OXNARD SCHOOL DISTRICT

AUDIT REPORT

For the Fiscal Year Ended June 30, 2018

OXNARD SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2018
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Oxnard School District
Oxnard, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard School District, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard School District, as of June 30, 2018, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

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Emphasis of Matter
As discussed in Note 13 to the financial statements, the net position as of June 30, 2017, has been restated to correct a misstatement. 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 management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 63 to 66 and the schedule of expenditures of federal awards on page 67 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 62 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated December 4, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro + Nigro, PC.

Murrieta, California
December 4, 2018

This discussion and analysis of Oxnard School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's overall financial status decreased from last year as the net position decreased by 56.8% to $(54.5) million.
- Total governmental revenues were $223.2 million, $19.7 million less than expenses.
- The total cost of basic programs was $242.9 million. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was $204.6 million.
- Average daily attendance (ADA) in grades K-8 decreased by 189, or 1.2%.

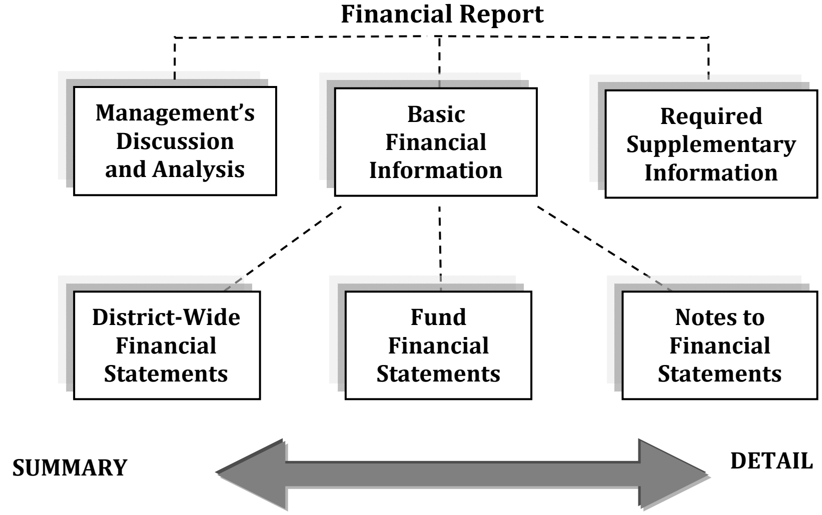
OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain non-financial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

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

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

The District has two kinds of funds:

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2018, than it was the year before – decreasing 56.8% to $(54.5) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase
	2018	**2017***	**(Decrease)**
Assets			
Current assets	$ 155,304,763	$ 199,029,786	$ (43,725,023)
Capital assets	335,722,802	285,025,558	50,697,244
Total assets	491,027,565	484,055,344	6,972,221
Deferred outflows of resources	71,232,609	63,905,567	7,327,042
Liabilities			
Current liabilities	20,312,193	28,423,570	(8,111,377)
Long-term liabilities	390,067,050	369,442,494	20,624,556
Net pension liability	197,475,901	175,352,957	22,122,944
Total liabilities	607,855,144	573,219,021	34,636,123
Deferred inflows of resources	8,883,404	9,496,466	(613,062)
Net position			
Net investment in capital assets	115,747,958	100,773,166	14,974,792
Restricted	34,968,555	41,235,011	(6,266,456)
Unrestricted	(205,194,887)	(176,762,753)	(28,432,134)
Total net position	$ (54,478,374)	$ (34,754,576)	$ (19,723,798)

* *As restated*

Changes in net position, governmental activities. The District's total revenues decreased 2.7% to $223.2 million (See Table A-2). The decrease is due primarily to a decrease in federal and state categorical funding.

The total cost of all programs and services increased by $5.0 million. The District's expenses are predominantly related to educating and caring for students, 80.5%. The purely administrative activities of the District accounted for just 5.2% of total costs.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance Increase
	2018	2017	(Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 2,379,744	$ 2,211,353	$ 168,391
Operating grants and contributions	35,806,358	47,123,435	(11,317,077)
Capital grants and contributions	119,843	72,988	46,855
General Revenues:			
Property taxes	38,495,384	36,540,841	1,954,543
Federal and state aid not restricted	144,176,095	141,545,106	2,630,989
Other general revenues	2,235,767	1,945,964	289,803
Total Revenues	223,213,191	229,439,687	(6,226,496)
Expenses			
Instruction-related	165,377,326	163,791,758	1,585,568
Pupil services	30,108,180	27,556,616	2,551,564
Administration	12,671,018	12,281,534	389,484
Plant services	19,952,659	20,503,511	(550,852)
All other activities	14,827,806	13,765,195	1,062,611
Total Expenses	242,936,989	237,898,614	5,038,375
Increase (decrease) in net position	(19,723,798)	(8,458,927)	(11,264,871)
Net Position	$ (54,478,374)	$ (34,754,576)	$ (19,723,798)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $139.8 million, which is below last year's ending fund balance of $181.5 million. The primary cause of the decreased fund balance is due to the spending and construction in the Building Fund.

Table A-3: The District's Fund Balances

	Fund Balances				
	July 1, 2017	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2018
Fund					
General Fund	$ 39,897,025	$ 202,297,565	$ 213,298,207	$ (461,555)	$ 28,434,828
Child Development Fund	-	1,127,421	1,123,929	-	3,492
Cafeteria Fund	135,677	10,116,674	10,432,729	461,555	281,177
Special Reserve Fund (Other Than Capital Outlay)	124,042	1,606	-	-	125,648
Building Fund	106,082,010	1,193,601	43,183,149	13,996,626	78,089,088
Capital Facilities Fund	6,415,649	2,055,467	752,616	-	7,718,500
County School Facilities Fund	9,270,436	119,843	-	-	9,390,279
Bond Interest and Redemption Fund	19,577,762	11,504,564	15,520,394	161,745	15,723,677
	$ 181,502,601	$ 228,416,741	$ 284,311,024	$ 14,158,371	$ 139,766,689

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

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

- Revenues – increased by $8.7 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased $9.7 million due to increase in compensation of District personnel.
- Other costs – decreased approximately $0.8 million to re-budget carryover funds and revise operational cost estimates.

The District's final budget for the General Fund anticipated that expenditures would exceed revenues by about $3.4 million, the actual results for the year show expenditures exceed revenues by $11.0 million Actual revenues were $4.0 million more than anticipated, and expenditures were $11.6 million more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2017-18 the District had invested $56.2 million in new capital assets. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was approximately $5.5 million.

