



**Oxnard Union  
High School District**

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ANNUAL FINANCIAL REPORT

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**JUNE 30, 2015**

# OXNARD UNION HIGH SCHOOL DISTRICT

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JUNE 30, 2015

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# OXNARD UNION HIGH SCHOOL DISTRICT

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Oxnard Union High School District  
Oxnard, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxnard Union High School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxnard Union High School District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter - Change in Accounting Principles***

As discussed in Notes 1 and 16 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 5 through 14, and budgetary comparison and other postemployment benefit information, District's proportionate share of the net pension liability, and the District contributions on pages 66 and 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oxnard Union High School District's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other supplementary information as listed on the table of contents, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015, on our consideration of the Oxnard Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oxnard Union High School District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California  
December 7, 2015

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This section of Oxnard Union High School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015, with comparative information from 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

***The Financial Statements***

The financial statements presented herein, include all of the activities of the Oxnard Union High School District and its component units using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

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

The *Fund Financial Statements* include statements for each of two categories of activities: governmental and fiduciary.

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

The *Fiduciary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting

The Primary unit of the government is the Oxnard Union High School District.

***Students First: Every day, Every school, Every classroom***



# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### ***FINANCIAL HIGHLIGHTS OF THE PAST YEAR***

Total General Fund Revenue increased by 12.24 percent from the previous fiscal year. The following table shows major revenue sources for fiscal year 2014-2015 compared with fiscal year 2013-2014.

#### **General Fund Revenue Comparison - Amount**

	2015	2014	Change
Local Control Funding Formula (Includes Property Taxes)	\$ 128,028,428	\$ 112,114,040	\$ 15,914,388
Federal Revenues	8,167,204	8,262,374	(95,170)
Other State Revenues	11,947,146	11,933,485	13,661
Other Local Revenues	10,551,366	9,072,090	1,479,276
	<u>\$ 158,694,144</u>	<u>\$ 141,381,989</u>	<u>\$ 17,312,155</u>

Total General Fund Expenditures increased 11.20 percent from the previous fiscal year. The following table shows expenditures for fiscal year 2014-2015 compared with fiscal year 2013-2014.

#### **General Fund Expenditure Comparison - Unrestricted and Restricted**

	2015		2014		Change	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Certificated salaries	\$ 69,755,506	44.1%	\$ 64,315,964	45.3%	\$ 5,439,542	8.46%
Classified salaries	21,315,303	13.5%	19,250,372	13.5%	2,064,931	10.73%
Employee benefits	40,677,464	25.7%	37,249,827	26.2%	3,427,637	9.20%
Books and supplies	8,809,260	5.6%	5,755,376	4.1%	3,053,884	53.06%
Services and other	13,408,959	8.5%	11,775,379	8.3%	1,633,580	13.87%
Other outgo	748,900	0.5%	1,337,049	0.9%	(588,149)	-43.99%
Capital outlay and debt service	3,283,021	2.1%	2,405,421	1.7%	877,600	36.48%
	<u>\$ 157,998,413</u>	<u>100.0%</u>	<u>\$ 142,089,388</u>	<u>100.0%</u>	<u>\$ 15,909,025</u>	<u>11.20%</u>

### ***REPORTING THE DISTRICT AS A WHOLE***

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

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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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 resources, which is one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

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

### **REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

#### ***Fund Financial Statements***

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

***Governmental Funds*** - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### *THE DISTRICT AS TRUSTEE*

#### *Reporting the District's Fiduciary Responsibilities*

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

### *THE DISTRICT AS A WHOLE*

#### *Net Position*

The District's net position was (\$53,553,896) for the fiscal year ended June 30, 2015. Of this amount, the District reported a deficit in their unrestricted net position of (\$176,079,470). 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	
	2015	As Restated 2014
<b>Assets</b>		
Current and other assets	\$ 70,380,952	\$ 110,625,449
Capital assets	236,681,017	208,617,691
<b>Total Assets</b>	<u>307,061,969</u>	<u>319,243,140</u>
<b>Deferred Outflows of Resources</b>	<u>8,413,624</u>	<u>-</u>
<b>Liabilities</b>		
Current liabilities	19,151,429	16,519,745
Long-term obligations	231,348,027	235,483,877
Aggregate net pension liability	93,465,268	110,386,704
<b>Total Liabilities</b>	<u>343,964,724</u>	<u>362,390,326</u>
<b>Deferred Inflows of Resources</b>	<u>25,064,765</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	106,178,759	102,850,759
Restricted	16,346,815	20,352,257
Unrestricted	(176,079,470)	(166,350,202)
<b>Total Net Position</b>	<u><u>\$ (53,553,896)</u></u>	<u><u>\$ (43,147,186)</u></u>

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### *Changes in Net Position*

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the *Statement of Activities* so you can see our total revenues for the year.

**Table 2**

	Governmental Activities	
	2015	2014
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,099,794	\$ 1,123,295
Operating grants and contributions	27,652,274	28,759,399
Capital grants and contributions	41	52
General revenues:		
Federal and State aid not restricted	90,353,404	73,105,638
Property taxes	50,582,499	54,458,539
Other general revenues	7,794,136	2,947,250
<b>Total Revenues</b>	<b>177,482,148</b>	<b>160,394,173</b>
<b>Expenses</b>		
Instruction-related	132,522,066	115,052,955
Student support services	20,347,744	18,870,618
Administration	9,895,444	8,927,658
Maintenance and operations	13,496,429	12,681,283
Other	11,627,175	10,592,843
<b>Total Expenses</b>	<b>187,888,858</b>	<b>166,125,357</b>
<b>Change in Net Position</b>	<b>\$ (10,406,710)</b>	<b>\$ (5,731,184)</b>

### *Governmental Activities*

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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

**Table 3**

		Net Cost of Services	
		2015	2014
Instruction-related		\$ 112,674,909	\$ 95,022,225
Student support services		13,638,652	12,404,201
Administration		8,823,728	6,811,472
Maintenance and operations		13,422,773	12,445,820
Other		10,576,687	9,558,893
<b>Total</b>		<b>\$ 159,136,749</b>	<b>\$ 136,242,611</b>

### ***THE DISTRICT'S FUNDS***

As the District completed this year, our governmental funds reported a combined fund balance of \$60,561,526, which is a decrease of \$36,805,584 from last year.

This decrease is due mainly to significant increase in expenditures in the current year related to capital asset construction due to the prior year issuance of a general obligation bond.

### ***General Fund Budgetary Highlights***

The District is required to adopt its budget by June 30, each year. This was prior to adoption of the State budget. Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. These revisions occur at the First Interim and Second Interim reporting periods. The final amendment to the budget was included with the Unaudited Actuals and was adopted on September 9, 2015. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 66.)

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### *CAPITAL ASSET AND DEBT ADMINISTRATION*

#### *Capital Assets*

At June 30, 2015, the District had \$236,681,017 in a broad range of capital assets (net of accumulative depreciation), including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$28,063,326, or 13.45 percent, from last year.

**Table 4**

	Governmental Activities	
	2015	2014
Land	\$ 27,716,042	\$ 27,716,042
Construction in process	51,689,439	16,304,183
Buildings and improvements	154,038,088	161,102,005
Furniture and equipment	3,237,448	3,495,461
Total	<u>\$ 236,681,017</u>	<u>\$ 208,617,691</u>

Continued effort on the Career Technical Education facilities projects, swimming pools, solar projects and progress on the expansion school in Camarillo account for the majority of the \$35,385,256 increase in Construction in Progress shown on Table 4.

Depreciation accounts for the majority of change in Buildings and Improvements on the same schedule.

#### *Long-Term Obligations*

At the end of this year, the District had \$237,561,808 in outstanding debt versus \$235,483,877 last year, an increase of \$2,077,931. Long-term obligations consisted of:

**Table 5**

	Governmental Activities	
	2015	As Restated 2014
General obligation bonds	\$ 135,706,701	\$ 139,542,186
Premium on issuance	5,097,675	5,341,631
Certificates of participation	2,160,000	2,535,000
Municipal leases	4,080,000	4,285,000
Municipal lease discount	(17,080)	(18,300)
Qualified energy conservation bonds	14,941,335	16,258,333
Compensated absences	1,171,991	1,170,348
Net OPEB obligation	74,421,186	66,369,679
Total	<u>\$ 237,561,808</u>	<u>\$ 235,483,877</u>

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015**

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The District's outstanding general obligation debt of \$135,706,701 is below the assessed value cap for voter approved debt.

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

### ***Net Pension Liability***

At year-end, the District had a pension liability of \$93,465,268.

### ***SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2014-2015 ARE NOTED BELOW:***

- Exceeded three percent State recommended reserve for economic uncertainties.
- Pay increase of 2.5 percent and a 0.5 percent one-time bonus.
- Received a \$6 million California Career Pathways Trust grant.
- Increased Average Daily Attendance (ADA) by 1 percent.
- Reduced TRAN borrowing from \$9.1 million to \$6.8 million.

### ***ASSUMPTIONS USED AT ADOPTION OF 2014-2015 BUDGET:***

#### **Revenue**

- Local Control Funding Formula (LCFF) was the source of revenue at budget adoption.
- LCFF Base Grant \$8,491 per ADA.
- LCFF funded with .85 percent Cost of Living Adjustment (COLA).
- Anticipated unrestricted lottery revenue at \$126.00 per annual ADA and restricted lottery (Prop 20) revenue at \$30.00 per ADA.
- Special Education received .85 percent COLA.
- Mandated Block Grant at \$56 per ADA.
- Elimination of apportionment deferrals.

