internal balances	37,020	-	37,020
Unearned revenue	52,994	-	52,994
<b>Long-term liabilities</b>			
Long-term liabilities other than OPEB and pensions due within one year	907,334	-	907,334
Long-term liabilities other than OPEB and pensions due in more than one year	9,814,800	-	9,814,800
Net other postemployment benefits liabilities	8,983,875	56,875	9,040,750
Aggregate net pension liabilities	55,626,612	347,037	55,973,649
Total liabilities	79,375,810	404,021	79,779,831
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to OPEB	169,778	1,110	170,888
Deferred inflows of resources related to pensions	4,113,697	25,665	4,139,362
Total deferred inflows of resources	4,283,475	26,775	4,310,250

# Oakdale Joint Unified School District

## Statement of Net Position

June 30, 2020

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	Governmental Activities	Business-Type Activities	Total
Net Position			
Net investment in capital assets	60,750,242	-	60,750,242
Restricted for			
Debt service	1,084,670	-	1,084,670
Capital projects	123,828	-	123,828
Educational programs	291,629	-	291,629
Unrestricted	(34,143,603)	133,638	(34,009,965)
Total net position	<u>\$ 28,106,766</u>	<u>\$ 133,638</u>	<u>\$ 28,240,404</u>



Oakdale Joint Unified School District

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities						
Instruction	\$ 40,690,353	\$ 554,245	\$ 5,519,696	\$ (34,616,412)	\$ -	\$ (34,616,412)
Instruction-related activities						
Supervision of instruction	1,780,947	7,287	443,951	(1,329,709)	-	(1,329,709)
Instructional library, media, and technology	494,108	-	882	(493,226)	-	(493,226)
School site administration	4,942,986	-	441,943	(4,501,043)	-	(4,501,043)
Pupil services						
Home-to-school transportation	2,169,831	494	1,508	(2,167,829)	-	(2,167,829)
Food services	1,709,549	251,869	917,514	(540,166)	-	(540,166)
All other pupil services	3,823,519	145,701	834,115	(2,843,703)	-	(2,843,703)
Administration						
Data processing	104,843	-	-	(104,843)	-	(104,843)
All other administration	3,274,045	17,887	195,871	(3,060,287)	-	(3,060,287)
Plant services	5,818,706	11,570	95,280	(5,711,856)	-	(5,711,856)
Community services	25,703	-	-	(25,703)	-	(25,703)
Enterprise services	10,932	-	(331)	(11,263)	-	(11,263)
Interest on long-term liabilities	320,361	-	-	(320,361)	-	(320,361)
Other outgo	1,380,794	241,887	305,467	(833,440)	-	(833,440)
Total governmental activities	66,546,677	1,230,940	8,755,896	(56,559,841)	-	(56,559,841)
Business-Type Activities						
Enterprise services	236,455	258,208	-	-	21,753	21,753
Total primary government	\$ 66,783,132	\$ 1,489,148	\$ 8,755,896	(56,559,841)	21,753	(56,538,088)

# Oakdale Joint Unified School District

## Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business- Type Activities	Total
General Revenues and Subventions			
Property taxes, levied for general purposes	18,547,412	-	18,547,412
Property taxes, levied for debt service	1,253,568	-	1,253,568
Taxes levied for other specific purposes	171,192	-	171,192
Federal and State aid not restricted to specific purposes	33,637,907	-	33,637,907
Interest and investment earnings	428,416	3,558	431,974
Interagency revenues	25,945	-	25,945
Miscellaneous	693,354	-	693,354
Total general revenues and transfers	54,757,794	3,558	54,761,352
Change in Net Position	(1,802,047)	25,311	(1,776,736)
Net Position - Beginning, as restated	29,908,813	108,327	30,017,140
Net Position - Ending	\$ 28,106,766	\$ 133,638	\$ 28,240,404

# Oakdale Joint Unified School District

## Balance Sheet – Governmental Funds

June 30, 2020

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Deposits and investments	\$ 15,180,837	\$ 123,828	\$ 3,462,535	\$ 18,767,200
Receivables	8,052,104	-	143,187	8,195,291
Due from other funds	105,251	-	39,028	144,279
Prepaid expenditures	47,859	-	-	47,859
Stores inventories	22,641	-	-	22,641
	<u>22,641</u>	<u>-</u>	<u>-</u>	<u>22,641</u>
Total assets	<u>\$ 23,408,692</u>	<u>\$ 123,828</u>	<u>\$ 3,644,750</u>	<u>\$ 27,177,270</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 3,645,845	\$ -	\$ 156,913	\$ 3,802,758
Due to other funds	76,048	-	105,251	181,299
Unearned revenue	52,994	-	-	52,994
	<u>52,994</u>	<u>-</u>	<u>-</u>	<u>52,994</u>
Total liabilities	<u>3,774,887</u>	<u>-</u>	<u>262,164</u>	<u>4,037,051</u>
<b>Fund Balances</b>				
Nonspendable	80,300	-	-	80,300
Restricted	263,968	123,828	1,309,859	1,697,655
Assigned	7,258,133	-	2,072,727	9,330,860
Unassigned	12,031,404	-	-	12,031,404
	<u>12,031,404</u>	<u>-</u>	<u>-</u>	<u>12,031,404</u>
Total fund balances	<u>19,633,805</u>	<u>123,828</u>	<u>3,382,586</u>	<u>23,140,219</u>
Total liabilities and fund balances	<u>\$ 23,408,692</u>	<u>\$ 123,828</u>	<u>\$ 3,644,750</u>	<u>\$ 27,177,270</u>

Oakdale Joint Unified School District  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2020

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Total Fund Balance - Governmental Funds		\$ 23,140,219
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 109,198,020	
Accumulated depreciation is	<u>(38,101,184)</u>	
Net capital assets		71,096,836
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(150,417)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings	168,212	
Other postemployment benefits	573,515	
Net pension obligation	<u>12,894,497</u>	
Total deferred outflows of resources		13,636,224
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits	(169,778)	
Net pension obligation	<u>(4,113,697)</u>	
Total deferred inflows of resources		(4,283,475)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(55,626,612)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(8,983,875)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	(10,561,917)	
Compensated absences (vacations)	(157,883)	
Early retirement incentives	<u>(2,334)</u>	
Total long-term liabilities		<u>(10,722,134)</u>
Total net position - governmental activities		<u>\$ 28,106,766</u>

Oakdale Joint Unified School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2020