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

	Governmental Activities		Variance Increase
	2018	2017*	(Decrease)
Land	$ 36,289,804	$ 27,138,791	$ 9,151,013
Improvement of sites	17,671,357	12,617,160	5,054,197
Buildings	209,410,925	190,671,869	18,739,056
Equipment	4,783,712	4,491,875	291,837
Construction in progress	67,567,004	50,105,863	17,461,141
Total	$ 335,722,802	$ 285,025,558	$ 50,697,244

** As restated*

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At year-end the District had $390.1 million in general obligation bonds, certificates of participation, energy retrofit agreement, compensated absences, early retirement incentive, and other postemployment benefits – an increase of 3.7% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

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

	Governmental Activities		Variance Increase
	2018	2017*	(Decrease)
General obligation bonds	$ 288,175,184	$ 279,210,244	$ 8,964,940
Certificates of participation	11,415,536	11,714,409	(298,873)
Energy Retrofit Agreement	3,668,670	3,963,692	(295,022)
Compensated absences	1,687,627	1,663,640	23,987
Early retirement incentive	4,035,005	-	4,035,005
Other postemployment benefits	81,085,028	79,693,267	1,391,761
Total	$ 390,067,050	$ 376,245,252	$ 13,821,798

* *As restated*

FACTORS BEARING ON THE DISTRICT'S FUTURE

The 2018-19 State Budget

Final Budget Package Includes $15.9 Billion in Total Reserves

The Legislature passed the final budget package on June 14, 2018. Total reserves in the final budget package are lower than the proposed level in the May Revision, but roughly the same as the level proposed by the Governor in January. The budget package also reflects various choices that shifted spending priorities compared to the Governor's proposal. In particular, the final budget package reduces payments for deferred maintenance by $700 million—relative to the Governor's proposal—freeing up a like amount of funding. Correspondingly, the final budget package reflects higher General Fund spending for homeless grants and the universities, among others. The Governor signed the *2018-19 Budget Act* and 26 other budget related bills on June 27 and June 28, 2018.

Overall Spending

The budget assumed total state spending of $197.2 billion (excluding federal and bond funds), an increase of 7% over revised totals for 2017-18. General Fund spending in the budget package is $138.7 billion—an increase of $11.6 billion, or 9%, over the revised 2017-18 level. Special fund spending increased $1.3 billion, or 2%, over the revised 2017-18 level.

Considerable New Spending on Education

The budget package contains significant increases for every education segment. For elementary and secondary schools, the state surpasses the Local Control Funding Formula target rates set in 2013-14. For early education, the budget contains higher spending for more slots, rate increases, staff training, and facilities.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

The 2018-19 State Budget (continued)

Proposition 98 Establishes Minimum Spending Level
This minimum spending requirement is commonly called the minimum guarantee. The minimum guarantee is determined by three main formulas (known as tests) and various inputs, including General Fund revenue, per capita personal income, and K-12 student attendance. The state can spend at the minimum guarantee or any level above it. If the minimum guarantee increases after budget enactment due to updated inputs, the state owes a "settle-up" obligation. In some years, the state also creates or pays "maintenance factor." Maintenance factor is created when General Fund revenue growth is weak relative to changes in per capita personal income. Maintenance factor is paid when General Fund revenue growth is stronger.

Higher Proposition 98 Spending in 2016-17 and 2017-18
From the June 2017 budget plan to the June 2018 budget plan, spending increased $252 million in 2016-17 and $1.1 billion in 2017-18. These upward revisions are attributable mainly to higher General Fund revenue. As part of the 2017-18 increase, the state is making an additional maintenance factor payment of $789 million (on top of a previous $536 million payment). After making the $1.3 billion total payment, the state will have eliminated all remaining maintenance factor for the first time since 2005-06. In both 2016-17 and 2017-18, the state is spending at the calculated minimum guarantee.

2018-19 Spending up Notably Over Revised 2017-18 Level
For 2018-19, total Proposition 98 spending across all segments is $78.4 billion, an increase of $2.8 billion (3.7%) from the revised 2017-18 level. Test 2 is the operative test in 2018-19, with the increase in the guarantee attributable to a 3.67% increase in per capita personal income. Though the administration projects a 0.29% decline in student attendance for 2018-19, the budget makes no downward adjustment to the minimum guarantee. This is because the budget assumes that attendance *increases* the previous year (in 2017-18), thereby triggering a hold harmless provision in the State Constitution that negates any attendance declines over the subsequent two years. The budget sets total Proposition 98 spending in 2018-19 equal to the administration's May Revision estimate of the minimum guarantee.

$67.9 Billion Proposition 98 Spending on K-12 Education in 2018-19
The enacted 2018-19 level is $2.4 billion (3.6%) more than the revised 2017-18 level and $3.2 billion (4.9%) more than the *2017-18 Budget Act* level. The budget increases spending per student by $579 (5.2%) over the *2017-18 Budget Act* level, bringing Proposition 98 spending per student up to $11,645.

Package Includes Mix of Ongoing and One-Time Spending
The budget includes $5.7 billion in Proposition 98 augmentations for K-12 education across the three-year budget period. Of the $5.7 billion, $4 billion (70%) is ongoing and $1.7 billion (30%) is one time. From an accounting perspective, the increase is scored across multiple fiscal years and includes settle-up and some unspent funds from prior years that have been repurposed. In addition to the Proposition 98 increase, the budget includes $594 million in Proposition 51 bond authority for school facility projects and $100 million in non-Proposition 98 funding for kindergarten school facilities.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

The 2018-19 State Budget (continued)

Fully Implements the Local Control Funding Formula (LCFF) for Schools, Then Further Increases Rates
In the January budget, the Governor proposed fully implementing LCFF and reaching the target funding rates. The final budget reaches and then goes beyond full implementation. Specifically, the budget closes the gap to the target rates and funds the statutory 2.71% cost-of-living adjustment (COLA) to those rates. In addition, the budget provides nearly an extra 1 percentage point increase in the LCFF rates—effectively funding a 3.7% COLA in 2018-19. The administration estimates that the combined ongoing cost of both full implementation and the augmented COLA is $3.7 billion. This augmentation brings total LCFF spending for school districts and charter schools to $61.1 billion, a 6.4% increase over the revised 2017-18 level. School districts and charter schools may use LCFF monies for any educational purpose.

Funds One-Time Discretionary Grants
The largest one-time spending initiative for K-12 education is $1.1 billion that local education agencies (LEAs) may use for any educational purpose. Funding is distributed based on student attendance (an estimated $183 per average daily attendance). If an LEA owes any funding to the federal government according to a 2014 settlement over Medi-Cal billing practices, the State Controller is to deduct this obligation from the LEA's discretionary grant. The budget assumes that these Medi-Cal obligations total $145 million statewide (though the administration believes actual payments likely will come in lower). The remainder of each LEA's discretionary grant will be scored against any outstanding mandate claims. As less than one-third of LEAs have any such claims, it is estimated that only $202 million of the funding provided will count toward the K-12 mandates backlog. It is estimated that the total remaining mandate backlog at the end of 2018-19 will be $668 million.