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### Expenditures

- Increase staff costs for three additional student days.
- Increase staff costs for two additional professional development days.
- Teacher Student ratio staffed at 28:1
- No reduction/addition in benefit levels.
- Maintain retiree benefits as they now exist.
- CalSTRS expense budgeted at 9.5 percent.
- CalPERS expense budgeted at 11.771 percent.
- Increase in Health and Welfare costs by 5 percent.
- School site allocation \$160 per CBEDS.

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

In considering the District Budget for the 2015-2016 year, the District Board of Education and management used the following criteria:

The key assumptions in our revenue forecast are:

1. LCFF projections include a 1.02 percent Cost of Living Adjustment, LCFF Gap Closed Percentage of 53.08 percent and a one percent enrollment growth.
2. Federal revenues were projected for flat funding.
3. State revenues maintained at prior year funding levels.
4. Mandate Cost per ADA/One-Time Allocation at \$601 per ADA

Expenditures are based on the following forecasts:

	<u>Staffing Ratio</u>
Grades nine through twelve	28:1

The major changes to expenditure items specifically addressed in the budget are:

1. Employee step and column increases.
2. Increase in CalSTRS employer contribution from 9.5 percent to 10.73 percent.
3. Increase in health and welfare premium cost by 7 percent.
4. Required 3 percent contribution for Routine Restricted Maintenance Account.



# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015**

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

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information contact the Assistant Superintendent of Administrative Services at Oxnard Union High School District, 309 South K Street, Oxnard, California, 93030 or e-mail at [steve.dickinson@ouhsd.k12.ca.us](mailto:steve.dickinson@ouhsd.k12.ca.us).

# OXNARD UNION HIGH SCHOOL DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2015

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Deposits and investments	\$ 62,250,199
Receivables	1,505,689
Due from other governmental units	6,370,877
Stores inventories	254,187
Capital Assets	
Land and construction in progress	79,405,481
Other capital assets	296,508,531
Less: Accumulated depreciation	(139,232,995)
Capital assets, net of accumulated depreciation	<u>236,681,017</u>
<b>Total Assets</b>	<u><b>307,061,969</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Current year pension contribution	<u>8,413,624</u>
<b>LIABILITIES</b>	
Accounts payable	8,239,201
Interest payable	3,118,222
Due to other governments	742,961
Unearned revenue	837,264
Long-Term Obligations	
Current portion of long-term obligations other than pensions	6,233,781
Noncurrent portion of long-term obligations other than pensions	231,328,027
<b>Total Long-Term Obligations</b>	<u><b>237,561,808</b></u>
Aggregate net pension liability	<u>93,465,268</u>
<b>Total Liabilities</b>	<u><b>343,964,724</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Difference between projected and actual earnings on pension plan investments	<u>25,064,765</u>
<b>NET POSITION</b>	
Net investment in capital assets	106,178,759
Restricted for:	
Debt service	8,388,533
Capital projects	7,350,902
Educational programs	573,633
Other activities	33,747
Unrestricted	(176,079,470)
<b>Total Net Position</b>	<u><b>\$ (53,553,896)</b></u>

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction	\$ 110,540,190	\$ 175,873	\$ 16,322,244	\$ 41	\$ (94,042,032)
Instruction-related activities:					
Supervision of instruction	4,423,221	8,814	2,894,931	-	(1,519,476)
Instructional library, media and technology	1,800,678	-	37,219	-	(1,763,459)
School site administration	15,757,977	3,184	404,851	-	(15,349,942)
Pupil services:					
Home-to-school transportation	1,792,813	-	16,240	-	(1,776,573)
Food services	6,207,778	556,789	4,109,786	-	(1,541,203)
All other pupil services	12,347,153	12,721	2,013,556	-	(10,320,876)
Administration:					
Data processing	3,535,100	6,331	19,942	-	(3,508,827)
All other administration	6,360,344	29,604	1,015,839	-	(5,314,901)
Plant services	13,496,429	-	73,656	-	(13,422,773)
Ancillary services	2,816,325	-	59,394	-	(2,756,931)
Community services	99,561	-	-	-	(99,561)
Interest on long-term obligations	6,960,222	-	-	-	(6,960,222)
Other outgo	1,751,067	306,478	684,616	-	(759,973)
<b>Total Governmental Activities</b>	<b>\$ 187,888,858</b>	<b>\$ 1,099,794</b>	<b>\$ 27,652,274</b>	<b>\$ 41</b>	<b>(159,136,749)</b>
General revenues and subventions					
Property taxes, levied for general purposes					42,304,182
Property taxes, levied for debt service					7,067,363
Taxes levied for other specific purposes					1,210,954
Federal and State aid not restricted to specific purposes					90,353,404
Interest and investment earnings					90,735
Interagency revenues					193,353
Miscellaneous					7,510,048
<b>Subtotal, General Revenues</b>					<b>148,730,039</b>
<b>Changes in Net Position</b>					<b>(10,406,710)</b>
Net Position - Beginning					67,239,518
Restatement					(110,386,704)
Net Position - Beginning (As Restated)					(43,147,186)
Net Position - Ending					<b>\$ (53,553,896)</b>

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## GOVERNMENTAL FUNDS

### BALANCE SHEET

FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Cafeteria Fund	Building Fund
<b>ASSETS</b>			
Deposits and investments	\$ 8,584,800	\$ 543,685	\$ 26,417,280
Receivables	1,432,078	19,711	31,155
Due from other funds	1,111,044	15,455	-
Due from other governments	5,752,952	617,925	-
Stores inventories	221,640	32,547	-
<b>Total Assets</b>	<b>\$ 17,102,514</b>	<b>\$ 1,229,323</b>	<b>\$ 26,448,435</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 4,585,100	\$ 84,949	\$ 3,566,111
Due to other funds	15,455	1,110,627	-
Due to other governments	742,961	-	-
Unearned revenue	837,264	-	-
<b>Total Liabilities</b>	<b>6,180,780</b>	<b>1,195,576</b>	<b>3,566,111</b>
<b>Fund Balances:</b>			
Nonspendable	231,640	32,547	-
Restricted	573,633	1,200	22,882,324
Assigned	1,467,069	-	-
Unassigned	8,649,392	-	-
<b>Total Fund Balances</b>	<b>10,921,734</b>	<b>33,747</b>	<b>22,882,324</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 17,102,514</b>	<b>\$ 1,229,323</b>	<b>\$ 26,448,435</b>

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

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<b>Capital Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 10,876,109	\$ 11,003,292	\$ 4,825,033	\$ 62,250,199
9,571	9,538	3,636	1,505,689
-	-	-	1,126,499
-	-	-	6,370,877
-	-	-	254,187
<u>\$ 10,885,680</u>	<u>\$ 11,012,830</u>	<u>\$ 4,828,669</u>	<u>\$ 71,507,451</u>
\$ 3,041	\$ -	\$ -	\$ 8,239,201
407	-	10	1,126,499
-	-	-	742,961
-	-	-	837,264
<u>3,448</u>	<u>-</u>	<u>10</u>	<u>10,945,925</u>
-	-	-	264,187
10,882,232	11,012,830	493,925	45,846,144
-	-	4,334,734	5,801,803
-	-	-	8,649,392
<u>10,882,232</u>	<u>11,012,830</u>	<u>4,828,659</u>	<u>60,561,526</u>
<u>\$ 10,885,680</u>	<u>\$ 11,012,830</u>	<u>\$ 4,828,669</u>	<u>\$ 71,507,451</u>

# OXNARD UNION HIGH SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2015

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<b>Total Fund Balance - Governmental Funds</b>		<b>\$ 60,561,526</b>
<b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</b>		
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:	\$ 375,914,012	
Accumulated depreciation is:	<u>(139,232,995)</u>	
Net Capital Assets		236,681,017
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		8,413,624
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(3,118,222)
The difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		(25,064,765)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(93,465,268)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
Bonds payable	135,007,016	
Premium on issuance	5,097,675	
Certificates of participation	2,160,000	
Municipal lease	4,080,000	
Discount on municipal lease	(17,080)	
Qualified energy construction bonds	14,941,335	
Compensated absences (vacations)	1,171,991	
Net OPEB obligation	74,421,186	
In addition, the District previously issued "capital appreciation" general obligation bonds. The cumulative capital accretion on the general obligation bonds is:		
Total Long-Term Obligations	<u>699,685</u>	(237,561,808)
<b>Total Net Position - Governmental Activities</b>		<b><u><u>\$ (53,553,896)</u></u></b>

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## GOVERNMENTAL FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Cafeteria Fund	Building Fund
<b>REVENUES</b>			
Local Control Funding Formula	\$ 128,028,428	\$ -	\$ -
Federal sources	8,167,204	4,124,908	242,304
Other State sources	11,947,146	351,933	-
Other local sources	10,551,366	574,364	147,750
<b>Total Revenues</b>	<b>158,694,144</b>	<b>5,051,205</b>	<b>390,054</b>
<b>EXPENDITURES</b>			
Current			
Instruction	98,088,966	-	-
Instruction related activities:			
Supervision of instruction	4,148,662	-	-
Instructional library, media, and technology	1,579,971	-	-
School site administration	11,897,349	-	-
Pupil services:			
Home-to-school transportation	1,440,736	-	-
Food services	19,549	5,591,203	-
All other pupil services	11,495,310	-	-
Administration:			
Data processing	3,501,116	-	-
All other administration	5,660,619	172,767	-
Plant services	13,763,352	-	-
Facility acquisition and construction	96,201	-	35,241,922
Ancillary services	2,750,774	-	-
Community services	100,017	-	-
Other outgo	1,751,067	-	-
Debt service			
Principal	1,316,998	-	-
Interest and other	387,726	-	-
<b>Total Expenditures</b>	<b>157,998,413</b>	<b>5,763,970</b>	<b>35,241,922</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>695,731</b>	<b>(712,765)</b>	<b>(34,851,868)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	695,107	-
Transfers out	(839,187)	-	-
<b>Net Financing Sources (Uses)</b>	<b>(839,187)</b>	<b>695,107</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(143,456)</b>	<b>(17,658)</b>	<b>(34,851,868)</b>
<b>Fund Balances - Beginning</b>	<b>11,065,190</b>	<b>51,405</b>	<b>57,734,192</b>
<b>Fund Balances - Ending</b>	<b>\$ 10,921,734</b>	<b>\$ 33,747</b>	<b>\$ 22,882,324</b>