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	\$ 50,055,881	\$ -	\$ 673,741	\$ 50,729,622
Federal sources	2,097,893	-	1,032,163	3,130,056
Other State sources	5,592,831	-	135,512	5,728,343
Other local sources	4,270,470	163,189	1,776,738	6,210,397
Total revenues	62,017,075	163,189	3,618,154	65,798,418
Expenditures				
Current				
Instruction	38,161,344	-	443,962	38,605,306
Instruction-related activities				
Supervision of instruction	1,715,613	-	-	1,715,613
Instructional library, media, and technology	497,085	-	1,000	498,085
School site administration	4,576,325	-	162,674	4,738,999
Pupil services				
Home-to-school transportation	1,536,945	-	-	1,536,945
Food services	15,152	-	1,455,783	1,470,935
All other pupil services	3,729,508	-	-	3,729,508
Administration				
Data processing	61,514	-	-	61,514
All other administration	3,195,054	2,661	-	3,197,715
Plant services	5,304,769	-	62,259	5,367,028
Community services	25,436	-	-	25,436
Other outgo	1,380,794	-	-	1,380,794
Facility acquisition and construction	251,474	-	1,614,807	1,866,281
Debt service				
Principal	-	-	875,000	875,000
Interest and other	-	-	401,165	401,165
Total expenditures	60,451,013	2,661	5,016,650	65,470,324
Excess (Deficiency) of Revenues Over Expenditures	1,566,062	160,528	(1,398,496)	328,094
Other Financing Sources (Uses)				
Transfers in	33,632	-	557,098	590,730
Transfers out	(79,588)	(477,510)	(33,632)	(590,730)
Net Financing Sources (Uses)	(45,956)	(477,510)	523,466	-
Net Change in Fund Balances	1,520,106	(316,982)	(875,030)	328,094
Fund Balance - Beginning	18,113,699	440,810	4,257,616	22,812,125
Fund Balance - Ending	\$ 19,633,805	\$ 123,828	\$ 3,382,586	\$ 23,140,219

Oakdale Joint Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
Year Ended June 30, 2020

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Total Net Change in Fund Balances - Governmental Funds	\$	328,094
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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

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

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

Depreciation expense	\$ (2,771,379)	
Capital outlays	<u>2,107,350</u>	
Net expense adjustment		(664,029)

Loss(Gain) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.	(7,205)
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.	330,452
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In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.	(2,162,409)
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In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.	(582,754)
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Deferred amounts on refunding (the difference between the reacquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.	(16,821)
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Oakdale Joint Unified School District  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
Year Ended June 30, 2020

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

Premium amortization	82,792
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Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	875,000
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Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

	<u>14,833</u>
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Change in net position of governmental activities	<u><u>\$ (1,802,047)</u></u>
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Oakdale Joint Unified School District  
Statement of Net Position – Proprietary Funds  
June 30, 2020

	Business-Type Activities - Enterprise Fund <u>Latchkey</u>
Assets	
Current assets	
Deposits and investments	\$ 439,648
Receivables	3,569
Due from other funds	<u>37,020</u>
Total assets	<u>480,237</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	3,752
Deferred outflows of resources related to pensions	<u>80,445</u>
Total deferred outflows of resources	<u>84,197</u>
Liabilities	
Current liabilities	
Accounts payable	109
Noncurrent liabilities	
Net other postemployment benefits liabilities	56,875
Aggregate net pension liabilities	<u>347,037</u>
Total liabilities	<u>404,021</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to other postemployment benefits (OPEB) liability	1,110
Deferred inflows of resources related to pensions	<u>25,665</u>
Total deferred outflows of resources	<u>26,775</u>
Net Position	
Unrestricted	<u><u>\$ 133,638</u></u>



Oakdale Joint Unified School District  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
Year Ended June 30, 2020

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	Business-Type Activities - Enterprise Fund <u>Latchkey</u>
Operating Revenues	
Local and intermediate sources	\$ 258,208
Operating Expenses	
Payroll costs	202,764
Supplies and materials	17,343
Other operating cost	<u>16,348</u>
Total operating expenses	<u>236,455</u>
Operating Loss	<u>21,753</u>
Nonoperating Revenues	
Interest income	<u>3,558</u>
Change in Net Position	25,311
Net Position - Beginning, as restated	<u>108,327</u>
Net Position - Ending	<u><u>\$ 133,638</u></u>

Oakdale Joint Unified School District  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2020

	Business-Type Activities - Enterprise Fund Latchkey
Operating Activities	
Cash receipts from parents and guardians	\$ 265,618
Cash payments for interfund services provided	(39,907)
Cash payments to other suppliers of goods or services	(62,017)
Cash payments to employees for services	(291,354)
Net Cash Used for Operating Activities	(127,660)
Investing Activities	
Interest on investments	3,558
Net Change in Cash and Cash Equivalents	(124,102)
Cash and Cash Equivalents, Beginning	563,750
Cash and Cash Equivalents, Ending	\$ 439,648
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	\$ 21,753
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Receivables	7,410
Due from other funds	(37,020)
Prepaid expenses	845
Deferred outflows of resources	36,266
Accounts payable	(29,171)
Due to other funds	(2,887)
Net other postemployment benefits liabilities	(15,460)
Aggregate net pension liabilities	(106,016)
Deferred inflows of resources	(3,380)
Net Cash Used For Operating Activities	\$ (127,660)

Oakdale Joint Unified School District  
Statement of Net Position – Fiduciary Funds  
June 30, 2020

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	Scholarship Trust	Agency Funds
Assets		
Deposits and investments	\$ 2,173,566	<u>\$ 299,775</u>
Liabilities		
Due to student groups	<u>-</u>	<u>\$ 299,775</u>
Net Position		
Held in trusts for scholarships	<u>\$ 2,173,566</u>	

Oakdale Joint Unified School District  
Statement of Changes in Net Position – Fiduciary Funds  
Year Ended June 30, 2020

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	Scholarship Trust
	<u>                    </u>
Additions	
Private donations	\$      58,125
Investment income	62,920
Interest	<u>          12,031</u>
Total additions	<u>         133,076</u>
Deductions	
Scholarships awarded	119,929
Decrease in market value of investments	<u>           9,354</u>
Total deductions	<u>         129,283</u>
Change in Net Position	3,793
Net Position - Beginning	<u>         2,169,773</u>
Net Position - Ending	<u><u>      \$    2,173,566</u></u>

**Note 1 - Summary of Significant Accounting Policies****Financial Reporting Entity**

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

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

**Related Entity**

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

**Basis of Presentation - Fund Accounting**

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

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

**Major Governmental Funds**

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

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Non-Capital Fund, and Fund 20, Special Reserve Postemployment Benefits Fund, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been consolidated with the General Fund for presentation in these audited financial statements. As a result, the General Fund reflects an increase in fund balance of \$5,865,603.

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

#### **Non-Major Governmental Funds**

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

- **Charter School Fund** The Charter School Fund may be used by authorizing districts to account separately for the operating activities of a district-operated charter school that would otherwise be reported in the authorizing District's General Fund.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Foundation Special Revenue Fund** The Foundation Special Revenue Fund is used to account for resources received from gifts or bequests pursuant to *Education Code* Section 41031 under which both earnings and principal may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

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

- **Building Fund** The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

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

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

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

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

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

**Basis of Accounting - Measurement Focus**

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

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

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

**Fund Financial Statements** Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.



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

**Revenues – Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

**Unearned Revenue** Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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

### **Cash and Cash Equivalents**

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

### **Investments**

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

**Prepaid Expenditures (Expenses)**

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

**Stores Inventories**

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

**Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Compensated Absences**

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position as long-term liabilities.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in

the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

### **Accounts Payable and Long-Term Liabilities**

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

### **Premiums and Issuance Costs**

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

In governmental fund financial statements, debt premiums are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures in the period incurred.