All of these factors were considered in preparing the Oxnard School District budget for the 2018-19 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

OXNARD SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Total Governmental Activities
ASSETS	
Cash	$ 144,860,046
Investments	6,773
Accounts receivable	10,270,408
Stores inventories	139,232
Prepaid expenditures	28,304
Capital assets:	
Non-depreciable assets	103,856,808
Depreciable assets	294,339,190
Less accumulated depreciation	(62,473,196)
Total assets	491,027,565
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	1,960,941
Deferred outflows related to pensions	69,063,693
Deferred outflows related to OPEB	207,975
Total deferred outflows of resources	71,232,609
LIABILITIES	
Accounts payable	19,968,694
Unearned revenues	343,499
Long-term liabilities:	
Due within one year	7,305,824
Due after one year	382,761,226
Net pension liability	197,475,901
Total liabilities	607,855,144
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	6,761,455
Deferred inflows related to OPEB	2,121,949
Total deferred inflows of resources	8,883,404
NET POSITION	
Net investment in capital assets	115,747,958
Restricted for:	
Capital projects	17,108,779
Debt service	15,723,677
Categorical programs	2,136,099
Unrestricted	(205,194,887)
Total net position	$ (54,478,374)

OXNARD SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2018

		Program Revenues			Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities					
Instructional Services:					
Instruction	$ 139,480,777	$ 185,168	$ 17,784,834	$ 119,843	$ (121,390,932)
Instruction-Related Services:					
Supervision of instruction	6,934,641	11,741	2,218,552	-	(4,704,348)
Instructional library, media and technology	3,660,328	75	208,077	-	(3,452,176)
School site administration	15,301,580	605	469,451	-	(14,831,524)
Pupil Support Services:					
Home-to-school transportation	4,773,163	-	39,063	-	(4,734,100)
Food services	11,070,537	679,439	8,921,282	-	(1,469,816)
All other pupil services	14,264,480	23,268	1,798,084	-	(12,443,128)
General Administration:					
Data processing	2,484,046	-	-	-	(2,484,046)
All other general administration	10,186,972	41,987	1,412,855	-	(8,732,130)
Plant Services	19,952,659	5,187	57,252	-	(19,890,220)
Community Services	1,303,892	1,050,209	183,271	-	(70,412)
Enterprise Activities	787,474	-	-	-	(787,474)
Interest on Long-term Debt	11,626,532	-	-	-	(11,626,532)
Issuance Costs	302,907	-	-	-	(302,907)
Other Outgo	807,001	382,065	2,713,637	-	2,288,701
Total governmental activities	$ 242,936,989	$ 2,379,744	$ 35,806,358	$ 119,843	(204,631,044)

General Revenues:	
Property taxes	38,495,384
Federal and state aid not restricted to specific purposes	144,176,095
Interest and investment earnings	489,601
Miscellaneous	1,746,166
Total general revenues	184,907,246
Change in net position	(19,723,798)
Net position - July 1, 2017, as originally stated	(35,043,224)
Adjustment for restatement	1,394,943
Restatement- change in accounting principle	(1,106,295)
Net position - July 1, 2017, as restated	(34,754,576)
Net position - June 30, 2018	$ (54,478,374)

OXNARD SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2018

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 30,269,810	$ 81,886,189	$ 32,704,047	$ 144,860,046
Investments	6,773	-	-	6,773
Accounts receivable	7,661,821	528,588	2,079,999	10,270,408
Due from other funds	1,379,134	-	2,458	1,381,592
Inventories	104,786	-	34,446	139,232
Prepaid expenditures	28,304	-	-	28,304
Total Assets	$ 39,450,628	$ 82,414,777	$ 34,820,950	$ 156,686,355
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 6,204,692	$ 4,325,689	$ 324,691	$ 10,855,072
Due to other funds	4,341,961	-	1,379,134	5,721,095
Unearned revenue	343,499	-	-	343,499
Total Liabilities	10,890,152	4,325,689	1,703,825	16,919,666
Fund Balances				
Nonspendable	153,090	-	34,652	187,742
Restricted	1,851,430	78,089,088	33,082,473	113,022,991
Assigned	17,257,158	-	-	17,257,158
Unassigned	9,298,798	-	-	9,298,798
Total Fund Balances	28,560,476	78,089,088	33,117,125	139,766,689
Total Liabilities and Fund Balances	$ 39,450,628	$ 82,414,777	$ 34,820,950	$ 156,686,355

Total fund balances - governmental funds			$ 139,766,689
Amounts reported for governmental activities in the statement of net position are different because capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $398,195,998 and the accumulated depreciation is ($62,473,196).			335,722,802
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(4,774,119)
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
	Certificates of participation payable	11,415,536	
	Energy retrofit agreement	3,668,670	
	Compensated absences payable	1,687,627	
	Early Retirement Incentives	4,035,005	
	General obligation bonds payable	288,175,184	(308,982,022)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:			1,960,941
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.			(197,475,901)
The net OPEB liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.			(81,085,028)
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred inflows and outflows relating to pensions for the period were:			
	Deferred outflows of resources		207,975
	Deferred inflows of resources		(2,121,949)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred inflows and outflows relating to pensions for the period were:			
	Deferred outflows of resources		69,063,693
	Deferred inflows of resources		(6,761,455)
Total net position - governmental activities			$ (54,478,374)

OXNARD SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds

For the Fiscal Year Ended June 30, 2018

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	$ 161,894,674	$ -	$ -	$ 161,894,674
Federal sources	12,544,465	-	8,821,075	21,365,540
Other state sources	17,754,593	-	1,760,316	19,514,909
Other local sources	10,105,439	1,193,601	14,342,578	25,641,618
Total Revenues	202,299,171	1,193,601	24,923,969	228,416,741
EXPENDITURES				
Current:				
Instruction	129,017,066	-	934,081	129,951,147
Instruction-Related Services:				
Supervision of instruction	6,344,548	-	126,598	6,471,146
Instructional library, media and technology	3,055,456	-	-	3,055,456
School site administration	13,925,765	-	-	13,925,765
Pupil Support Services:				
Home-to-school transportation	4,474,662	-	-	4,474,662
Food services	39,855	-	9,898,912	9,938,767
All other pupil services	13,730,442	-	-	13,730,442
Community Services	1,127,248	-	-	1,127,248
General Administration Services:				
Data processing services	2,370,504	-	-	2,370,504
Other general administration	16,634,616	-	137,389	16,772,005
Plant Services	15,336,460	-	159,256	15,495,716
Transfer of Indirect Costs	(574,573)	-	574,573	-
Capital Outlay	6,455,545	42,880,242	3,955	49,339,742
Intergovernmental Transfers	787,474	-	-	787,474
Debt Service:				
Issuance costs	-	302,907	-	302,907
Principal	295,022	-	5,193,241	5,488,263
Interest	278,117	-	10,801,663	11,079,780
Total Expenditures	213,298,207	43,183,149	27,829,668	284,311,024
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,999,036)	(41,989,548)	(2,905,699)	(55,894,283)
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	-	-	461,555	461,555
Interfund transfers out	(461,555)	-	-	(461,555)
Issuance of debt - general obligation bonds	-	13,996,626	-	13,996,626
Premiums on issuance of debt	-	-	161,745	161,745
Total Other Financing Sources and Uses	(461,555)	13,996,626	623,300	14,158,371
Net Change in Fund Balances	(11,460,591)	(27,992,922)	(2,282,399)	(41,735,912)
Fund Balances, July 1, 2017	40,021,067	106,082,010	35,399,524	181,502,601
Fund Balances, June 30, 2018	$ 28,560,476	$ 78,089,088	$ 33,117,125	$ 139,766,689