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

<b>Capital Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 128,028,428
-	-	-	12,534,416
-	52,385	-	12,351,464
2,449,566	7,049,432	20,070	20,792,548
2,449,566	7,101,817	20,070	173,706,856
-	-	-	98,088,966
-	-	-	4,148,662
-	-	-	1,579,971
-	-	-	11,897,349
-	-	-	1,440,736
-	-	-	5,610,752
-	-	-	11,495,310
-	-	-	3,501,116
36,224	-	-	5,869,610
-	-	-	13,763,352
84,063	-	13,947	35,436,133
-	-	-	2,750,774
-	-	-	100,017
-	-	-	1,751,067
205,000	3,900,000	375,000	5,796,998
185,415	6,603,487	104,999	7,281,627
510,702	10,503,487	493,946	210,512,440
1,938,864	(3,401,670)	(473,876)	(36,805,584)
144,080	-	472,499	1,311,686
(472,499)	-	-	(1,311,686)
(328,419)	-	472,499	-
1,610,445	(3,401,670)	(1,377)	(36,805,584)
9,271,787	14,414,500	4,830,036	97,367,110
\$ 10,882,232	\$ 11,012,830	\$ 4,828,659	\$ 60,561,526



## OXNARD UNION HIGH SCHOOL DISTRICT

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

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<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ (36,805,584)</b>
<b>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</b>	
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.	
This is the amount by which capital outlay exceeds depreciation in the period.	
Capital outlay	\$ 36,134,155
Depreciation expense	<u>(8,044,149)</u>
Net Expense Adjustment	28,090,006
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.	(26,680)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. However, expenditures for these items in the governmental funds are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation earned was more than the amounts used by \$1,643.	(1,643)
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.	270,295
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:	
General obligation bonds	3,900,000
Certificates of participation	375,000
Municipal leases	205,000
Qualified energy conservation bonds	1,316,998

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

## OXNARD UNION HIGH SCHOOL DISTRICT

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (Continued) FOR THE YEAR ENDED JUNE 30, 2015

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Governmental funds report the effect of premiums, discounts, and issuance costs when the debt is first issued, whereas the amounts are deferred and amortized over the life of the debt in the Statement of Activities. This amount is the net effect of the amortization of the related items:

Premium on issuance for general obligation bonds	\$ 243,956	
Discount on issuance for municipal leases	<u>(1,220)</u>	
Combined Adjustment		\$ 242,736

In the Statement of Activities Other Postemployment Benefit Obligations (OPEB) are measured by an actuarially determined Annual Required Contribution (ARC). In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts contributed toward the OPEB obligation were less than the ARC by \$8,051,507. (8,051,507)

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds, certificates of participation, qualified energy bonds, and municipal lease bonds decreased by \$143,184, and second, \$64,515 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

	78,669
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (10,406,710)</u></u></b>

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2015

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	<b>Associated Student Bodies</b>	<b>Foundation Special Reserve</b>	<b>Total Fiduciary Funds</b>
<b>ASSETS</b>			
Deposits and investments	\$ 1,345,284	\$ 60,042	\$ 1,405,326
Receivables	-	57	57
<b>Total Assets</b>	<u><u>\$ 1,345,284</u></u>	<u><u>\$ 60,099</u></u>	<u><u>\$ 1,405,383</u></u>
<b>LIABILITIES</b>			
Due to student groups	<u><u>\$ 1,345,284</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,345,284</u></u>
<b>NET POSITION</b>			
Held in trust for scholarships		60,099	60,099
<b>Total Net Position</b>		<u><u>\$ 60,099</u></u>	<u><u>\$ 60,099</u></u>

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## FIDUCIARY FUNDS

### STATEMENT OF CHANGES IN NET POSITION

#### FOR THE YEAR ENDED JUNE 30, 2015

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	<b>Foundation Special Reserve</b>
<b>ADDITIONS</b>	
Private donations	\$ 500
Interest	194
<b>Total Additions</b>	<u>694</u>
<b>DEDUCTIONS</b>	
Other expenditures	<u>1,900</u>
<b>Change in Net Position</b>	(1,206)
<b>Net Position - Beginning</b>	<u>61,305</u>
<b>Net Position - Ending</b>	<u><u>\$ 60,099</u></u>

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial Reporting Entity

The Oxnard Union High School District (the District) was organized under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades 9 - 12 as mandated by the State and/or Federal agencies. The District operates six high schools, two alternative education sites, and an adult education program.

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

#### Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The Oxnard Union High School District, the Ventura County Schools Public Facilities Financing Corporation, and the Golden West Schools Financing Authority (the Corporations) have a financial and operational relationship which meets the reporting entity definition criteria of the Government Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the District's portion of the Corporations as component units of the District. Accordingly, the District's financial activities of the Corporations have been included in the Capital Facilities Fund, the Special Reserve Fund for Capital Outlay Projects, and the COP Debt Service Fund, in the financial statements of the District.

#### Other Related Entities

**Charter School** The District has an approved charter for Camarillo Academy of Progressive Education (CAPE) and Architecture, Construction and Engineering Charter High (ACE) pursuant to *Education Code* Section 47605. The charters are not considered a component unit of the District.

#### Basis of Presentation - Fund Accounting

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

---

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

### Major Governmental Funds

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

**Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

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

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

### Non-Major Governmental Funds

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

**County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

**COP Debt Service Fund** The COP Debt Service Fund is used to account for the interest and redemption of principal of Certificates of Participation.

**Fiduciary Funds** Fiduciary funds reporting focuses on net position and changes in net position. 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 account for accumulation of resources for the payment of scholarships within the Foundation Special Reserve activities. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency funds account for the accumulation of 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 as well as the 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.

The government-wide financial Statement of Activities presents a comparison between direct expenses and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions, and segments using a full cost allocation approach. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

**Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

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

**Revenues - Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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



# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

### Investments

Investments held at June 30, 2015, 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.

### Stores Inventories

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

### Capital Assets and Depreciation

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

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial Statement of Net Position. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

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

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015**

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### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the Statement of Net Position.

### **Compensated Absences**

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

### **Debt Issuance Costs, Premiums and Discounts**

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the current year pension contributions.

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 the difference between projected and actual earnings on pension plan investments specific to the net pension liability.

### 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.

### Fund Balances - Governmental Funds

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

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

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

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

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

**Unassigned** - all other spendable amounts.

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

### **JUNE 30, 2015**

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#### **Spending Order Policy**

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

#### **Minimum Fund Balance Policy**

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

#### **Net Position**

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$16,346,815 of restricted net position.

#### **Interfund Activity**

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

#### **Estimates**

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### **Budgetary Data**

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

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

### **Property Tax**

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

### **Change in Accounting Principles**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government wide Statement of Net Position, effectively decreasing net position as of July 1, 2014 by \$110,386,704. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

### **New Accounting Pronouncements**

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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In June 2015, the GASB issued 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 Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions.
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

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



# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

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

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of State and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

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

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### NOTE 2 - DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, were classified in the accompanying financial statements as follows:

Governmental activities	\$ 62,250,199
Fiduciary funds	1,405,326
Total Deposits and Investments	<u>\$ 63,655,525</u>

Deposits and investments as of June 30, 2015, consisted of the following:

Cash on hand and in banks	\$ 1,347,184
Cash in revolving	10,000
Investments	62,298,341
Total Deposits and Investments	<u>\$ 63,655,525</u>

#### Policies and Practices

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

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### General Authorizations

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

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

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing primarily in the County Pool.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Fair Value	Maturity Date
Ventura County Investment Pool	\$ 60,968,818	295*
First American Prime Obligation Fund Class Y	566,223	7/1/2015
Local Agency Bonds - Duarte Unified School District	266,769	11/1/2019
Local Agency Bonds - Trinity River Authority	150,603	2/1/2019
Total	<u>\$ 61,952,413</u>	

\* Weighted average days to maturity.

### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Minimum Legal Rating	Rating June 30, 2015	Fair Value
Ventura County Investment Pool	Not Required	AAAf	\$ 60,968,818
First American Prime Obligation Fund Class Y	Not Required	Not Rated	566,223
Local Agency Bonds - Duarte Unified School District	Not Required	Not Rated	266,769
Local Agency Bonds - Trinity River Authority	Not Required	AA+	150,603
Total Investments			<u>\$ 61,952,413</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, 2015, the District's bank balance was not exposed to custodial credit risk.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

### NOTE 3 - RECEIVABLES

Receivables at June 30, 2015, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund
Federal Government				
Categorical aid	\$ 2,932,508	\$ 567,991	\$ -	\$ -
State Government				
Categorical aid	1,886,221	49,934	-	-
Lottery	1,528,622	-	-	-
Local Government				
Interest	23,914	779	30,633	9,571
Other Local Sources	813,765	18,932	522	-
Total	<u>\$ 7,185,030</u>	<u>\$ 637,636</u>	<u>\$ 31,155</u>	<u>\$ 9,571</u>

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Activities	Fiduciary Funds
Federal Government				
Categorical aid	\$ -	\$ -	\$ 3,500,499	\$ -
State Government				
Categorical aid	-	-	1,936,155	-
Lottery	-	-	1,528,622	-
Local Government				
Interest	9,538	3,636	78,071	57
Other Local Sources	-	-	833,219	-
Total	<u>\$ 9,538</u>	<u>\$ 3,636</u>	<u>\$ 7,876,566</u>	<u>\$ 57</u>

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 27,716,042	\$ -	\$ -	\$ 27,716,042
Construction in Progress	16,304,183	35,385,256	-	51,689,439
Total Capital Assets Not Being Depreciated	44,020,225	35,385,256	-	79,405,481
Capital Assets Being Depreciated:				
Land Improvements	43,888,777	65,500	222,568	43,731,709
Buildings and Improvements	241,744,916	-	-	241,744,916
Furniture and Equipment	10,348,507	683,399	-	11,031,906
Total Capital Assets Being Depreciated	295,982,200	748,899	222,568	296,508,531
Total Capital Assets	340,002,425	36,134,155	222,568	375,914,012
Less Accumulated Depreciation:				
Land Improvements	27,690,358	1,063,252	195,888	28,557,722
Buildings and Improvements	96,841,330	6,039,485	-	102,880,815
Furniture and Equipment	6,853,046	941,412	-	7,794,458
Total Accumulated Depreciation	131,384,734	8,044,149	195,888	139,232,995
Governmental Activities Capital Assets, Net	\$ 208,617,691	\$ 28,090,006	\$ 26,680	\$ 236,681,017

Depreciation expense was charged to governmental functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 4,504,724
School site administration	2,815,452
Home-to-school transportation	241,325
Food services	321,765
Plant services	160,883
Total Depreciation Expenses All Activities	<u>\$ 8,044,149</u>

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### NOTE 5 - 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, 2015, between major and non-major governmental funds are as follows:

Due To	Due From				Total
	General Fund	Cafeteria Fund	Capital Facilities Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 1,110,627	\$ 407	\$ 10	\$ 1,111,044
Cafeteria Fund	15,455	-	-	-	15,455
Total	<u>\$ 15,455</u>	<u>\$ 1,110,627</u>	<u>\$ 407</u>	<u>\$ 10</u>	<u>\$ 1,126,499</u>

The balance of \$1,110,627 is due to the General Fund from the Cafeteria Fund for indirect costs, direct support, and transfers.

All remaining balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.



# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### Operating Transfers

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfer To	Transfer From		Total
	General Fund	Capital Facilities Fund	
Cafeteria Fund	\$ 695,107	\$ -	\$ 695,107
Capital Facilities Fund	144,080	-	144,080
Non-Major Governmental Funds	-	472,499	472,499
Total	<u>\$ 839,187</u>	<u>\$ 472,499</u>	<u>\$ 1,311,686</u>

The General Fund transferred to the Cafeteria Fund to cover expenditures.	\$ 695,107
The General Fund transferred to the Capital Facilities Fund for costs associated with facility usage.	144,080
The Capital Facilities Fund transferred to the COP Debt Service Non-Major Governmental Fund for debt service payments.	472,499
Total	<u>\$ 1,311,686</u>

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consisted of the following:

	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	Total
Vendor payables	\$ 3,645,802	\$ 71,679	\$ -	\$ -	\$ 3,717,481
State principal apportionment	656,198	-	-	-	656,198
Salaries and benefits	1,026,061	13,270	-	-	1,039,331
Capital outlay	-	-	3,566,111	3,041	3,569,152
Total	<u>\$ 5,328,061</u>	<u>\$ 84,949</u>	<u>\$ 3,566,111</u>	<u>\$ 3,041</u>	<u>\$ 8,982,162</u>

### NOTE 7 - UNEARNED REVENUE

Unearned revenue at June 30, 2015, consisted of the following:

	General Fund
Federal financial assistance	\$ 547,058
State categorical aid	281,631
Other local	8,575
Total	<u>\$ 837,264</u>

### NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 3, 2014, the District issued \$6,750,000 Tax and Revenue Anticipation Notes bearing interest at 2.0 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 30, 2015. By May 2015, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### NOTE 9 - LONG-TERM OBLIGATIONS

#### Summary

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

	Balance (As Restated) July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due in One Year
General obligation bonds	\$ 139,542,186	\$ 64,515	\$ 3,900,000	\$ 135,706,701	\$ 4,245,000
Premium on issuance	5,341,631	-	243,956	5,097,675	-
Certificates of participation	2,535,000	-	375,000	2,160,000	400,000
Municipal leases	4,285,000	-	205,000	4,080,000	215,000
Municipal lease discount	(18,300)	-	(1,220)	(17,080)	-
Qualified energy conservation bonds	16,258,333	-	1,316,998	14,941,335	1,373,781
Compensated absences	1,170,348	1,643	-	1,171,991	-
Net OPEB obligation	66,369,679	22,022,181	13,970,674	74,421,186	-
	<u>\$ 235,483,877</u>	<u>\$ 22,088,339</u>	<u>\$ 20,010,408</u>	<u>\$ 237,561,808</u>	<u>\$ 6,233,781</u>

- Payments for bonds associated with General Obligation Bonds are made in the Bond Interest and Redemption Fund.
- Payments on Certificates of Participation are made in the COP Debt Service Fund.
- Payments for Municipal Lease obligations are made in the General Fund, Special Reserve Fund for Capital Outlay Projects, and Capital Facilities Fund.
- Payments for Qualified Energy Construction Bonds are made in the COP Debt Service Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.
- Payments for Net pension liability and Net OPEB obligation are typically liquidated in the General Fund and the Non-Major Governmental Funds.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### General Obligation Refunding Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2014	Issued and Principal Accretion	Redeemed	Bonds Outstanding June 30, 2015
April 1999	8/1/2027	4.6% - 5.8%	\$ 10,199,913	\$ 6,655,083	\$ 64,515	\$ 405,000	\$ 6,314,598
May 2001	8/1/2030	4.0% - 6.2%	31,705,000	22,190,000	-	930,000	21,260,000
August 2010	8/1/2040	3.0%-5.0%	50,000,000	47,705,000	-	840,000	46,865,000
April 2011	8/1/2025	5.31%	4,052,103	3,642,103	-	225,000	3,417,103
May 2012	8/1/2027	3.0%-5.0%	10,435,000	9,350,000	-	500,000	8,850,000
January 2014	8/1/2037	3.0%-5.0%	50,000,000	50,000,000	-	1,000,000	49,000,000
			<u>\$ 156,392,016</u>	<u>\$ 139,542,186</u>	<u>\$ 64,515</u>	<u>\$ 3,900,000</u>	<u>\$ 135,706,701</u>

### 1999 Series A

Series A of the 1999 Revenue General Obligation Refunding Bonds were issued in April 1999. These bonds were issued to refund the 1997 General Obligation Bonds, Series B. The Taxable General Obligation Refunding Bonds, 1999 Series A were issued for \$10,199,913, with interest rates ranging from 4.6 percent to 5.8 percent. The refunding bonds mature at various dates with the final maturity of August 1, 2027. The remaining balance for Series A of the 1999 General Obligation Bonds is \$6,314,598.

### 2001 Series A

Series A of the 2001 General Obligations Refunding Bond were issued May 17, 2001. These bonds were issued to refund the 1997 General Obligation Bonds Series C, D, and E. The Taxable General Obligation Refunding Bonds, 2001 Series A were issued for \$31,705,000, with interest rates ranging from 4.0 percent to 6.2 percent. The refunding bonds mature at various dates with the final maturity of August 1, 2030. The remaining balance for Series A of the 2001 General Obligation Bonds is \$21,260,000.

### 2004 Series A

Series A of the 2004 General Obligation Refunding Bonds were issued in August 2010. These bonds were issued to refund the 2008 General Obligation Bond Anticipation Notes, Series A and Series B and to finance the construction and modernization of school facilities. The Taxable General Obligation Bonds, 2004 Series A were issued for \$50,000,000, with interest rates ranging from 3.0 percent to 5.0 percent. The bonds mature at various dates with the final maturity of August 1, 2040. At June 30, 2015, the principal balance outstanding was \$46,865,000 and unamortized premium was \$1,649,406.

### 2004 Series Qualified School Construction Bonds

In April 2011, the District issued the 2011 Qualified School Construction Bonds in the amount of \$4,052,103. The notes mature August 2025, with an interest rate of 5.31 percent. The bonds were issued for the purpose of financing the acquisition and construction of educational facilities and projects. At June 30, 2015, the principal balance outstanding was \$3,417,103.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### 2012 Series

The 2012 General Obligation Refunding Bonds were issued in May 2012. These bonds were issued to refund the 2003 General Obligation Bonds, Series A. The Taxable General Obligation Bonds, 2012 Series were issued for \$10,435,000, with interest rates ranging from 3.0 percent to 5.0 percent. The bonds mature at various dates with the final maturity of August 1, 2027. At June 30, 2015, the principal balance outstanding was \$8,850,000 and unamortized premium was \$560,763.

### 2004 Series C

Series C of the 2004 General Obligation Refunding Bonds were issued in January 2014. These bonds were issued to finance the construction and modernization of school facilities. The Taxable General Obligation Bonds, 2004 Series C were issued for \$50,000,000, with interest rates ranging from 3.0 percent to 5.0 percent. The bonds mature at various dates with the final maturity of August 1, 2037. At June 30, 2015, the principal balance outstanding was \$49,000,000 and unamortized premium was \$2,887,506.