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

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

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

### **Pensions**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

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

**Fund Balances - Governmental Funds**

As of June 30, 2020, fund balances of the governmental funds are classified as follows:

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

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

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

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

**Unassigned** - all other spendable amounts.

**Spending Order Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

**Minimum Fund Balance Policy**

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

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$1,500,127 of restricted net position.

**Operating Revenues and Expenses**

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

**Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of Activities.

**Estimates**

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

**Property Tax**

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

**Change in Accounting Principles**

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary 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.

The provisions of this Statement have been implemented as of June 30, 2020.

**New Accounting Pronouncements**

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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.

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.

As a result of the implementation of GASB Statement No. 95, 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. The effects of this change on the District's financial statements have not yet been determined.

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

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

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.



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

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

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

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

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

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

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

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.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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 reporting
- 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 Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension 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
- 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

As a result of the implementation of GASB Statement No. 95, 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.

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

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- 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.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the District's financial statements have not yet been determined.

## **Note 2 - Deposits and Investments**

### **Summary of Deposits and Investments**

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

Governmental funds	\$ 18,767,200
Proprietary funds	439,648
Fiduciary funds	<u>2,473,341</u>
Total deposits and investments	<u><u>\$ 21,680,189</u></u>

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

Cash on hand and in banks	\$ 289,484
Cash in revolving	9,800
Investments	<u>21,380,905</u>
Total deposits and investments	<u><u>\$ 21,680,189</u></u>

### **Policies and Practices**

The District is authorized under California *Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

**Investment in County Treasury** - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

### General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Segmented Time Distribution**

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

<u>Investment Type</u>	<u>Reported Amount</u>	<u>12 Months or Less</u>	<u>13 - 24 Months</u>
Money Market Mutual Funds	\$ 1,778,269	\$ 1,778,269	\$ -
County Pool	19,602,636	11,393,052	8,209,584
Total	<u>\$ 21,380,905</u>	<u>\$ 13,171,321</u>	<u>\$ 8,209,584</u>

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, \$66,250 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**Custodial Credit Risk - Investments**

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in Money Market Mutual Funds of \$1,778,269, the District has a custodial credit risk exposure of \$1,778,269 because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

**Note 3 - Fair Value Measurements**

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

The District's fair value measurements are as follows at June 30, 2020:

Investment Type	Reported Amount	Fair Value Measurements Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Money Market					
Mutual Funds	\$ 1,778,269	\$ 1,778,269	\$ -	\$ -	\$ -
County Pool	19,602,636	-	-	-	19,602,636
Total	<u>\$ 21,380,905</u>	<u>\$ 1,778,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,602,636</u>

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



**Note 4 - Receivables**

Receivables at June 30, 2020, consist of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total	Proprietary Funds
Federal Government				
Categorical aid	\$ 208,134	\$ 33,288	\$ 241,422	\$ -
State Government				
LCFF apportionment	6,079,406	-	6,079,406	-
Categorical aid	1,751,400	109,899	1,861,299	-
Local Government				
Local sources	13,164	-	13,164	3,569
	<u>13,164</u>	<u>-</u>	<u>13,164</u>	<u>3,569</u>
Total	<u>\$ 8,052,104</u>	<u>\$ 143,187</u>	<u>\$ 8,195,291</u>	<u>\$ 3,569</u>

Oakdale Joint Unified School District

Notes to Financial Statements

June 30, 2020

**Note 5 - Capital Assets**

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 13,755,591	\$ -	\$ -	\$ 13,755,591
Construction in progress	634,115	1,550,327	(333,557)	1,850,885
Total capital assets not being depreciated	14,389,706	1,550,327	(333,557)	15,606,476
Capital assets being depreciated				
Land improvements	18,850,461	65,864	-	18,916,325
Buildings and improvements	67,440,669	514,814	-	67,955,483
Furniture and equipment	6,567,602	309,902	(157,768)	6,719,736
Total capital assets being depreciated	92,858,732	890,580	(157,768)	93,591,544
Total capital assets	107,248,438	2,440,907	(491,325)	109,198,020
Accumulated depreciation				
Land improvements	(9,349,534)	(851,643)	-	(10,201,177)
Buildings and improvements	(22,560,918)	(1,625,146)	-	(24,186,064)
Furniture and equipment	(3,569,916)	(294,590)	150,563	(3,713,943)
Total accumulated depreciation	(35,480,368)	(2,771,379)	150,563	(38,101,184)
Governmental activities capital assets, net	\$ 71,768,070	\$ (330,472)	\$ (340,762)	\$ 71,096,836

Depreciation expense was charged to governmental functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 1,247,121
Supervision of instruction	110,855
Home-to-school transportation	665,131
Food services	221,710
Data processing	55,428
All other administration	110,855
Plant services	360,279
Total depreciation expenses governmental activities	\$ 2,771,379

**Note 6 - Interfund Transactions****Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2020, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Fund		
General	\$ 105,251	\$ 76,048
Non-Major Governmental Funds		
Charter Schools	-	33,632
Cafeteria	39,028	71,619
Proprietary Fund		
Latchkey Enterprise	37,020	-
Total	<u>\$ 181,299</u>	<u>\$ 181,299</u>
The Cafeteria Non-Major Governmental Fund owes the General Fund for a temporary loan.		
		\$ 71,619
The General Fund owes the Cafeteria Non-Major Governmental Fund for a temporary transfer of funds.		
		39,028
The General Fund owes the Latchkey Enterprise Fund for salary expenditures.		
		37,020
The Charter Non-Major Governmental Fund owes the General Fund for service costs.		
		<u>33,632</u>
Total		<u>\$ 181,299</u>

**Operating Transfers**

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2020, consist of the following:

The Capital Facilities Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for capital outlay projects.	\$ 477,510
The General Fund transferred to the Cafeteria Non-Major Governmental Fund for a contribution to the fund.	79,588
The Charter Non-Major Governmental Fund transferred to the General Fund for District services.	<u>33,632</u>
Total	<u><u>\$ 590,730</u></u>

**Note 7 - Prepaid Expenditures (Expenses)**

Prepaid expenditures (expenses) at June 30, 2020, consist of the following:

	General Fund
Service contracts	<u><u>\$ 47,859</u></u>

**Note 8 - Accounts Payable**

Accounts payable at June 30, 2020, consists of the following:

	General Fund	Non-Major Governmental Funds	Total	Proprietary Funds
Vendor payables	\$ 268,384	\$ 121,689	\$ 390,073	\$ 109
State LCFF apportionment	3,186,670	34,732	3,221,402	-
Salaries and benefits	<u>190,791</u>	<u>492</u>	<u>191,283</u>	<u>-</u>
Total	<u><u>\$ 3,645,845</u></u>	<u><u>\$ 156,913</u></u>	<u><u>\$ 3,802,758</u></u>	<u><u>\$ 109</u></u>

**Note 9 - Unearned Revenue**

Unearned revenue at June 30, 2020, consists of the following:

	General Fund
Federal financial assistance	\$ 26,191
State categorical aid	26,803
Total	<u>\$ 52,994</u>

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

**Summary**

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 10,540,000	\$ -	\$ (875,000)	\$ 9,665,000	\$ 905,000
Unamortized debt premiums	979,709	-	(82,792)	896,917	-
Early retirement liabilities	317,888	26,683	(342,237)	2,334	2,334
Compensated absences	172,781	-	(14,898)	157,883	-
Total	<u>\$ 12,010,378</u>	<u>\$ 26,683</u>	<u>\$ (1,314,927)</u>	<u>\$ 10,722,134</u>	<u>\$ 907,334</u>

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

**Bonded Debt**

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Redeemed	Bonds Outstanding June 30, 2020
5/3/17	8/1/17-8/1/30	4.0-2.0%	\$ 11,550,000	<u>\$ 10,540,000</u>	<u>\$ (875,000)</u>	<u>\$ 9,665,000</u>

**Debt Service Requirements to Maturity**

The current interest bonds mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2021	\$ 905,000	\$ 379,100	\$ 1,284,100
2022	950,000	342,900	1,292,900
2023	980,000	304,900	1,284,900
2024	1,025,000	265,700	1,290,700
2025	1,065,000	224,700	1,289,700
2026-2030	4,540,000	477,300	5,017,300
2031	200,000	6,000	206,000
Total	<u>\$ 9,665,000</u>	<u>\$ 2,000,600</u>	<u>\$ 11,665,600</u>

**Compensated Absences**

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to \$157,883.

**Early Retirement**

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

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

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

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

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

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

The District's remaining obligation was \$2,334 as of June 30, 2020.

**Note 11 - Net Other Postemployment Benefit (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:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	\$ 8,749,973	\$ 577,267	\$ 170,888	\$ 984,888
Medicare Premium Payment (MPP) Program	290,777	-	-	(13,697)
Total	<u>\$ 9,040,750</u>	<u>\$ 577,267</u>	<u>\$ 170,888</u>	<u>\$ 971,191</u>

The details of each plan are as follows:

**District Plan**

**Plan Administration**

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

**Plan Membership**

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

Inactive employees or beneficiaries currently receiving benefits payments	61
Active employees	<u>456</u>
Total	<u>517</u>

**Benefits Provided**

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

**Contributions**

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Oakdale Teachers Association (OTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, OTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2019, the District paid \$418,875 in benefits.

**Total OPEB Liability of the District**

The District's total OPEB liability of \$8,749,973 was measured as of June 30, 2019 and a valuation was performed at the same time.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent
Discount rate	3.50 percent
Healthcare cost trend rates	4.00 percent

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

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

Retirement rates were based on the 2009 CalSTRS Retirement Rates for certificated employees, the 2009 CalPERS Retirement Rates for classified employees hired before 2013, and the 2009 CalPERS 2 percent at 60 Retirement Rates for classified employees hired after 2012 (adjusted to reflect minimum retirement age of 52.)



**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance, June 30, 2018	\$ 8,009,863
Service cost	726,937
Interest	310,228
Differences between expected and actual experience	(14,872)
Changes of assumptions or other inputs	136,692
Benefit payments	(418,875)
Net change in total OPEB liability	740,110
Balance, June 30, 2019	\$ 8,749,973

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.5%)	\$ 9,224,084
Current discount rate (3.5%)	8,749,973
1% increase (4.5%)	8,295,294

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

Changes of Assumptions - The discount rate was changed from 3.8 percent to 3.5 percent since the previous valuation.

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.0%)	\$ 8,481,699
Current healthcare cost trend rate (4.0%)	8,749,973
1% increase (5.0%)	8,916,388

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$984,888. At June 30, 2020, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 451,689	\$ -
Differences between expected and actual experience	-	26,968
Changes of assumptions	125,578	143,920
Total	<u>\$ 577,267</u>	<u>\$ 170,888</u>

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

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 11,114	\$ (16,094)
2022	11,114	(16,094)
2023	11,114	(16,094)
2024	11,114	(16,094)
2025	11,114	(91,479)
Thereafter	70,008	(15,033)
Total	<u>\$ 125,578</u>	<u>\$ (170,888)</u>

**Medicare Premium Payment (MPP) Program****Plan Description**

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

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

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

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

**Net OPEB Liability and OPEB Expense**

At June 30, 2020, the District reported a liability of \$290,777 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.0781 percent and 0.0795 percent, resulting in a net decrease in the proportionate share of 0.0014 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of \$(13,697).

**Actuarial Methods and Assumptions**

The June 30, 2019 total OPEB liability 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, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP 2016) table, issued by the Society of Actuaries.

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 percent of the potentially eligible population (165,422).

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 State Treasurer.

**Discount Rate**

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 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 percent from 3.87 percent 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 calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	\$ 317,304
Current discount rate (3.50%)	290,777
1% increase (4.50%)	266,387

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 272,545
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	290,777
1% increase (4.7% Part A and 5.1% Part B)	327,195

Oakdale Joint Unified School District

Notes to Financial Statements

June 30, 2020

**Note 12 - Fund Balances**

Fund balances are composed of the following elements:

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>				
Revolving cash	\$ 9,800	\$ -	\$ -	\$ 9,800
Stores inventories	22,641	-	-	22,641
Prepaid expenditures	47,859	-	-	47,859
Total nonspendable	80,300	-	-	80,300
<b>Restricted</b>				
Legally restricted programs	263,968	-	27,661	291,629
Capital projects	-	123,828	47,111	170,939
Debt service	-	-	1,235,087	1,235,087
Total restricted	263,968	123,828	1,309,859	1,697,655
<b>Assigned</b>				
Retiree health benefits	3,324,641	-	-	3,324,641
Textbook and technology	1,189,840	-	-	1,189,840
Deferred maintenance	837,064	-	-	837,064
Lottery	766,370	-	30,777	797,147
Special Education contingency	300,000	-	-	300,000
Site carry over	272,605	-	-	272,605
Other	245,764	-	-	245,764
Medi-Cal Administrative Activities	234,682	-	-	234,682
Site and district donations	58,979	-	-	58,979
Grounds equipment replacement	28,188	-	-	28,188
Bus replacement	-	-	823,742	823,742
LCAP priorities	-	-	546,509	546,509
OHS wrestling	-	-	289,006	289,006
Capital projects	-	-	281,500	281,500
School farm, irrigation	-	-	36,372	36,372
Music uniform replacement	-	-	35,219	35,219
Oakdale Educational Foundation	-	-	22,199	22,199
OHS greenhouse	-	-	7,403	7,403
Total assigned	7,258,133	-	2,072,727	9,330,860
<b>Unassigned</b>				
Reserve for economic uncertainties	3,037,000	-	-	3,037,000
Remaining unassigned	8,994,404	-	-	8,994,404
Total unassigned	12,031,404	-	-	12,031,404
<b>Total</b>	<u>\$ 19,633,805</u>	<u>\$ 123,828</u>	<u>\$ 3,382,586</u>	<u>\$ 23,140,219</u>

**Note 13 - Risk Management****Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, the District contracted with Central Region School Insurance Group (CRSIG) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**Workers' Compensation**

For fiscal year 2020, the District participated in the Central Region School Insurance Group (CRSIG), an insurance purchasing pool. The intent of CRSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in CRSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in CRSIG. Each participant pays its workers' compensation premium based on its individual rate.