OXNARD SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental funds		$ (41,735,912)
Amounts reported for governmental *activities* in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay	56,219,467	
Depreciation expense	(5,484,965)	50,734,502
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		5,488,263
In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as an increase to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:		(14,138,434)
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:		(37,258)
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		(635,490)
In the statement of activities, compensated absences are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*). This year, vacation leave earned exceeded the amounts paid by:		(23,987)
In governmental funds, if debt is issued at a premium or discount, the premium or discount is recognized as an other financing source or an other financing use in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Net amortization of premium or discount for the period is:		68,800
In the governement-wide statements, expenses must be accrued in connections with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt.		(4,037,189)
In governmental funds, OPEB expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		(3,306,335)
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		(12,100,758)
Change in net position of governmental activities		$ (19,723,798)

OXNARD SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2018

	Trust Fund	Agency Funds	
	Retiree Benefits Fund	Student Body Funds	Total
Assets			
Cash	$ 5,037,214	$ 150,025	$ 5,187,239
Accounts receivable	34,700	-	34,700
Due from other funds	4,339,503	-	4,339,503
Inventory	-	19,621	19,621
Total Assets	9,411,417	$ 169,646	9,581,063
Liabilities			
Accounts payable	-	$ 2,122	2,122
Due to student groups	-	167,524	167,524
Total Liabilities	-	$ 169,646	169,646
Net Position			
Restricted	$ 9,411,417		$ 9,411,417

OXNARD SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	Trust Fund
	Retiree Benefits Fund
ADDITIONS	
Interest	$ 79,553
In-district contributions	4,339,504
Total Additions	4,419,057
DEDUCTIONS	
Operating expenditures	3,545,374
Total Deductions	3,545,374
Net Increase (Decrease)	873,683
Net position - July 1, 2017	8,537,734
Net position - June 30, 2018	$ 9,411,417

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

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

General Fund: This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The District also maintains a Special Reserve Fund for Other Than Capital Outlay Projects. The fund does not meet the criteria to be reported as a special revenue fund. Because that fund does not meet the definition of a special revenue fund under GASB 54, the activity in that fund is being reported within the General Fund.

Building Fund: This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds.

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

Special Revenue Fund:

Child Development Fund: This fund is used to account for resources committed to child development programs maintained by the District.

Cafeteria Fund: This fund is used to account for revenues received and expenditures made to operate the District's food service operations.

Capital Projects Funds:

Capital Facilities Fund: This fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.

County School Facilities Fund: This fund is used to account for state apportionments provided for modernization of school facilities under SB50.

Debt Service Fund:

Bond Interest and Redemption Fund: This Fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

Fiduciary Funds
Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Fiduciary Funds (continued)
The District maintains the following fiduciary funds:

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

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

2. Measurement Focus, Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements
The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements
Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Revenues - Exchange and Non-Exchange Transactions (continued)

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

C. Budgetary Data

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

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

D. Encumbrances

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

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

1. Cash and Cash Equivalents

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

2. Inventories and Prepaid Items

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Capital Assets

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

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

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

4. Unearned Revenue

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

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

5. Deferred Outflows/Inflows of Resources

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Compensated Absences

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

7. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Postemployment Benefits Other Than Pensions (OPEB)

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

9. Fund Balances

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Fund Balances (continued)

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

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

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

H. Use of Estimates

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

I. New GASB Pronouncements

During the 2017-18 fiscal year, the following GASB Pronouncements became effective:

1. In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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.

2. In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements (continued)

3. In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

   - Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
   - Reporting amounts previously reported as goodwill and "negative" goodwill
   - Classifying real estate held by insurance entities
   - Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
   - Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
   - Recognizing on-behalf payments for pensions or OPEB in employer financial statements
   - Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
   - Classifying employer-paid member contributions for OPEB
   - Simplifying certain aspects of the alternative measurement method for OPEB
   - Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

4. In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2018, are reported at fair value and consisted of the following:

	Governmental Activities/ Funds	Fiduciary Funds
Pooled Funds:		
Cash in county treasury	$ 144,839,840	$ 5,037,214
Total Pooled Funds	144,839,840	5,037,214
Deposits:		
Cash on hand and in banks	-	150,025
Cash in revolving funds	20,206	-
Total Deposits	20,206	150,025
Total Cash	$ 144,860,046	$ 5,187,239

	Rating	Governmental Activities/ Funds
Investments:		
US Bank - First American Government Obligation Bond	AAAm	$ 6,773

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

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

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2018, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

NOTE 2 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits (continued)
The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2018, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

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

Maturities of investments held at June 30, 2018, consisted of the following:

		Maturity		
	Fair Value	Less Than One Year	One Year Through Five Years	Fair Value Measurement
Investment maturities:				
U.S. Bank				
First American Government Obligation Fund	$ 6,773	$ 6,773	$ -	Level 2

Investments - Credit Risk
The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2018, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2018, the District had the following investment that represented more than five percent of the District's net investments.

U.S. Bank - First American Government Obligation Fund	100%

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

NOTE 2 – CASH AND INVESTMENTS (continued)

Fair Value Measurements (continued)
The following provides a summary of the hierarchy used to measure fair value:

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

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

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

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Retiree Benefits Fund
Federal Government:					
Categorical aid programs	$ 5,521,572	$ -	$ 1,632,641	$ 7,154,213	$ -
State Government:					
Child Nutrition	-	-	100,093	100,093	-
Lottery	674,186	-	-	674,186	-
Categorical aid programs	337,684	-	161,519	499,203	-
Local:					
Interest	234,288	528,588	185,746	948,622	34,700
Other local	334,134	-	-	334,134	-
Miscellaneous	559,957	-	-	559,957	-
Totals	$ 7,661,821	$ 528,588	$ 2,079,999	$ 10,270,408	$ 34,700

NOTE 4 – INTERFUND ACTIVITIES

A. Balances Due To/From Other Funds

Balances due/to other funds at June 30, 2018, consisted of the following:

	Due from Other Funds			
	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Fiduciary Funds
General Fund	$ -	$ 1,379,134	$ 1,379,134	$ 4,339,503
Non-Major Governmental Funds	2,458	-	2,458	-
Totals	$ 2,458	$ 1,379,134	$ 1,381,592	$ 4,339,503

Due from the General Fund to the Child development Fund for state contribution	$ 144,401
Due from the General Fund to the Cafeteria Fund for cash contribution	1,191,599
Due from the General Fund to the Capital Facilities Fund for administrative costs	43,134
Due from the General Fund to the Retiree Benefit Fund for retiree benefit transfer	4,339,503
Due from the Cafeteria Fund to the General Fund for invoices outstanding	2,458
Total	$ 5,721,095

B. Transfers To/From Other Funds

Transfers to/from other funds during the year ended June 30, 2018, consisted of the following:

General Fund to the Child Nutrition Fund for cash contribution	$ 461,555

NOTE 5 – FUND BALANCES

At June 30, 2018, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	$ 20,000	$ -	$ 206	$ 20,206
Stores inventories	104,786	-	34,446	139,232
Prepaid expenditures	28,304	-	-	28,304
Total Nonspendable	153,090	-	34,652	187,742
Restricted:				
Categorical programs	1,851,430	-	3,492	1,854,922
Food service	-	-	246,525	246,525
Capital projects	-	78,089,088	17,108,779	95,197,867
Debt service	-	-	15,723,677	15,723,677
Total Restricted	1,851,430	78,089,088	33,082,473	113,022,991
Assigned:				
17/18 Technology Replacement Plan	3,300,000	-	-	3,300,000
15/16 Projects Balance	2,036,750	-	-	2,036,750
16/17 Projects Balance	50,000	-	-	50,000
Textbooks	2,000,000	-	-	2,000,000
Bus Replacement	100,000	-	-	100,000
Legal	500,000	-	-	500,000
Other assignments	9,270,408	-	-	9,270,408
Total Assigned	17,257,158	-	-	17,257,158
Unassigned:				
Reserve for economic uncertainties	6,096,417	-	-	6,096,417
Remaining unassigned balances	3,202,381	-	-	3,202,381
Total Unassigned	9,298,798	-	-	9,298,798
Total	$ 28,560,476	$ 78,089,088	$ 33,117,125	$ 139,766,689

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance, July 1, 2017	Audit Restatements	Adjusted Balance, July 1, 2017	Additions	Retirements	Balance, June 30, 2018
Capital assets not being depreciated:						
Land	$ 27,138,791	$ -	$ 27,138,791	$ 9,151,013	$ -	$ 36,289,804
Construction in progress	48,755,920	1,349,943	50,105,863	45,802,820	28,341,679	67,567,004
Total capital assets not being depreciated	75,894,711	1,349,943	77,244,654	54,953,833	28,341,679	103,856,808
Capital assets being depreciated:						
Improvement of sites	23,818,382	-	23,818,382	5,941,818	-	29,760,200
Buildings	231,317,213	-	231,317,213	22,691,679	-	254,008,892
Equipment	9,773,658	-	9,773,658	973,816	177,376	10,570,098
Total capital assets being depreciated	264,909,253	-	264,909,253	29,607,313	177,376	294,339,190
Accumulated depreciation for:						
Improvement of sites	(11,201,222)	-	(11,201,222)	(887,621)	-	(12,088,843)
Buildings	(40,645,344)	-	(40,645,344)	(3,952,623)	-	(44,597,967)
Equipment	(5,281,783)	-	(5,281,783)	(644,721)	(140,118)	(5,786,386)
Total accumulated depreciation	(57,128,349)	-	(57,128,349)	(5,484,965)	(140,118)	(62,473,196)
Total capital assets being depreciated, net	207,780,904	-	207,780,904	24,122,348	37,258	231,865,994
Governmental activity capital assets, net	$ 283,675,615	$ -	$ 285,025,558	$ 79,076,181	$ 28,378,937	$ 335,722,802

Depreciation expense is allocated to the following functions in the statement of activities:

Instruction	$ 3,016,125
Instructional Supervision and Administration	110,183
Instructional Library, Media and Technology	54,486
School Site Administration	274,853
Home-to-School Transportation	54,486
Food Services	219,157
All other Pupil Services	110,184
Community Services	54,486
All Other General Administration	164,671
Centralized Data Processing	54,486
Plant Services	1,371,848
	$ 5,484,965

NOTE 7 – GENERAL LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2018, were as follows:

	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	$ 257,793,788	$ 13,996,626	$ 4,891,641	$ 266,898,773	$ 4,597,107
Accreted interest component	4,553,945	1,036,513	395,000	5,195,458	370,000
Unamortized issuance premium	16,895,851	141,808	925,450	16,112,209	928,996
Unamortized issuance discount	(33,340)	-	(2,084)	(31,256)	(2,084)
Total - Bonds	279,210,244	15,174,947	6,210,007	288,175,184	5,894,019
Certificates of Participation					
Principal repayments	11,791,000	-	301,600	11,489,400	315,400
Unamortized issuance discount	(76,591)	-	(2,727)	(73,864)	(2,727)
Total - Certificates of Participation	11,714,409	-	298,873	11,415,536	312,673
Energy Retrofit Agreement	3,963,692	-	295,022	3,668,670	292,131
Compensated Absences	1,663,640	23,987	-	1,687,627	-
Early retirement incentive	-	4,035,005	-	4,035,005	807,001
*Other Postemployment Benefits (OPEB)	79,693,267	8,289,097	6,897,336	81,085,028	-
Totals	376,245,252	27,523,036	13,701,238	390,067,050	7,305,824

** Beginning balance of OPEB has been restated to reflect the implementation of GASB Statement No.75*

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

A. General Obligation Bonds

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

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

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

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

Prior-Year Defeasance of Debt
In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2018, $17,090,000 of bonds outstanding are considered defeased. The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2018, deferred amounts on refunding were $1,960,941.

2016 General Obligation Refunding Bonds
On September 27, 2016, the District issued $16,360,000 of General Obligation Refunding Bonds, Series 2016. The bonds bear fixed interest rates ranging between 1.25% and 4.00% with annual maturities from February 1, 2017, through August 1, 2026. The net proceeds of $18,353,202 (after premiums and issuance costs) were used to advance refund a portion of the District's outstanding Election of 2006 Series B General Obligation Bonds.

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

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

Bond	Interest Rate	Date of Issue	Maturity Date	Amount of Original Issue	Outstanding, July 1, 2017	Additions	Redeemed During Year	Outstanding, June 30, 2018
Measure M6 (2006)								
Series B	3.0% to 5.74%	7/11/2008	7/1/2033	$ 31,997,467	$ 9,692,467	$ -	$ 1,240,000	$ 8,452,467
Measure R (2012)								
Series A	2.0% to 5.0%	12/27/2012	8/1/2043	18,390,000	17,400,000	-	330,000	17,070,000
Series B	3.375% to 5.0%	5/30/2013	8/1/2043	25,500,000	25,500,000	-	-	25,500,000
Series C	3.625% to 5.75%	11/5/2014	8/1/2044	15,750,000	15,750,000	-	-	15,750,000
Series D	2.0% to 5.25%	8/4/2015	8/1/2040	30,360,000	29,650,000	-	210,000	29,440,000
Measure D (2016)								
Series A	3.5% to 5.0%	3/30/2017	8/1/2046	81,000,000	81,000,000	-	-	81,000,000
Series B	3.0 to 5.0%	3/29/2018	8/1/2041	13,996,626	-	13,996,626	-	13,996,626
Refunding Issues								
1997 Ref.	3.5% to 7.8%	3/7/1997	8/1/2019	19,890,672	201,321	-	71,641	129,680
2001 Ref., Ser. A	3.9% to 5.75%	8/15/2001	8/1/2030	20,920,000	12,600,000	-	775,000	11,825,000
2010 Ref.	2.0% to 5.0%	3/7/2011	8/1/2023	10,750,000	7,195,000	-	1,065,000	6,130,000
2011 Ref.	2.0% to 5.0%	7/14/2011	8/1/2027	7,275,000	5,425,000	-	25,000	5,400,000
2012 Ref.	2.0% to 5.0%	7/2/2012	8/1/2033	12,240,000	12,000,000	-	100,000	11,900,000
2014 Ref.	4.0% to 5.0%	6/19/2014	8/1/2027	11,835,000	10,895,000	-	770,000	10,125,000
2015 Ref.	2.0% to 5.0%	5/6/2015	8/1/2036	14,305,000	14,125,000	-	-	14,125,000
2016 Ref.	1.25% to 4.0%	9/27/2016	8/1/2026	16,360,000	16,360,000	-	305,000	16,055,000
					$ 257,793,788	$ 13,996,626	$ 4,891,641	$ 266,898,773
			Accreted Interest:					
				1997 Ref.	$ 134,984	$ 367,752	$ 395,000	$ 107,736
				2006, Ser.B	4,418,961	668,761	-	5,087,722
					$ 4,553,945	$ 1,036,513	$ 395,000	$ 5,195,458