The future debt service requirements for the six General Obligation Bonds are as follows:

Fiscal Year	Principal Including Accreted	Current	Accreted	Total
	Interest to Date	Interest	Interest	
2016	\$ 4,245,000	\$ 6,551,998	\$ 68,334	\$ 10,865,332
2017	4,510,000	6,358,017	72,378	10,940,395
2018	4,745,000	6,136,363	76,662	10,958,025
2019	4,975,000	5,889,544	81,200	10,945,744
2020	5,255,000	5,624,285	86,006	10,965,291
2021-2025	30,624,387	23,583,249	511,230	54,718,866
2026-2030	30,647,314	15,586,677	129,592	46,363,583
2031-2035	24,150,000	9,422,019	-	33,572,019
2036-2040	23,375,000	3,249,988	-	26,624,988
2041	3,180,000	79,500	-	3,259,500
Total	<u>\$ 135,706,701</u>	<u>\$ 82,481,640</u>	<u>\$ 1,025,402</u>	<u>\$ 219,213,743</u>

### Certificates of Participation

During the 2000-2001 fiscal year, the District issued Certificates of Participation in the amount of \$1,860,000, to refund the outstanding balance of the 1993-1994 Certificates of Participation. The 2000 certificates mature during the 2019-2020 fiscal year with interest rates ranging from 6.40 percent to 7.50 percent. The balance of the 2000 Certificates of Participation outstanding at June 30, 2015, was \$625,000.

In April 2003, the District issued the 2003 Refunding Certificates of Participation in the amount of \$3,970,000. The 2003 certificates mature in the 2019-2020 fiscal year with interest rates ranging from 2.0 percent to 4.3 percent. The balance of the 2003 Refunding Certificates of Participation outstanding at June 30, 2015, was \$1,535,000.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 400,000	\$ 88,425	\$ 488,425
2017	410,000	70,638	480,638
2018	430,000	51,731	481,731
2019	450,000	31,545	481,545
2020	470,000	10,560	480,560
Total	<u>\$ 2,160,000</u>	<u>\$ 252,899</u>	<u>\$ 2,412,899</u>

### Municipal Leases

During the 2004-2005 fiscal year, the District entered into a lease agreement to finance the purchase of a parcel of land for the future construction of a high school in the Camarillo area. The lease carries an interest rate of 4.5 percent. The lease will be fully paid in 2028. At June 30, 2015, the principal balance outstanding was \$4,080,000 and unamortized discount was \$17,080.

The debt service requirements for the leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 215,000	\$ 174,972	\$ 389,972
2017	225,000	166,910	391,910
2018	235,000	158,135	393,135
2019	245,000	148,735	393,735
2020	255,000	138,935	393,935
2021-2025	1,475,000	520,887	1,995,887
2026-2029	1,430,000	164,250	1,594,250
Total	<u>\$ 4,080,000</u>	<u>\$ 1,472,824</u>	<u>\$ 5,552,824</u>

### Qualified Energy Conservation Bonds

In September 2010, the District entered into a lease agreement with the Golden Schools Financing Authority. The notes mature August 2027, with an interest rate of 5.5 percent. The bonds were issued for the purpose of financing the acquisition and construction of educational facilities and projects. At June 30, 2015, the principal balance outstanding was \$14,941,335.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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The debt service requirements for the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,373,781	\$ 884,157	\$ 2,257,938
2017	885,383	810,279	1,695,662
2018	944,149	740,777	1,684,926
2019	1,005,532	690,827	1,696,359
2020	1,069,636	637,579	1,707,215
2021-2025	5,994,787	2,284,007	8,278,794
2026-2028	3,668,067	569,917	4,237,984
Total	<u>\$ 14,941,335</u>	<u>\$ 6,617,543</u>	<u>\$ 21,558,878</u>

### Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2015, amounted to \$1,171,991. Accumulated vacation will be paid by the fund for which the employee worked.

### Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2015, was \$18,040,000, and contributions made by the District during the year were \$7,422,674. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$3,982,181 and (\$6,548,000), respectively, which resulted in an increase to the net OPEB obligation of \$8,051,507. As of June 30, 2015, the net OPEB obligation was \$74,421,186. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund
Nonspendable				
Revolving cash	\$ 10,000	\$ -	\$ -	\$ -
Stores inventories	221,640	32,547	-	-
Total Nonspendable	231,640	32,547	-	-
Restricted				
Legally restricted programs	573,633	1,200	-	-
Capital projects	-	-	22,882,324	10,882,232
Debt services	-	-	-	-
Total Restricted	573,633	1,200	22,882,324	10,882,232
Assigned				
PY mandated funds	1,006,902	-	-	-
Donations	11,410	-	-	-
Adult Education CalWORKs	34,643	-	-	-
HHS 2014-2015 youth risk behavior survey	400	-	-	-
2014-2015 US fund balance	299,271	-	-	-
2014-2015 Me Too fund balance	114,443	-	-	-
Fund 401 Certificate of Participation	-	-	-	-
Fund 402 Rancho Campana start up	-	-	-	-
Total Assigned	1,467,069	-	-	-
Unassigned				
Reserve for economic uncertainties	8,649,392	-	-	-
Total	\$ 10,921,734	\$ 33,747	\$ 22,882,324	\$ 10,882,232



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Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
\$ -	\$ -	\$ 10,000
-	-	254,187
-	-	264,187
-	-	574,833
-	-	33,764,556
11,012,830	493,925	11,506,755
11,012,830	493,925	45,846,144
-	-	1,006,902
-	-	11,410
-	-	34,643
-	-	400
-	-	299,271
-	-	114,443
-	1,629,716	1,629,716
-	2,705,018	2,705,018
-	4,334,734	5,801,803
-	-	8,649,392
\$ 11,012,830	\$ 4,828,659	\$ 60,561,526

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

#### Plan Description

The Oxnard Union High School District Retiree Health Benefits Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Oxnard Union High School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 626 retirees and beneficiaries currently receiving benefits and 630 active plan members. Separate financial statements are prepared for the Trust.

#### Contribution Information

The contribution requirements of Plan members and the District are established and may be amended by the District and the Oxnard Federation of Teachers (OFT), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2014-2015, the District contributed \$7,422,674 to the Plan, of which \$6,971,945 was used for current premiums, and \$450,729 was a contribution to the Retiree Benefits Trust.

#### Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 18,040,000
Interest on net OPEB obligation	3,982,181
Adjustment to annual required contribution	(6,548,000)
Annual OPEB cost (expense)	15,474,181
Contributions made	(7,422,674)
Increase in net OPEB obligation	8,051,507
Net OPEB obligation, beginning of year	66,369,679
Net OPEB obligation, end of year	<u><u>\$ 74,421,186</u></u>

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2013	\$ 20,426,242	\$ 6,913,612	33.8%	\$ 58,616,667
2014	15,009,000	7,255,988	48.3%	66,369,679
2015	15,474,181	7,422,674	48.0%	74,421,186

### Funded Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2013	\$ 40,426,000	\$ 205,904,000	\$ 165,478,000	19.6%	\$ 78,526,488	210.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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In the July 1, 2013, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a six percent investment rate of return. Healthcare cost trend rates ranged from an initial 7 percent to an ultimate rate of 5 percent. The remaining amortization period at June 30, 2015, was 23 years. The actuarial value of assets was determined to be \$40,426,000 in this actuarial valuation. The allocation of OPEB cost is based on years of service.

### **NOTE 12 - RISK MANAGEMENT**

#### **Description**

The District's risk management activities are recorded in the General Fund. Employee health programs are administered by the General Fund through payments made to Coastal Schools Employee Benefits Organization, a public entity risk pool. The Oxnard Union High School District also participates in the Ventura County Schools Self-Funding Authority public entity risk pool (JPA) for the workers' compensation, property, and liability programs. Refer to Note 15 for additional information regarding the JPAs.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

#### **Employee Medical Benefits**

The District has contracted with the Coastal Schools Employee Benefits Organization (CSEBO) to provide employee health benefits. CSEBO is a shared risk pool comprised of members in Ventura County. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

### **NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS**

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalSTRS	\$ 72,419,094	\$ 5,937,953	\$ 17,833,064	\$ 6,287,843
CalPERS	21,046,174	2,475,671	7,231,701	1,863,710
Total	<u>\$ 93,465,268</u>	<u>\$ 8,413,624</u>	<u>\$ 25,064,765</u>	<u>\$ 8,151,553</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, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at:  
<http://www.calstrs.com/member-publications>.

#### **Benefits Provided**

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

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

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required state contribution rate	5.95%	5.95%

### 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, 2015, are presented above and the District's total contributions were \$5,937,953.

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

#### Total Net Pension Liability, Including State Share:

District's proportionate share of net pension liability	\$ 72,419,094
State's proportionate share of the net pension liability associated with the District	43,729,775
Total	<u><u>\$ 116,148,869</u></u>

The net pension liability was measured as of June 30, 2014. 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. At June 30, 2015, the District's proportion was 0.1239 percent.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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For the year ended June 30, 2015, the District recognized pension expense of \$6,287,843 and revenue of \$3,775,292 for support provided by the State. At June 30, 2015, 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	\$ 5,937,953	\$ -
Differences between projected and actual earnings on pension plan investments	-	17,833,064
Total	<u>\$ 5,937,953</u>	<u>\$ 17,833,064</u>

The deferred outflow 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 year ended June 30, 2016.

The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 4,458,266
2017	4,458,266
2018	4,458,266
2019	4,458,266
Total	<u>\$ 17,833,064</u>

### Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

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

## OXNARD UNION HIGH SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

#### Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	\$ 112,882,427
Current discount rate (7.60%)	\$ 72,419,094
1% increase (8.60%)	\$ 38,680,027



# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### 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, 2013 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

#### **Benefits Provided**

CalPERS provide 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, 2015, 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	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total District contributions were \$2,475,671.

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$21,046,174. The net pension liability was measured as of June 30, 2014. 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. At June 30, 2015, the District's proportion was 0.1854 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$1,863,710. At June 30, 2015, 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	\$ 2,475,671	\$ -
Differences between projected and actual earnings on pension plan investments	-	7,231,701
Total	<u>\$ 2,475,671</u>	<u>\$ 7,231,701</u>

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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The deferred outflow 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 year ended June 30, 2016.