**Employee Medical Benefits**

The District has contracted with the Central Region School Insurance Group (CRSIG) to provide employee dental and vision benefits and has contracted with the California's Valued Trust (CVT) to provide employee health benefits. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

**Note 14 - Employee Retirement Systems**

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

For the fiscal year ended June 30, 2020, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 39,864,600	\$ 9,448,156	\$ 3,575,245	\$ 4,571,440
CalPERS	16,109,049	3,526,786	564,117	2,471,011
Total	<u>\$ 55,973,649</u>	<u>\$ 12,974,942</u>	<u>\$ 4,139,362</u>	<u>\$ 7,042,451</u>

The details of each plan are as follows:

### California State Teachers' Retirement System (CalSTRS)

#### Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 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/member-publications>.

#### Benefits Provided

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

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

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



The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	17.10%	17.10%
Required employer contribution rate	10.328%	10.328%
Required state contribution rate		

### Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were \$4,292,653.

### Pension Liabilities, Pension Expense, 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:

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 39,864,600
State's proportionate share of the net pension liability	21,748,800
	<u>61,613,400</u>
Total	<u>\$ 61,613,400</u>

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 proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.0441 percent and 0.0443 percent, resulting in a net decrease in the proportionate share of 0.0002 percent.

# Oakdale Joint Unified School District

## Notes to Financial Statements

June 30, 2020

For the year ended June 30, 2020, the District recognized pension expense of \$4,571,440. In addition, the District recognized pension expense and revenue of \$3,238,865 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	\$ 4,292,653	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	12,865	916,309
Differences between projected and actual earnings on pension plan investments	-	1,535,597
Differences between expected and actual experience in the measurement of the total pension liability	100,637	1,123,339
Changes of assumptions	5,042,001	-
Total	<u>\$ 9,448,156</u>	<u>\$ 3,575,245</u>

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

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

Year Ended June 30,	Deferred Inflows of Resources
2021	\$ (154,892)
2022	(1,219,083)
2023	(253,100)
2024	91,478
Total	<u>\$ (1,535,597)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 742,977
2022	742,976
2023	864,756
2024	1,008,846
2025	(123,566)
Thereafter	(120,134)
Total	<u>\$ 3,115,855</u>

#### Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 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
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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

Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 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 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 59,361,689
Current discount rate (7.10%)	39,864,600
1% increase (8.10%)	23,697,800

**California Public Employees Retirement System (CalPERS)****Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	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 be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were \$1,589,781.

## Pension Liabilities, Pension Expense, 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 \$16,109,049. 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 proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.0553 percent and 0.0570 percent, resulting in a net decrease in the proportionate share of 0.0017 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$2,471,011. 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	\$ 1,589,781	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	414,703
Differences between projected and actual earnings on pension plan investments	-	149,414
Differences between expected and actual experience in the measurement of the total pension liability	1,170,164	-
Changes of assumptions	766,841	-
Total	<u>\$ 3,526,786</u>	<u>\$ 564,117</u>

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

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

Year Ended June 30,	Deferred Inflows of Resources
2021	\$ 147,489
2022	(294,603)
2023	(44,643)
2024	42,343
Total	<u>\$ (149,414)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 1,045,887
2022	381,760
2023	86,050
2024	8,605
Total	<u>\$ 1,522,302</u>

### Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 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
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

### Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 23,220,134
Current discount rate (7.15%)	16,109,049
1% increase (8.15%)	10,209,912



**Social Security**

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

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$2,271,738 (10.328 percent of annual payroll).

Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS which totaled \$761,478 for the District.

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

**Note 15 - Commitments and Contingencies****Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

**Litigation**

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

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

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

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

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

During the year ended June 30, 2020, the District made payments of \$889,175 to CRSIG for its vision, dental, workers' compensation, and property and liability coverage. At June 30, 2020, the District has recorded no accounts receivable or accounts payable due from/to CRSIG.

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

During the year ended June 30, 2020, the District made payments of \$2,880,889 to CVT and CRSIG for its employee health benefits. At June 30, 2020, the District has recorded no accounts receivable or accounts payable due from/to CVT.

**Note 17 - Correction of Prior Year Net Position**

The District made corrections to allocate a portion of the Aggregate Net Pension Liabilities, Net Other Postemployment Benefits Liabilities, and related Deferred Inflows and Deferred Outflows to the Enterprise Fund - Latchkey. As a result, the effect on the current fiscal year is as follows:

**Government-Wide Financial Statements - Governmental Activities**

Net Position - Beginning	\$ 29,473,733
Deferred outflows of resources related to pensions	(116,945)
Aggregate net pension liabilities	453,053
Deferred inflows of resources related to pensions	28,784
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	(3,518)
Other postemployment benefits (OPEB) liability	72,335
Deferred inflows of resources related to other postemployment benefits (OPEB) liability	<u>1,371</u>
Net Position - Beginning as Restated	<u><u>\$ 29,908,813</u></u>

**Government-Wide Financial Statements - Business-Type Activities**

Net Position - Beginning	\$ 543,407
Deferred outflows of resources related to pensions	116,945
Aggregate net pension liabilities	(453,053)
Deferred inflows of resources related to pensions	(28,784)
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	3,518
Other postemployment benefits (OPEB) liability	(72,335)
Deferred inflows of resources related to other postemployment benefits (OPEB) liability	(1,371)
Net Position - Beginning as Restated	<u>\$ 108,327</u>

**Enterprise Fund - Latchkey**

Net Position - Beginning	\$ 543,407
Deferred outflows of resources related to pensions	116,945
Aggregate net pension liabilities	(453,053)
Deferred inflows of resources related to pensions	(28,784)
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	3,518
Other postemployment benefits (OPEB) liability	(72,335)
Deferred inflows of resources related to other postemployment benefits (OPEB) liability	(1,371)
Net Position - Beginning as Restated	<u>\$ 108,327</u>

The result of this restatement was that the prior year change in net position for governmental activities was understated by \$63,324, and the change in net position for business-type activities and the Latchkey fund was overstated by \$63,324.