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2018, are as follows:

Fiscal Year	Principal	Interest	Total
2018-2019	$ 4,597,107	$ 11,252,758	$ 15,849,865
2019-2020	5,952,573	11,079,627	17,032,200
2020-2021	5,250,000	10,727,319	15,977,319
2021-2022	5,410,000	10,736,238	16,146,238
2022-2023	6,054,412	10,566,544	16,620,956
2023-2028	37,954,397	50,612,903	88,567,300
2028-2033	42,754,663	52,865,851	95,620,514
2033-2038	48,363,158	33,888,489	82,251,647
2038-2043	58,022,463	18,731,472	76,753,935
2043-2047	52,540,000	5,637,363	58,177,363
Total	$ 266,898,773	$ 216,098,564	$ 482,997,337

B. Certificates of Participation

2010 Refunding

On January 19, 2010, the District issued $5,285,900 of Refunding Certificates of Participation pursuant to a lease agreement with the Public Property Financing Corporation of California for the purpose of refunding the 1997 certificates. The certificates were sold bearing stated interest rate of 4.75 percent maturing between August 1, 2011 and August 1, 2026. At June 30, 2018, the principal balance outstanding was $3,489,400.

2016 Certificates of Participation

On April 7, 2016, the District issued $8,000,000 of Certificates of Participation through the Public Property Financing Corporation of California. The certificates bear an initial interest rate of 2.00% with a 5.00% step-up interest rate that commences August 1, 2021. The certificates were issued as term certificates due August 1, 2045, with annual mandatory sinking fund payments due on August 1 of each year beginning in 2022 until maturity. The proceeds of the certificates are being used to finance the acquisition and improvement of real property for use by the District as educational facilities. At June 30, 2018, the principal balance outstanding was $8,000,000.

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

B. Certificates of Participation (continued)

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

Fiscal Year	Principal	Interest	Total
2018-2019	$ 315,400	$ 318,256	$ 633,656
2019-2020	328,900	302,954	631,854
2020-2021	347,200	286,896	634,096
2021-2022	365,200	389,977	755,177
2022-2023	562,900	487,709	1,050,609
2023-2028	2,799,800	2,000,073	4,799,873
2028-2033	1,335,000	1,532,375	2,867,375
2033-2038	1,700,000	1,154,750	2,854,750
2038-2043	2,160,000	620,500	2,780,500
2043-2046	1,575,000	174,625	1,749,625
Total	$ 11,489,400	$ 7,268,115	$ 18,757,515

C. Energy Retrofit Agreement

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

Annual payments on the lease agreement are shown below:

Fiscal Year	Principal	Interest	Total
2018-2019	$ 292,131	$ 107,166	$ 399,297
2019-2020	304,082	98,372	402,454
2020-2021	317,808	89,209	407,017
2021-2022	333,284	79,624	412,908
2022-2023	350,490	69,565	420,055
2023-2028	2,070,875	176,750	2,247,625
	$ 3,668,670	$ 620,686	$ 4,289,356

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

D. Early Retirement Incentive

The District has established a supplemental early retirement incentive program (SERP) whereby certain qualified employees may retire early and receive a portion of their salary paid out as an annuity. The total future payments owing at June 30, 2018, for these obligations are shown below:

Future Years	Amount
2018-2019	$ 807,001
2019-2020	807,001
2020-2021	807,001
2021-2022	807,001
2022-2023	807,001
	$ 4,035,005

NOTE 8 – JOINT VENTURES

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

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

Condensed audited financial information for the fiscal year ended June 30, 2017, is as follows:

	VCSSFA
Assets	$ 113,684,619
Deferred Outflows of Resources	367,055
Liabilities	51,405,001
Deferred Inflows of Resources	55,306
Net Assets	$ 62,591,367
Revenues	$ 26,663,117
Expenses	19,190,998
Operating Income	7,472,119
Non-Operating Income	854,400
Change in Net Assets	$ 8,326,519

NOTE 9 – RISK MANAGEMENT

Property and Liability and Workers' Compensation
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2018, the District participated in the Ventura County Schools Self-Funding Authority public entity risk pool for property and liability insurance coverage and workers' compensation coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation
For fiscal year 2017-18, the District participated in the Ventura County Schools Self-Funding Authority public entity risk pool for workers' compensation, with excess coverage provided by the SCRMA public entity risk pool. The District maintains a $100,000 Self-Insured Retention (SIR) amount.

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

B. Litigation
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2018.

C. Construction Commitments
At June 30, 2018, the District had commitments with respect to unfinished capital projects of approximately $27.0 million to be paid from bond proceeds and developer fees.

NOTE 11 – PENSION PLANS

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

For the fiscal year ended June 30, 2018, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 137,347,794	$ 48,174,431	$ 6,053,521	$ 18,446,650
CalPERS	60,128,107	20,889,262	707,934	12,364,001
Total	$ 197,475,901	$ 69,063,693	$ 6,761,455	$ 30,810,651

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

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

NOTE 11 – PENSION PLANS (continued)

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

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

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Employee Contribution Rate	10.25%	9.205%
Required Employer Contribution Rate	14.43%	14.43%
Required State Contribution Rate	9.328%	9.328%

Contributions
Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $12,043,228.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2018, 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	$	137,347,794
State's proportionate share of the net pension liability associated with the District		32,076,015
Total	$	169,423,809

NOTE 11 – PENSION PLANS (continued)

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

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

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2018	**Fiscal Year Ending June 30, 2017**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2017	June 30, 2016	
Proportion of the Net Pension Liability	0.148516%	0.154741%	-0.006225%

For the year ended June 30, 2018, the District recognized pension expense of $18,446,650. In addition, the District recognized pension expense and revenue of $1,447,956 for support provided by the State. At June 30, 2018, 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	$ 12,043,228	$ -
Net change in proportionate share of net pension liability	10,177,995	-
Difference between projected and actual earnings on pension plan investments	-	3,657,954
Changes of assumptions	25,445,283	-
Differences between expected and actual experience in the measurement of the total pension liability	507,925	2,395,567
Total	$ 48,174,431	$ 6,053,521

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

NOTE 11 – PENSION PLANS (continued)

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 293,134
2020	8,305,262
2021	6,335,937
2022	2,753,726
2023	6,280,986
Thereafter	3,438,637
Total	$ 27,407,682

Actuarial Methods and Assumptions

Total pension liability for STRS was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.1%
Consumer Price of Inflation	2.75%
Wage Growth	3.5%

CalSTRS changed the mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study.