The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 1,807,925
2017	1,807,925
2018	1,807,925
2019	1,807,926
Total	<u>\$ 7,231,701</u>

### Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

### Discount Rate

The discount rate used to measure the total pension liability was 7.50 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 (6.50%)	\$ 36,919,794
Current discount rate (7.50%)	\$ 21,046,174
1% increase (8.50%)	\$ 7,782,165

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### 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 as its alternative plan. The District's and employee's contributions are in accordance with Federal laws.

### 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 \$3,404,408 (5.679 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS.). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been included in the budget amounts recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the *General Fund - Budgetary Comparison Schedule*.

## NOTE 14 - COMMITMENTS AND CONTINGENCIES

### Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

### Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2015.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITY

The District is a member of the Ventura County Schools Self-funding Authority (VCSSFA) and the Coastal Schools Employee Benefits Organization (CSEBO) public entity risk pools. The District pays an annual premium to each entity for its workers' compensation and property liability coverage and for its health and welfare benefits, respectively. The District also belongs to the Ventura County Fast Action School Transit Authority (VCFAST) joint powers authority (JPA). Payments for courier services are paid to the VCFAST. The relationships between the District, the pools, and the JPA are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2015, the District made payments of \$896,709, \$22,479,363, and \$4,108 to VCSSFA, CSEBO, and VCFAST, respectively.

### NOTE 16 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

#### Statement of Net Position

Net Position - Beginning	\$ 67,239,518
Restatement - Net pension liability from the adoption of GASB Statement No. 68	(110,386,704)
Net Position - Beginning as Restated	<u>\$ (43,147,186)</u>

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***REQUIRED SUPPLEMENTARY INFORMATION***

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# OXNARD UNION HIGH SCHOOL DISTRICT

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variances -
	Original	Final	(GAAP Basis)	Positive (Negative) Final to Actual
<b>REVENUES</b>				
Local Control Funding Formula	\$ 125,462,631	\$ 127,926,374	\$ 128,028,428	\$ 102,054
Federal sources	7,518,907	9,184,040	8,167,204	(1,016,836)
Other State sources	5,023,005	9,903,305	11,947,146	2,043,841
Other local sources	8,494,601	9,279,479	10,551,366	1,271,887
<b>Total Revenues <sup>1</sup></b>	<b>146,499,144</b>	<b>156,293,198</b>	<b>158,694,144</b>	<b>2,400,946</b>
<b>EXPENDITURES</b>				
Current				
Certificated salaries	67,285,809	70,532,304	69,755,506	776,798
Classified salaries	19,916,543	21,173,256	21,315,303	(142,047)
Employee benefits	36,884,149	38,673,150	40,677,464	(2,004,314)
Books and supplies	6,512,390	9,154,885	8,809,260	345,625
Services and operating expenditures	13,510,615	14,342,435	13,408,959	933,476
Capital outlay	941,433	1,118,403	748,900	369,503
Other outgo	1,137,615	1,508,137	1,578,297	(70,160)
Debt service				
Principal	1,316,998	1,316,998	1,316,998	-
Interest	324,351	324,351	387,726	(63,375)
<b>Total Expenditures <sup>1</sup></b>	<b>147,829,903</b>	<b>158,143,919</b>	<b>157,998,413</b>	<b>145,506</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,330,759)</b>	<b>(1,850,721)</b>	<b>695,731</b>	<b>2,546,452</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,357	-	-	-
Transfers out	(684,517)	(814,775)	(839,187)	(24,412)
<b>Net Financing Sources (Uses)</b>	<b>(679,160)</b>	<b>(814,775)</b>	<b>(839,187)</b>	<b>(24,412)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,009,919)</b>	<b>(2,665,496)</b>	<b>(143,456)</b>	<b>2,522,040</b>
<b>Fund Balance - Beginning</b>	<b>11,065,190</b>	<b>11,065,190</b>	<b>11,065,190</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 9,055,271</b>	<b>\$ 8,399,694</b>	<b>\$ 10,921,734</b>	<b>\$ 2,522,040</b>

<sup>1</sup> On behalf payments of \$3,404,048 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.



# OXNARD UNION HIGH SCHOOL DISTRICT

## SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2015

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2010	\$ 33,711,000	\$ 204,300,000	\$ 170,589,000	16.5%	\$ 85,601,000	199.3%
July 1, 2011	35,584,000	257,944,000	222,360,000	13.8%	88,645,250	250.8%
July 1, 2013	40,426,000	205,904,000	165,478,000	19.6%	78,526,488	210.7%

## OXNARD UNION HIGH SCHOOL DISTRICT

### SCHEDULE OF THE DISTRICT PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2015

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	<u>2015</u>
<b>CalSTRS</b>	
District's proportion of the net pension liability (asset)	<u>0.1239%</u>
District's proportionate share of the net pension liability (asset)	\$ 72,419,094
State's proportionate share of the net pension liability (asset) associated with the District	43,729,775
Total	<u><u>\$ 116,148,869</u></u>
District's covered - employee payroll	<u>\$ 62,381,127</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>116.09%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77%</u>
 <b>CalPERS</b>	
District's proportion of the net pension liability (asset)	<u>0.1854%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 21,046,174</u>
District's covered - employee payroll	<u>\$ 19,571,570</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>107.53%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83%</u>

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2015

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	<u>2015</u>
<b>CalSTRS</b>	
Contractually required contribution	\$ 5,937,953
Contributions in relation to the contractually required contribution	<u>5,937,953</u>
Contribution deficiency (excess)	<u>\$ -</u>
 District's covered - employee payroll	 <u>\$ 66,868,840</u>
 Contributions as a percentage of covered - employee payroll	 <u>8.88%</u>
 <b>CalPERS</b>	
Contractually required contribution	\$ 2,475,671
Contributions in relation to the contractually required contribution	<u>2,475,671</u>
Contribution deficiency (excess)	<u>\$ -</u>
 District's covered - employee payroll	 <u>\$ 21,033,738</u>
 Contributions as a percentage of covered - employee payroll	 <u>11.77%</u>

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

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***SUPPLEMENTARY INFORMATION***

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# OXNARD UNION HIGH SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through California Department of Education (CDE):			
Adult Education - Basic Grants to States Cluster			
Adult Basic Education - Adult Basic Education & ESL	84.002A	14508	\$ 426,028
Adult Basic Education - Adult Secondary	84.002	13978	27,382
Adult Basic Education - English Literacy and Civics Education	84.002A	14109	119,061
Total Adult Education - Basic Grants to States Cluster			572,471
Carl D. Perkins Vocational and Technical Education Act of 1998 Secondary Education			
	84.048	14894	450,737
Passed through Ventura County Special Education Local Plan Area:			
Individuals with Disabilities Act (IDEA)			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,288,541
No Child Left Behind Act (NCLB)			
Title I, Part A Cluster			
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14981	1,647,789
NCLB - School wide Programs	84.010	10003	1,475,259
Total Title I, Part A Cluster			3,123,048
Title I, Part C Cluster			
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	386,210
Title I, Part C, Migrant Ed Summer Program	84.011	10005	107,940
Total Title I, Part C Cluster			494,150
Title I, Part G - Advanced Placement (AP) Test Fee Reimbursement Program			
	84.330B	14831	15,008
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	359,440
Title III Cluster			
Title III - Immigrant Education Program	84.365	15146	44,413
Title III - Limited English Proficient (LEP) Student Program	84.365	14346	135,009
Total Title III Cluster			179,422
Safe and Supportive Schools Programmatic Intervention (S3)			
	84.184	15164	167,301
Total U.S. Department of Education			7,650,118

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued) FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF REHABILITATION			
Workability II, Transitions Partnership	84.126	10006	\$ 239,066
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster			
Especially Needy Breakfast	10.553	13526	1,146,720
National School Lunch Program	10.555	13524	2,744,056
Food Distribution	10.558	13389	234,132
Total U.S. Department of Agriculture			4,124,908
U.S. DEPARTMENT OF DEFENSE			
Junior Reserve Officer Training Corps - Air Force	12.000	[1]	139,844
U.S. DEPARTMENT OF INTERIOR			
National Park Services - Anacapa Island Restoration Project	15.931	[1]	15,011
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medicaid Cluster			
Medi-Cal Billing Option	93.778	10013	402,157
Medi-Cal Administrative Activities Program	93.778	10060	225,802
Total Medicaid Cluster			627,959
Youth Risk Behavior Survey Participant Grant	93.079	01031	400
Total U.S. Department of Health and Human Services			628,359
Total Federal Programs			\$ 12,797,306

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

## OXNARD UNION HIGH SCHOOL DISTRICT

### LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2015

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#### ORGANIZATION

The Oxnard Union High School District was established in 1901 and consists of an area comprising approximately 300 square miles. The District operates six high schools, two alternative education sites, and an adult education program. There were no boundary changes during the year.

#### GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Steven Hall	President	2016
Beatriz Herrera	Vice President	2018
Wayne Edmonds	Clerk	2018
Karen Sher	Member	2018
Gary Davis	Member	2016

#### ADMINISTRATION

Gabe Soumakian, Ed.D	Superintendent
Stephen Dickinson	Assistant Superintendent, Administrative Services
Robert "Rocky" Valles, Ed.D	Assistant Superintendent, Human Resources
Lisa Brown	Assistant Superintendent, Educational Services

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2015

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	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Ninth through twelfth	<u>15,232.87</u>	<u>15,093.72</u>
Extended Year Special Education		
Ninth through twelfth	<u>33.98</u>	<u>33.98</u>
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>28.55</u>	<u>26.93</u>
Extended Year Special Education,		
Ninth through twelfth	<u>1.46</u>	<u>1.46</u>
Total ADA	<u><u>15,296.86</u></u>	<u><u>15,156.09</u></u>

See accompanying note to supplementary information.