**Note 18 - Risks and Uncertainties****World-Wide Coronavirus Pandemic**

The District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.



Required Supplementary Information  
June 30, 2020

## Oakdale Joint Unified School District

Oakdale Joint Unified School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>Revenues</b>				
Local Control Funding Formula	\$ 49,530,920	\$ 49,996,019	\$ 50,055,881	\$ 59,862
Federal sources	2,094,244	2,339,429	2,097,893	(241,536)
Other State sources	1,892,288	4,852,644	5,592,831	740,187
Other local sources	3,436,682	3,532,491	4,270,470	737,979
<b>Total revenues <sup>1</sup></b>	<b>56,954,134</b>	<b>60,720,583</b>	<b>62,017,075</b>	<b>1,296,492</b>
<b>Expenditures</b>				
Current				
Certificated salaries	24,818,493	25,506,135	25,443,872	62,263
Classified salaries	7,624,637	8,140,715	8,212,481	(71,766)
Employee benefits	10,938,397	13,480,884	13,846,140	(365,256)
Books and supplies	2,454,925	3,735,170	3,155,541	579,629
Services and operating expenditures	7,578,943	8,137,009	8,030,709	106,300
Other outgo	1,771,114	1,771,114	1,380,793	390,321
Capital outlay	159,554	375,611	381,477	(5,866)
<b>Total expenditures <sup>1</sup></b>	<b>55,346,063</b>	<b>61,146,638</b>	<b>60,451,013</b>	<b>695,625</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,608,071</b>	<b>(426,055)</b>	<b>1,566,062</b>	<b>1,992,117</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	571,854	625,965	33,632	(592,333)
Transfers out	(208,764)	(208,764)	(79,588)	129,176
<b>Net financing sources (uses)</b>	<b>363,090</b>	<b>417,201</b>	<b>(45,956)</b>	<b>(463,157)</b>
<b>Net Change in Fund Balances</b>	<b>1,971,161</b>	<b>(8,854)</b>	<b>1,520,106</b>	<b>1,528,960</b>
<b>Fund Balance - Beginning</b>	<b>18,113,699</b>	<b>18,113,699</b>	<b>18,113,699</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 20,084,860</b>	<b>\$ 18,104,845</b>	<b>\$ 19,633,805</b>	<b>\$ 1,528,960</b>

<sup>1</sup> Due to the consolidation of Fund 17, Special Reserve Fund for Other than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets. Additionally, on behalf contributions into CalSTRS by the State of California have not been included in the budgeted revenue or expenditures on this schedule.

Oakdale Joint Unified School District  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
Year Ended June 30, 2020

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

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

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

Oakdale Joint Unified School District  
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
Year Ended June 30, 2020

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

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

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

Oakdale Joint Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
<b>CalSTRS</b>						
Proportion of the net pension liability	0.0441%	0.0443%	0.0443%	0.0457%	0.0463%	0.0467%
Proportionate share of the net pension liability	\$ 39,864,600	\$ 40,730,838	\$ 40,963,715	\$ 36,961,317	\$ 31,199,553	\$ 27,297,799
State's proportionate share of the net pension liability	21,748,800	23,320,310	24,233,787	21,041,419	16,501,124	16,483,590
Total	\$ 61,613,400	\$ 64,051,148	\$ 65,197,502	\$ 58,002,736	\$ 47,700,677	\$ 43,781,389
Covered payroll	\$ 24,467,783	\$ 24,014,012	\$ 23,621,224	\$ 22,982,507	\$ 22,008,671	\$ 20,768,933
Proportionate share of the net pension liability as a percentage of its covered payroll	162.93%	169.61%	173.42%	160.82%	141.76%	131.44%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>						
Proportion of the net pension liability	0.0553%	0.0570%	0.0575%	0.0588%	0.0607%	0.0614%
Proportionate share of the net pension liability	\$ 16,109,049	\$ 15,201,576	\$ 13,723,890	\$ 11,605,259	\$ 8,945,959	\$ 6,966,033
Covered payroll	\$ 7,451,224	\$ 7,527,725	\$ 7,331,063	\$ 7,057,939	\$ 6,750,854	\$ 6,452,246
Proportionate share of the net pension liability as a percentage of its covered payroll	216.19%	201.94%	187.20%	164.43%	132.52%	107.96%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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



Oakdale Joint Unified School District  
Schedule of the District Contributions  
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
<b>CalSTRS</b>						
Contractually required contribution	\$ 4,292,653	\$ 3,983,355	\$ 3,465,222	\$ 2,971,550	\$ 2,466,023	\$ 1,954,370
Less contributions in relation to the contractually required contribution	<u>4,292,653</u>	<u>3,983,355</u>	<u>3,465,222</u>	<u>2,971,550</u>	<u>2,466,023</u>	<u>1,954,370</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 25,103,234</u>	<u>\$ 24,467,783</u>	<u>\$ 24,014,012</u>	<u>\$ 23,621,224</u>	<u>\$ 22,982,507</u>	<u>\$ 22,008,671</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>						
Contractually required contribution	\$ 1,589,781	\$ 1,345,840	\$ 1,169,131	\$ 1,018,138	\$ 836,154	\$ 794,643
Less contributions in relation to the contractually required contribution	<u>1,589,781</u>	<u>1,345,840</u>	<u>1,169,131</u>	<u>1,018,138</u>	<u>836,154</u>	<u>794,643</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 8,061,361</u>	<u>\$ 7,451,224</u>	<u>\$ 7,527,725</u>	<u>\$ 7,331,063</u>	<u>\$ 7,057,939</u>	<u>\$ 6,750,854</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

## **Note 1 - Purpose of Schedules**

### **Budgetary Comparison Schedule**

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account. In the General Fund, classified salaries expenditures exceeded the budgeted amount by \$71,766, employee benefits expenditures exceeded the budgeted amount by \$365,256, and capital outlay exceeded the budgeted amount by \$5,866.

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

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

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The discount rate assumption was changed from 3.8 percent to 3.5 percent since the previous valuation.

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.87 percent to 3.50 percent since the previous valuation.