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.1%. 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 (7.1%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 201,670,166
Current discount rate (7.10%)	137,347,794
1% increase (8.10%)	85,145,830

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 $6,607,673 (9.328% of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures. On behalf payments have been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

NOTE 11 – PENSION PLANS (continued)

B. 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, 2016 annual actuarial valuation report, Schools Pool Actuarial Valuation. 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 provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1%-2.5%	1.0%-2.5%
Required Employee Contribution Rate	7.00%	6.00%
Required Employer Contribution Rate	15.531%	15.531%

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.

NOTE 11 – PENSION PLANS (continued)

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

Contributions (continued)
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, 2018, are presented above and the total District contributions were $5,263,110.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $60,128,107. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2018	**Fiscal Year Ending June 30, 2017**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2017	June 30, 2016	
Proportion of the Net Pension Liability	0.251870%	0.253134%	-0.001264%

For the year ended June 30, 2018, the District recognized pension expense of $12,364,001. At June 30, 2018, 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	$ 5,263,110	$ -
Net change in proportionate share of net pension liability	2,609,333	-
Difference between projected and actual earnings on pension plan investments	2,080,021	-
Changes of assumptions	8,782,656	707,934
Differences between expected and actual experience in the measurement of the total pension liability	2,154,142	-
Total	$ 20,889,262	$ 707,934

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4 years.

NOTE 11 – PENSION PLANS (continued)

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

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 4,793,843
2020	6,853,573
2021	4,460,325
2022	(1,189,523)
2023	-
Thereafter	-
Total	$ 14,918,218

Actuarial Methods and Assumptions

Total pension liability for SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.75%
Wage Growth	Varies by entry age and service

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 20 years of mortality improvements, using Scale BB published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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 adjusted to account for assumed administration expenses.

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)
The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47%	5.38%
Fixed Income	19%	2.27%
Inflation Assets	6%	1.39%
Private Equity	12%	6.63%
Real Estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 88,467,713
Current discount rate (7.15%)	60,128,107
1% increase (8.15%)	36,618,030

C. Social Security
As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans
At June 30, 2018, the District reported payables of $120,356 and $39,669 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2018.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the OPEB Plan

Plan description
The Oxnard School District Employee Health and Welfare Benefits Trust ("the Trust") administers the Oxnard School District Retiree Benefits Plan ("the Plan") – a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time certificated and classified employees of the District.

The operation and administration of the Trust is the joint responsibility of a Board of three (3) Trustees appointed by the District and designated in writing. The Trustees consist of: (1) the District's Assistant Superintendent of Business and Fiscal Services, (2) one member of the District's governing board, and (3) one retiree, appointed by the District's Board of Trustees.

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

Plan membership
At June 30, 2018, the Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	227
Active plan members	1,087
Total	1,314

Those hired on or after January 1, 2012 have no entitlement to retiree health benefits.

Contributions
Article 4 of the Trust By-Laws grants the authority to establish and amend the contribution requirements of the District and plan members to the Trust Board. The Board establishes rates based on an actuarially determined rate. For the fiscal year ended June 30, 2018, the District's average contribution rate was 4.0 percent of covered-employee payroll. Plan members are not required to contribute to the plan.

B. Net OPEB Liability
The District's net OPEB liability for the District plan was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net MPP Program OPEB liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016.

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

	District Plan	MPP Program
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	N/A	July 1, 2010, through June 30, 2015
Inflation	2.75 percent per year	N/A
Salary increases	2.75 percent per year	N/A
Investment rate of return	3.8 percent per year net of expenses	3.58 percent
Healthcare cost trend rates	4.0 percent per year	3.7 percent for Medicare Part A, and 4.1 percent for Medicare Part B

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Net OPEB Liability (continued)

District Plan
Following are the tables the mortality assumptions are based upon.

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

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

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

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

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

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

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

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Net OPEB Liability (continued)

District Plan (continued)
The long-term expected rate of return on OPEB plan investments was determined using historic 19-year real rates of return for each asset class along with assumed long-term inflation assumptions to set the discount rate. The expected investment return was offset by investment expenses of 25 basis points. The allocation and average portfolio return for each asset class are calculated using geometric rates of return that are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Intermediate-Term Gov Bonds	30%	4.5%
Long-Term Corporate Bonds	30%	5.3%
Long-Term Gov Bonds	30%	4.5%
Short-Term Gov Bonds	10%	3.3%
Total	100%	

MPP Program
CalSTRS changed the mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fi t the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of the June 30, 2017, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

District Plan
The discount rate used to measure the total OPEB liability was 3.8 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate in the prior valuation dated November 20, 2017 was 3.5 percent.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Net OPEB Liability (continued)

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

C. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	**Plan Fiduciary Net Position**	**Net OPEB Liability**
Balance at July 1, 2017	$ 87,124,706	$ 8,537,734	$ 78,586,972
Changes for the year:			
Service cost	4,854,154	-	4,854,154
Interest	3,335,606	-	3,335,606
Employer contributions	-	4,339,503	(4,339,503)
Assumption changes	(2,267,105)	-	(2,267,105)
Expected investment income	-	339,522	(339,522)
Actual investment income	-	(259,969)	259,969
Expected benefits payments	(3,630,866)	(3,630,866)	-
Benefit payments	85,492	85,492	-
Net changes	2,377,281	873,682	1,503,599
Balance at June 30, 2018	$ 89,501,987	$ 9,411,416	$ 80,090,571
District's Proportionate Share of the Net MPP OPEB Liability			994,457
District's Total Reported Net OPEB Liability			$ 81,085,028

Changes of assumptions and other inputs reflect a change in the discount rate from 3.5 percent in 2017 to 3.8 percent in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate
The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 2.8%	Discount Rate 3.8%	1% Increase 4.8%
District Plan	$ 87,149,173	$ 80,090,571	$ 73,421,653

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
MPP Program	$ 1,100,934	$ 994,457	$ 890,887

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

C. Changes in the Net OPEB Liability (continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates
The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.0%	Healthcare Cost Trend Rates 4.0%	1% Increase 5.0%
District Plan	$ 73,649,252	$ 80,090,571	$ 86,836,868

	1% Decrease (2.7% Part A and 3.1% Part B)	Medicare Cost Trend Rates (3.7% Part A and 4.1% Part B)	1% Increase (4.7% Part A and 5.1% Part B)
MPP Program	$ 898,644	$ 994,457	$ 1,089,313

OPEB plan fiduciary net position
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued SCERS financial report.