## OXNARD UNION HIGH SCHOOL DISTRICT

### SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2015

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Grade Level	1986-87	Reduced 1986-87	2014-15	Number of Days		Status
	Minutes Requirement	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Grades 9 - 12	64,800	63,000				
Grade 9			65,181	180	N/A	Complied
Grade 10			65,181	180	N/A	Complied
Grade 11			65,181	180	N/A	Complied
Grade 12			65,181	180	N/A	Complied

See accompanying note to supplementary information.

## OXNARD UNION HIGH SCHOOL DISTRICT

### RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

	<u>General Fund</u>
FUND BALANCE	
Balance, June 30, 2015, Unaudited Actuals	\$ 11,081,454
Decrease in:	
Accounts receivable	<u>(159,720)</u>
Balance, June 30, 2015, Audited Financial Statement	<u><u>\$ 10,921,734</u></u>

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

	(Budget) 2016 <sup>1</sup>	2015	2014	2013
<b>GENERAL FUND</b>				
Revenues	\$ 178,147,506	\$ 158,694,144	\$ 141,381,989	\$ 128,045,979
Other sources and transfers in	-	-	-	1,003,819
Total Revenues and Other Sources	178,147,506	158,694,144	141,381,989	129,049,798
Expenditures	171,933,245	157,998,413	142,089,388	133,212,676
Other uses and transfers out	1,448,087	839,187	762,636	889,971
Total Expenditures and Other Uses	173,381,332	158,837,600	142,852,024	134,102,647
DECREASE IN FUND BALANCE	\$ 4,766,174	\$ (143,456)	\$ (1,470,035)	\$ (5,052,849)
ENDING FUND BALANCE	\$ 15,687,908	\$ 10,921,734	\$ 11,065,190	\$ 12,535,225
AVAILABLE RESERVES <sup>2</sup>	\$ 10,584,447	\$ 8,649,392	\$ 6,491,160	\$ 9,594,132
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO <sup>3</sup>	6.1%	5.6%	4.7%	7.3%
LONG-TERM OBLIGATIONS	N/A	\$ 237,561,808	\$ 235,483,877	\$ 180,023,089
AVERAGE DAILY ATTENDANCE AT P-2	15,274	15,297	15,053	14,736

The General Fund balance has decreased by \$1,613,491 over the past two years. The fiscal year 2015-2016 budget projects an increase of \$4,766,174 (43.64 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in each of the past three years but anticipates incurring an operating surplus during the 2015-2016 fiscal year. Total long-term obligations have increased/decreased by \$57,538,719 over the past two years.

Average daily attendance has increased by 561 over the past two years. A decline of 23 ADA is anticipated during fiscal year 2015-2016.

<sup>1</sup> Budget 2016 is included for analytical purposes only and has not been subjected to audit.

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

<sup>3</sup> On behalf payments of \$3,404,048, \$3,298,801, and \$3,279,694, has been excluded from the calculation of available reserves for the fiscal years ending June 30, 2015, 2014, and 2013, respectively.

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SCHEDULE OF CHARTER SCHOOLS FOR THE YEAR ENDED JUNE 30, 2015

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Name of Charter School	Included in Audit Report
Camarillo Academy of Progressive Education	No
Architecture, Construction and Engineering Charter High (ACE)	No

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2015

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	COP Debt Service Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>				
Deposits and investments	\$ -	\$ 4,331,108	\$ 493,925	\$ 4,825,033
Receivables	10	3,626	-	3,636
<b>Total Assets</b>	<u>\$ 10</u>	<u>\$ 4,334,734</u>	<u>\$ 493,925</u>	<u>\$ 4,828,669</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Due to other funds	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>
<b>Fund Balances:</b>				
Restricted	-	-	493,925	493,925
Assigned	-	4,334,734	-	4,334,734
<b>Total Fund Balances</b>	<u>-</u>	<u>4,334,734</u>	<u>493,925</u>	<u>4,828,659</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 10</u>	<u>\$ 4,334,734</u>	<u>\$ 493,925</u>	<u>\$ 4,828,669</u>

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	COP Debt Service Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>				
Other local sources	\$ 41	\$ 12,529	\$ 7,500	\$ 20,070
<b>EXPENDITURES</b>				
Current				
Administration:				
Facility acquisition and construction	13,567	380	-	13,947
Debt service				
Principal	-	-	375,000	375,000
Interest and other	-	-	104,999	104,999
<b>Total Expenditures</b>	<b>13,567</b>	<b>380</b>	<b>479,999</b>	<b>493,946</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(13,526)</b>	<b>12,149</b>	<b>(472,499)</b>	<b>(473,876)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	472,499	472,499
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>472,499</b>	<b>472,499</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(13,526)</b>	<b>12,149</b>	<b>-</b>	<b>(1,377)</b>
<b>Fund Balances - Beginning</b>	<b>13,526</b>	<b>4,322,585</b>	<b>493,925</b>	<b>4,830,036</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ 4,334,734</b>	<b>\$ 493,925</b>	<b>\$ 4,828,659</b>

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## GOVERNMENTAL FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

#### IN FUND BALANCES BY OBJECT

#### FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Cafeteria Fund	Building Fund
<b>REVENUES</b>			
Local Control Funding Formula	\$ 128,028,428	\$ -	\$ -
Federal sources	8,167,204	4,124,908	242,304
Other State sources	11,947,146	351,933	-
Other local sources	10,551,366	574,364	147,750
<b>Total Revenues</b>	<b>158,694,144</b>	<b>5,051,205</b>	<b>390,054</b>
<b>EXPENDITURES</b>			
Current Expenditures			
Certificated salaries	69,755,506	-	-
Classified salaries	21,315,303	1,907,058	-
Employee benefits	40,677,464	997,071	-
Books and supplies	8,809,260	329,831	-
Services and operating expenditures	13,408,956	2,357,243	(68,400)
Other outgo	1,578,300	172,767	-
Capital outlay	748,900	-	35,310,322
Debt service - principal	1,316,998	-	-
Debt service - interest and other	387,726	-	-
<b>Total Expenditures</b>	<b>157,998,413</b>	<b>5,763,970</b>	<b>35,241,922</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>695,731</b>	<b>(712,765)</b>	<b>(34,851,868)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	695,107	-
Operating transfers out	(839,187)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(839,187)</b>	<b>695,107</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(143,456)</b>	<b>(17,658)</b>	<b>(34,851,868)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>11,065,190</b>	<b>51,405</b>	<b>57,734,192</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 10,921,734</b>	<b>\$ 33,747</b>	<b>\$ 22,882,324</b>

See accompanying note to supplementary information.

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<b>Capital Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 128,028,428
-	-	-	12,534,416
-	52,385	-	12,351,464
2,449,566	7,049,432	20,070	20,792,548
<u>2,449,566</u>	<u>7,101,817</u>	<u>20,070</u>	<u>173,706,856</u>
-	-	-	69,755,506
-	-	-	23,222,361
-	-	-	41,674,535
-	-	-	9,139,091
48,364	-	13,947	15,760,110
-	-	-	1,751,067
74,934	-	-	36,134,156
205,000	3,900,000	375,000	5,796,998
182,404	6,603,487	104,999	7,278,616
<u>510,702</u>	<u>10,503,487</u>	<u>493,946</u>	<u>210,512,440</u>
<u>1,938,864</u>	<u>(3,401,670)</u>	<u>(473,876)</u>	<u>(36,805,584)</u>
144,080	-	472,499	1,311,686
<u>(472,499)</u>	<u>-</u>	<u>-</u>	<u>(1,311,686)</u>
<u>(328,419)</u>	<u>-</u>	<u>472,499</u>	<u>-</u>
1,610,445	(3,401,670)	(1,377)	(36,805,584)
9,271,787	14,414,500	4,830,036	97,367,110
<u>\$ 10,882,232</u>	<u>\$ 11,012,830</u>	<u>\$ 4,828,659</u>	<u>\$ 60,561,526</u>



# OXNARD UNION HIGH SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BY OBJECT FOR THE YEAR ENDED JUNE 30, 2015

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	COP Debt Service Fund	Non-Major Governmental Funds
<b>REVENUES</b>				
Other local sources	\$ 41	\$ 12,529	\$ 7,500	\$ 20,070
<b>EXPENDITURES</b>				
Current expenditures				
Services and operating expenditures	13,567	380	-	13,947
Debt service - principal	-	-	375,000	375,000
Debt service - interest and other	-	-	104,999	104,999
<b>Total Expenditures</b>	<u>13,567</u>	<u>380</u>	<u>479,999</u>	<u>493,946</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(13,526)</u>	<u>12,149</u>	<u>(472,499)</u>	<u>(473,876)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	472,499	472,499
<b>NET CHANGE IN FUND BALANCE</b>	(13,526)	12,149	-	(1,377)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	13,526	4,322,585	493,925	4,830,036
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 4,334,734</u>	<u>\$ 493,925</u>	<u>\$ 4,828,659</u>

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS – SUB-FUND DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BY OBJECT FOR THE YEAR ENDED JUNE 30, 2015

	Certificates of Participation	ACHS Growth	E-Rate Internal Connections Provision	Total Special Reserve Fund for Capital Outlay Projects
<b>REVENUES</b>				
Other local sources	\$ 5,192	\$ 4,234	\$ 3,103	\$ 12,529
<b>EXPENDITURES</b>				
Current expenditures				
Capital outlay	-	-	380	380
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	5,192	4,234	2,723	12,149
<b>NET CHANGE IN FUND BALANCES</b>	5,192	4,234	2,723	12,149
<b>FUND BALANCE - BEGINNING OF YEAR</b>	1,624,523	1,235,917	1,462,145	4,322,585
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,629,715</u>	<u>\$ 1,240,151</u>	<u>\$ 1,464,868</u>	<u>\$ 4,334,734</u>

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

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### NOTE 1 - PURPOSE OF SCHEDULES

#### Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of (Medi-Cal Billing Option) funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 12,534,416
Medi-Cal Billing Option	93.778	262,890
Total Schedule of Expenditures of Federal Awards		<u>\$ 12,797,306</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. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015**

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

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

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

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

### **Schedule of Charter Schools**

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

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

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

### **Statements of Revenues, Expenditures, and Changes in Fund Balances by Object**

These statements present the revenues and expenditures for the major funds, the non-major funds, and the Special Reserve Fund for Capital Outlay Projects sub-funds categorized by object.