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

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

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

#### **Schedule of District Contributions**

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



Supplementary Information  
June 30, 2020

## Oakdale Joint Unified School District

Oakdale Joint Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	\$ 960,518
Special Education Grants to States - Basic Local Assistance, Private School	84.027	10115	<u>1,627</u>
Total Special Education Cluster			<u>962,145</u>
Title I Grants to Local Educational Agencies	84.010	14329	764,341
Title I, School Improvement Grant	84.010	15438	<u>91,473</u>
Subtotal - Title I programs, CFDA# 84.010			<u>855,814</u>
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	152,870
English Language Acquisition State Grants - LEP	84.365	14346	32,976
Student Support and Academic Enrichment Program	84.424	15396	59,650
Career and Technical Education - Basic Grants to States	84.048	14894	<u>34,438</u>
Total U.S. Department of Education			<u>2,097,893</u>

Oakdale Joint Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	575,220
National School Lunch Program - Meal Supplements	10.555	13391	32,136
National School Lunch Program - Commodity Supplemental Food	10.555	13391	<u>139,875</u>
Subtotal - National School Lunch Programs, CFDA# 10.555			<u>747,231</u>
School Breakfast Program - Especially Needy Breakfast	10.553	13526	171,565
National School Lunch Program - Summer Food Program	10.559	13004	<u>113,181</u>
Total Child Nutrition Cluster			<u>1,031,977</u>
Total U.S. Department of Agriculture			<u>1,031,977</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,129,870</u></u>

## Organization

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

## Governing Board

Member	Office	Term Expires
Diane Gilbert	President	2022
Tina Shatswell	Clerk	2020
Larry Betschart	Member	2020
Michael P. House	Member	2022
Barbara Shook	Member	2022

## Administration

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

Oakdale Joint Unified School District  
Schedule of Average Daily Attendance  
Year Ended June 30, 2020

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	Second Period Report	Annual Report
Oakdale Joint Unified School District		
Regular ADA		
Transitional kindergarten through third	1,452.11	1,452.11
Fourth through sixth	1,120.67	1,120.67
Seventh and eighth	830.63	830.63
Ninth through twelfth	1,698.28	1,698.28
	<u>5,101.69</u>	<u>5,101.69</u>
Total ADA	<u>5,101.69</u>	<u>5,101.69</u>
Oakdale Charter School		
Regular ADA, all Non-Classroom Based		
Seventh and eighth	10.24	10.24
Ninth through twelfth	57.23	57.23
	<u>67.47</u>	<u>67.47</u>
Total charter school ADA	<u>67.47</u>	<u>67.47</u>



# Oakdale Joint Unified School District

Schedule of Instructional Time

Year Ended June 30, 2020

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	36,900	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		50,924	180	N/A	Complied
Grade 2		50,924	180	N/A	Complied
Grade 3		50,924	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		54,204	180	N/A	Complied
Grade 5		54,204	180	N/A	Complied
Grade 6		54,204	180	N/A	Complied
Grade 7		57,860	180	N/A	Complied
Grade 8		57,860	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		68,529	180	N/A	Complied
Grade 10		68,529	180	N/A	Complied
Grade 11		68,529	180	N/A	Complied
Grade 12		68,529	180	N/A	Complied

Oakdale Joint Unified School District  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
Year Ended June 30, 2020

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

	Special Reserve Fund for Capital Outlay Projects	Scholarship Trust	Business-Type Activities - Enterprise Fund Latchkey
Fund Balance			
Balance, June 30, 2020, Unaudited Actuals	\$ 1,588,795	\$ 1,914,766	\$ 480,128
Changes in			
Accounts payable	(115,553)	258,800	-
Deferred outflows of resources related to pensions	-	-	80,445
Aggregate net pension liabilities	-	-	(347,037)
Deferred inflows of resources related to pensions	-	-	(25,665)
Balance, June 30, 2020, Audited Financial Statements	<u>\$ 1,473,242</u>	<u>\$ 2,173,566</u>	<u>\$ 187,871</u>

Oakdale Joint Unified School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2020

	(Budget) 2021 <sup>1</sup>	2020	2019	2018
General Fund <sup>3</sup>				
Revenues	\$ 60,388,866	\$ 61,880,723	\$ 61,757,729	\$ 56,095,128
Other sources	418,852	482,502	1,309,750	648,830
Total Revenues and Other Sources	<u>60,807,718</u>	<u>62,363,225</u>	<u>63,067,479</u>	<u>56,743,958</u>
Expenditures	59,544,202	60,451,013	59,903,335	56,171,522
Other uses and transfers out	212,913	288,352	244,543	215,765
Total Expenditures and Other Uses	<u>59,757,115</u>	<u>60,739,365</u>	<u>60,147,878</u>	<u>56,387,287</u>
Increase in Fund Balance	<u>1,050,603</u>	<u>1,623,860</u>	<u>2,919,601</u>	<u>356,671</u>
Ending Fund Balance	<u>\$ 15,058,911</u>	<u>\$ 14,008,308</u>	<u>\$ 12,384,448</u>	<u>\$ 9,464,847</u>
Available Reserves <sup>2</sup>	<u>\$ 13,276,457</u>	<u>\$ 12,031,404</u>	<u>\$ 9,454,726</u>	<u>\$ 5,735,242</u>
Available Reserves as a Percentage of Total Outgo	<u>22.22%</u>	<u>19.81%</u>	<u>15.72%</u>	<u>10.17%</u>
Long-Term Liabilities	<u>Not Available</u>	<u>\$ 75,332,621</u>	<u>\$ 76,257,129</u>	<u>\$ 75,416,875</u>
Average Daily Attendance at P-2 <sup>4</sup>	<u>5,102</u>	<u>5,102</u>	<u>5,046</u>	<u>4,999</u>

The General Fund balance has increased by \$4,543,461 over the past two years. The fiscal year 2020-2021 budget projects a further increase of \$1,050,603 (7.5 percent). For a district this size, the State recommends available reserves of at least 3.0 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years and anticipates incurring an operating surplus during the 2020-2021 fiscal year. Total long-term liabilities have decreased by \$27,379 over the past two years.

Average daily attendance has increased by 103 over the past two years. No change in ADA is anticipated during fiscal year 2020-2021.

<sup>1</sup> Budget 2021 is included for analytical purposes only and has not been subjected to audit.

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

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

<sup>4</sup> Excludes charter school average daily attendance.

Oakdale Joint Unified School District

Schedule of Charter Schools

Year Ended June 30, 2020

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

Oakdale Joint Unified School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2020

	Charter Schools Fund	Cafeteria Fund	Foundation Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
<b>Assets</b>							
Deposits and investments	\$ 566,774	\$ 10	\$ 22,199	\$ 47,111	\$ 1,591,354	\$ 1,235,087	\$ 3,462,535
Receivables	107,044	36,143	-	-	-	-	143,187
Due from other funds	-	39,028	-	-	-	-	39,028
<b>Total assets</b>	<b>\$ 673,818</b>	<b>\$ 75,181</b>	<b>\$ 22,199</b>	<b>\$ 47,111</b>	<b>\$ 1,591,354</b>	<b>\$ 1,235,087</b>	<b>\$ 3,644,750</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 35,239	\$ 3,562	\$ -	\$ -	\$ 118,112	\$ -	\$ 156,913
Due to other funds	33,632	71,619	-	-	-	-	105,251
<b>Total liabilities</b>	<b>68,871</b>	<b>75,181</b>	<b>-</b>	<b>-</b>	<b>118,112</b>	<b>-</b>	<b>262,164</b>
<b>Fund Balances</b>							
Restricted	27,661	-	-	47,111	-	1,235,087	1,309,859
Assigned	577,286	-	22,199	-	1,473,242	-	2,072,727
<b>Total fund balances</b>	<b>604,947</b>	<b>-</b>	<b>22,199</b>	<b>47,111</b>	<b>1,473,242</b>	<b>1,235,087</b>	<b>3,382,586</b>
<b>Total liabilities and fund balances</b>	<b>\$ 673,818</b>	<b>\$ 75,181</b>	<b>\$ 22,199</b>	<b>\$ 47,111</b>	<b>\$ 1,591,354</b>	<b>\$ 1,235,087</b>	<b>\$ 3,644,750</b>

Oakdale Joint Unified School District

Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental Funds

Year Ended June 30, 2020

	Charter Schools Fund	Cafeteria Fund	Foundation Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues							
Local Control Funding Formula	\$ 673,741	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 673,741
Federal sources	-	1,031,977	-	-	-	186	1,032,163
Other State sources	58,015	66,831	-	-	-	10,666	135,512
Other local sources	16,283	263,238	15,831	1,171	223,481	1,256,734	1,776,738
Total revenues	748,039	1,362,046	15,831	1,171	223,481	1,267,586	3,618,154
Expenditures							
Current							
Instruction	439,550	-	4,412	-	-	-	443,962
Instruction-related activities							
Instructional library, media, and technology	1,000	-	-	-	-	-	1,000
School site administration	162,674	-	-	-	-	-	162,674
Pupil services							
Food services	-	1,455,783	-	-	-	-	1,455,783
Plant services	2,856	59,403	-	-	-	-	62,259
Facility acquisition and construction	-	-	-	-	1,614,807	-	1,614,807
Debt service							
Principal	-	-	-	-	-	875,000	875,000
Interest and other	-	-	-	3,575	-	397,590	401,165
Total expenditures	606,080	1,515,186	4,412	3,575	1,614,807	1,272,590	5,016,650
Excess (Deficiency) of Revenues Over Expenditures	141,959	(153,140)	11,419	(2,404)	(1,391,326)	(5,004)	(1,398,496)
Other Financing Sources (Uses)							
Transfers in	-	79,588	-	-	477,510	-	557,098
Transfers out	(33,632)	-	-	-	-	-	(33,632)
Net Financing Sources (Uses)	(33,632)	79,588	-	-	477,510	-	523,466
Net Change in Fund Balances	108,327	(73,552)	11,419	(2,404)	(913,816)	(5,004)	(875,030)
Fund Balance - Beginning	496,620	73,552	10,780	49,515	2,387,058	1,240,091	4,257,616
Fund Balance - Ending	\$ 604,947	\$ -	\$ 22,199	\$ 47,111	\$ 1,473,242	\$ 1,235,087	\$ 3,382,586

See Notes to Financial Statements

**Note 1 - Purpose of Schedules**

**Schedule of Expenditures of Federal Awards (SEFA)**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Oakdale Joint Unified School District (the District) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position or fund balance nor changes thereof for the District.

**Summary of Significant Accounting Policies**

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

**Indirect Cost Rate**

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

**Food Donation**

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. For the fiscal year ending June 30, 2020, the District had no commodities remaining in its inventory.

**SEFA Reconciliation**

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of FHA In Lieu of Tax Apportionment funds that have been recorded in the current period as revenues but have not been expended as of June 30, 2020. These unspent balances are reported as legally restricted ending balances within the Bond Interest and Redemption Fund.

	<u>CFDA Number</u>	<u>Amount</u>
Description		
Total Federal Revenues reported on the financial statements		\$ 3,130,056
FHA In Lieu Tax Apportionment	N/A	<u>(186)</u>
Total Schedule of Expenditures of Federal Awards		<u><u>\$ 3,129,870</u></u>

**Local Education Agency Organization Structure**

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

### **Schedule of Average Daily Attendance (ADA)**

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

### **Schedule of Instructional Time**

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

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

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 40 days due to the pandemic. As a result, the District received credit for these 40 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

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

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

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

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

### **Schedule of Charter Schools**

This schedule lists all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

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

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





Independent Auditor's Reports  
June 30, 2020

# Oakdale Joint Unified School District



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Governing Board  
Oakdale Joint Unified School District  
Oakdale, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oakdale Joint Unified School District, as of and for the year then ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Oakdale Joint Unified School District's basic financial statements and have issued our report thereon dated April 29, 2021.

**Emphasis of Matter**

As discussed in Note 17 to the financial statements, the District's prior-year governmental activities net position, business-type activities net position, and net position for the Enterprise Fund - Latchkey have been restated as of June 30, 2019 to allocate a portion of the District's Aggregate Net Pension Liabilities and related Deferred Inflows and Deferred Outflows to the Enterprise Fund - Latchkey. Our opinions are not modified with respect to this matter.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Oakdale Joint Unified School District's internal control over financial reporting (internal control) 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 Oakdale Joint Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oakdale Joint Unified School District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal controls, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

#### **Compliance and Other Matters**

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

#### **Response to Finding**

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

#### **Purpose of this Report**

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

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

Fresno, California  
April 29, 2021



## **Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Governing Board  
Oakdale Joint Unified School District  
Oakdale, California

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

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

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

In our opinion, Oakdale Joint Unified School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control over Compliance**

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

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

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

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



Fresno, California  
April 29, 2021



## Independent Auditor's Report on State Compliance

To the Governing Board  
Oakdale Joint Unified School District  
Oakdale, California

### Report on State Compliance

We have audited Oakdale Joint Unified School District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

### Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

### Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. 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 audit requirements of the *2019-2020 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the 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 state compliance. However, our audit does not provide a legal determination of the District's compliance.

### Compliance Requirements Tested

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

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

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

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

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

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

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

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

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

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

We did not perform procedures for the Charter Schools Mode of Instruction nor Annual Instruction Minutes Classroom-Based because the District's charter school is entirely nonclassroom-based.

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

### **Unmodified Opinion**

In our opinion, Oakdale Joint Unified School District complied with the laws and regulations of the state programs referred to above, in all material respects, for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Fresno, California  
April 29, 2021



**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

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

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Special Education Cluster	84.027
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

**STATE COMPLIANCE**

Type of auditor's report issued on compliance for programs:	Unmodified
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The following finding represents a significant deficiency related to the financial statements that is required to be reported in accordance with Government Auditing Standards. The finding has been coded as follows:

Five Digit Code

AB 3627 Finding Type

30000

Internal Control

**2020-001    30000****Internal Control Over Financial Reporting****Criteria**

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

**Condition**

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

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

**Questioned Costs**

There were no questioned costs associated with the conditions identified.

**Context**

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

**Effect**

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

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

**Cause**

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

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

**Repeat Finding (Yes or No)**

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

**Recommendation**

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

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

**Corrective Action Plan**

The District will review all invoices that arrive after June 30, for work performed prior to June 30 to ensure they are properly accounted for within the correct year. The District will also ensure that allocations of net pension liabilities, net other postemployment benefits liabilities, and related deferred outflows and deferred inflows are properly allocated.

None reported.

None reported.

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