### **Special Reserve Fund for Capital Outlay Projects – Sub-Fund Detail Statement of Revenues, Expenditures, and Changes in Fund Balances by Object**

These statements present the revenues and expenditures for the Special Reserve Fund for Capital Outlay Projects sub-funds categorized by object.

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***INDEPENDENT AUDITOR'S REPORTS***

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

Governing Board  
Oxnard Union High School District  
Oxnard, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard Union High School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Oxnard Union High School District's basic financial statements, and have issued our report thereon dated December 7, 2015.

**Emphasis of Matter - Change in Accounting Principles**

As discussed in Note 16 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of Oxnard Union High School District in a separate letter dated December 7, 2015.

### **Oxnard Union High School District's Response to Findings**

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

### **Purpose of This Report**

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California  
December 7, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Governing Board  
Oxnard Union High School District  
Oxnard, California

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

We have audited Oxnard Union High School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Oxnard Union High School District's (the District) major Federal programs for the year ended June 30, 2015. Oxnard Union High School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Oxnard Union High School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Oxnard Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



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

In our opinion, Oxnard Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of Oxnard Union High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oxnard Union High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oxnard Union High School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*VavrineK, Trine, Day & Co. LLP*

Rancho Cucamonga, California  
December 7, 2015



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Oxnard Union High School District  
Oxnard, California

### **Report on State Compliance**

We have audited Oxnard Union High School District's compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Oxnard Union High School District's State government programs as noted below for the year ended June 30, 2015.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance of each of the Oxnard Union High School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Oxnard Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Oxnard Union High School District's compliance with those requirements.

### ***Unmodified Opinion on Each of the Other Programs***

In our opinion, Oxnard Union High School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

## Other Matters

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

	Procedures Performed
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	Yes
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	No, see below
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Charter Schools:	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

The District is a high school district; therefore, we did not perform procedures related to the Kindergarten Continuance.

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

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

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

The District does not have a Middle or Early College High School Program; therefore, we did not perform procedures related to the Middle or Early College High School Program.

The District is a high school district; therefore, we did not perform procedures related to the K-3 Grade Span Adjustment.

The District does not have a Regional Occupational Center or Program; therefore, we did not perform procedures related to the Regional Occupational Centers or Programs Maintenance of Effort.

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

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

*Vavrinek, Trine, Day & Co. LLP*

Rancho Cucamonga, California  
December 7, 2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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# OXNARD UNION HIGH SCHOOL DISTRICT

## SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 2015

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### FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

### FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>Basic Local Assistance Entitlement, Part B, Section 611</u>
<u>84.010</u>	<u>Title I, Part A Cluster</u>
<u>84.002, 84.002A</u>	<u>Adult Education - Basic Grants to States Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 383,919</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

### STATE AWARDS

Type of auditor's report issued on compliance for programs:	<u>Unmodified</u>
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# OXNARD UNION HIGH SCHOOL DISTRICT

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2015

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

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

**2015-001    30000**

### **Criteria or Specific Requirements**

Industry standards and best business practices related to accounting and internal control require that an entity adopt, implement, and monitor procedures that will allow for timely reporting of financial information to management and those charged with governance.

### **Condition**

The Cafeteria Fund has incurred operating deficits in each of the past three years in the amounts of \$712,765, \$613,118, and \$709,141 for the fiscal years ending June 30, 2015, 2014 and, 2013, respectively. The Cafeteria Fund balance has decreased during that time to a current fund balance of \$33,747 of which the entire amount is stores inventory. In each of the past three years the Cafeteria Fund has encroached on the General Fund in the amount of \$695,107, \$590,220, and \$684,046 for the fiscal years ending June 30, 2015, 2014, and 2013, respectively.

### **Questioned costs**

There were no questioned costs associated with the condition found.

### **Context**

The conditions identified were determined through review of the District financial statements, fund balance, and current year budget including multi-year projections.

### **Effect**

The inability to reduce expenditures to a level more in line with the decrease in revenues seen over the past few years could result in the District General Fund being unable to meet its reserve requirement in future years, due in part to the encroachment from the Cafeteria Fund operations. If the Cafeteria Fund continues the current trend of deficit spending through operations, the current fiscal year encroachment is estimated at \$1,301,540.

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2015**

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### **Cause**

The California Department of Education (CDE) withheld reimbursement claim payments from the Cafeteria Fund in the prior years in order to repay an outstanding assessment payable. The practice of deficit spending and the withholding of claim reimbursements by the CDE have lowered the Cafeteria Fund balance to levels that have attributed to the Cafeteria Fund encroaching on the General Fund to maintain daily operations.

### **Recommendation**

The District should continue to implement a plan to bring the Cafeteria Fund's budget into balance and at a minimum and maintain an adequate reserve while continually monitoring both cash flows and deficit spending trends. The District should evaluate the current year budget and monitor the budget to ensure the cafeteria's spending does not exceed budgeted amounts.

### **Corrective Action Plan**

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

The 2015-2016 estimated encroachment from the General Fund is \$1,301,540. This is partially due to the lifetime retiree benefits for employees hired prior to June 30, 2004, in the amount of \$324,333. With this factor, the Cafeteria Fund will continue to deficit spend.



**OXNARD UNION HIGH SCHOOL DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2015

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

### *Financial Statement Findings*

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

#### **2014-001    30000 – Fiscal Condition (Deficit Spending-Cafeteria Fund)**

##### *Significant Deficiency*

##### **Criteria or Specific Requirements**

Industry standards and best business practices related to accounting and internal control require that an entity adopt, implement, and monitor procedures that will allow for timely reporting of financial information to management and those charged with governance.

##### **Condition**

The Cafeteria Fund has incurred operating deficits in each of the past three years in the amounts of \$613,118, \$709,141, and \$1,465,631 for the fiscal years ending June 30, 2014, 2013 and, 2012, respectively. The Cafeteria Fund balance has decreased during that time to a current fund balance of \$51,405 of which the entire amount is stores inventory. In each of the past three years the Cafeteria Fund has encroached on the General Fund in the amount of \$590,220, \$684,046, and \$5,057,613 for the fiscal years ending June 30, 2014, 2013, and 2012, respectively.

##### **Questioned costs**

There were no questioned costs associated with the condition found.

##### **Context**

The conditions identified were determined through review of the District financial statements, fund balance, and current year budget including multi-year projections.

##### **Effect**

The inability to reduce expenditures to a level more in line with the decrease in revenues seen over the past few years could result in the District General Fund being unable to meet its reserve requirement in future years, due in part to the encroachment from the Cafeteria Fund operations. If the Cafeteria Fund continues the current trend of deficit spending through operations, the current fiscal year encroachment is estimated at \$689,242.

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2015**

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### **Cause**

The California Department of Education (CDE) withheld reimbursement claim payments from the Cafeteria Fund in the prior year in order to repay an outstanding assessment payable. The practice of deficit spending and the withholding of claim reimbursements by the CDE have lowered the Cafeteria Fund balance to levels that have attributed to the Cafeteria Fund encroaching on the General Fund to maintain daily operations.

### **Recommendation**

The District should continue to implement a plan to bring the Cafeteria Fund's budget into balance and at a minimum and maintain an adequate reserve while continually monitoring both cash flows and deficit spending trends. The District should evaluate the current year budget and monitor the budget to ensure the cafeteria's spending does not exceed budgeted amounts.

### **Current Status**

Not implemented. See current year findings and recommendations 2015-001.



Governing Board  
Oxnard Union High School District  
Oxnard, California

In planning and performing our audit of the financial statements of Oxnard Union High School District (the District), for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the combined and combining financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 7, 2015, on the government-wide financial statements of Oxnard Union High School District.

## **2014-2015 OBSERVATIONS AND RECOMMENDATIONS**

### ***PHYSICAL INVENTORY COUNT - PACIFICA HIGH SCHOOL***

#### **Observation**

During our audit we found that the student stores sales is not reconciling to ending inventory on a regular basis. Under the accounting code for student body groups a quarterly physical inventory should be taken. At this time, the student store sales should also be reconciled to ensure that all items purchased for resale have been sold or accounted for.

#### **Recommendation**

We recommend that a quarterly physical inventory be taken and reconciled to student store sales to ensure all merchandise has been accounted for. The prior quarters ending inventory plus quarterly purchases less quarterly sales should equal the current physical count.

***TIMELY DEPOSITS - CHANNEL ISLAND HIGH SCHOOL***

**Observation**

Cash collected at the site is not being deposited to the bank on a timely basis. This results in cash balances being maintained at the sites which decreases the safeguarding of assets.

**Recommendation**

At a minimum, deposits should be made weekly to minimize the amount of cash held at the site. During weeks of high cash activity there may be a need to make more than one deposit. The District should establish guidelines for this procedure including the maximum cash on hand that should be maintained at the site. The ultimate responsibility, however, will reside with the site bookkeeper to make the deposits timely.

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

*VavrineK, Trine, Day & Co. LLP*

Rancho Cucamonga, California  
December 7, 2015