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2018, the District recognized OPEB expense of $7,671,584. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (77,110)
Changes of assumptions	-	(2,044,839)
Net differences between projected and actual earnings on OPEB plan investments	207,975	-
Total	$ 207,975	$ (2,121,949)

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date of the net OPEB liability will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:		
2019	$	(178,653)
2020		(178,653)
2021		(178,653)
2022		(178,653)
2023		(230,647)
Thereafter		(968,715)
	$	(1,913,974)

NOTE 13 – ADJUSTMENTS FOR RESTATEMENT

The District's net position at June 30, 2017 on the Statement of Activities was restated as follows:

A. Beginning net position on the Statement of Activities has been increased by $1,394,944 to adjust the amount of construction in progress previously reported.

B. The District elected to implement the provisions of GASB Statement No.75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" during the fiscal year ended June 30, 2017; however, the reported amount did not include the OPEB liability for the Medicare Premium Payment (MPP) Program administered by CalSTRS. Beginning net position on the Statement of Activities has been decreased by $1,106,295.

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Required Supplementary Information

OXNARD SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual*	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF Sources	$ 161,789,368	$ 162,034,498	$ 161,894,674	$ (139,824)
Federal Sources	10,798,120	14,199,256	12,544,465	(1,654,791)
Other State Sources	8,281,675	13,081,148	17,754,593	4,673,445
Other Local Sources	8,678,283	8,944,983	10,103,833	1,158,850
Total Revenues	189,547,446	198,259,885	202,297,565	4,037,680
Expenditures				
Current:				
Certificated Salaries	80,410,975	83,876,735	87,400,225	(3,523,490)
Classified Salaries	28,105,321	31,134,848	30,688,748	446,100
Employee Benefits	38,083,062	41,311,287	50,865,770	(9,554,483)
Books and Supplies	19,147,613	18,509,590	6,615,351	11,894,239
Services and Other Operating Expenditures	20,943,793	20,410,888	22,135,571	(1,724,683)
Transfers of Indirect Costs	(431,013)	(567,122)	(574,573)	7,451
Capital Outlay	3,583,000	3,388,574	14,806,502	(11,417,928)
Other Outgo	2,344,000	3,016,869	787,474	2,229,395
Debt Service	522,937	570,957	573,139	(2,182)
Total Expenditures	192,709,688	201,652,626	213,298,207	(11,645,581)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,162,242)	(3,392,741)	(11,000,642)	(7,607,901)
Other Financing Sources and Uses				
Interfund Transfers Out	(1,407,124)	(1,407,124)	(461,555)	945,569
Excess (Deficiency) of Revenues and Other Expenditures and Other Financing Uses	(4,569,366)	(4,799,865)	(11,462,197)	(6,662,332)
Fund Balances, July 1, 2017	39,897,025	39,897,025	39,897,025	-
Fund Balances, June 30, 2018	$ 35,327,659	$ 35,097,160	$ 28,434,828	$ (6,662,332)

* The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

OXNARD SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability

For the Fiscal Year Ended June 30, 2018

Last Ten Fiscal Years*

	2017	2016	2015	2014
CalSTRS				
District's proportion of the net pension liability	0.1485%	0.1547%	0.1500%	0.1270%
District's proportionate share of the net pension liability	$ 137,347,794	$ 125,365,550	$ 100,986,000	$ 74,214,990
State's proportionate share of the net pension liability associated with the District	$ 32,076,015	71,378,879	53,410,318	44,814,665
Totals	$ 169,423,809	$ 196,744,429	$ 154,396,318	$ 119,029,655
District's covered-employee payroll	$ 80,537,440	$ 76,798,239	$ 70,452,489	$ 63,059,794
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	170.54%	163.24%	69.76%	84.97%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
CalPERS				
District's proportion of the net pension liability	0.2519%	0.2531%	0.2457%	0.2290%
District's proportionate share of the net pension liability	$ 60,128,107	$ 49,987,407	$ 36,216,423	$ 25,974,371
District's covered-employee payroll	$ 32,092,252	$ 30,393,939	$ 27,191,989	$ 23,660,479
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	187.36%	164.47%	133.19%	109.78%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

Notes to Schedule:

Changes in Benefit Terms

A summary of the plan provisions that were used for a specific plan can be found in each plan's annual valuation report.

Change of Assumptions and Methods

CalSTRS:

The assumptions used in determining the Total Pension Liability of the STRP changed as a result of the actuarial experience study for the period starting July 1, 2010 and ending June 30, 2015. The assumption changes were to price inflation, wage growth, discount rate and the mortality tab

CalPERS:

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF B was lowered from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF B from 7.50 percent to 7.00 percent, which is to be phased-in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2017, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period, and remained adjusted for administrative expenses.

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

OXNARD SCHOOL DISTRICT
Schedule of Pension Contributions
For the Fiscal Year Ended June 30, 2018

Last Ten Fiscal Years*

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 12,043,228	$ 10,131,610	$ 8,240,451	$ 6,256,181
Contributions in relation to the contractually required contribution	12,043,228	10,131,610	8,240,451	6,256,181
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 83,459,652	$ 80,537,440	$ 76,798,239	$ 70,452,489
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 5,263,110	$ 4,456,972	$ 3,600,770	$ 3,200,769
Contributions in relation to the contractually required contribution	5,263,110	4,456,972	3,600,770	3,200,769
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 33,887,773	$ 32,092,252	$ 30,393,939	$ 27,191,989
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%

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

OXNARD SCHOOL DISTRICT
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2018

	2017
Total OPEB liability	
Service cost	$ 4,854,154
Interest	3,335,606
Changes of assumptions	(2,267,105)
Expected benefit payments	(3,630,866)
Benefit payments	85,492
Net change in total OPEB liability	2,377,281
Total OPEB liability - beginning	87,124,706
Total OPEB liability - ending	$ 89,501,987
Plan fiduciary net position	
Contributions - employer	$ 4,339,503
Net investment income	79,553
Expected benefit payments	(3,630,866)
Benefit payments	85,492
Net change in plan fiduciary net position	873,682
Plan fiduciary net position - beginning	8,537,734
Plan fiduciary net position - ending	$ 9,411,416
District's net OPEB liability	$ 80,090,571
Plan fiduciary net position as a percentage of the total OPEB liability	10.52%
Covered-employee payroll	$ 112,683,361
District's net OPEB liability as a percentage of covered-employee payroll	71.08%

Notes to Schedule:

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

OXNARD SCHOOL DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios – MPP Program
For the Fiscal Year Ended June 30, 2018

(Dollars in Thousands, except for District's proportionate share)

	2017
Total OPEB liability	
Interest	$ 12,928
Differences between expected and actual experience	(41)
Changes of assumptions	(31,240)
Benefit payments, including refunds of member contributions	(28,929)
Net change in total OPEB liability	(47,282)
Total OPEB liability - beginning	468,031
Total OPEB liability - ending	$ 420,749
Plan fiduciary net position	
Contributions - employer	$ 29,117
Net investment income	11
Premiums paid	(28,929)
Administrative expense	(168)
Net change in plan fiduciary net position	31
Plan fiduciary net position - beginning	10
Plan fiduciary net position - ending	$ 41
Net OPEB liability	$ 420,708
District's proportionate share of net OPEB liability	$ 994,457
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%
Covered-employee payroll	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A

Notes to Schedule:

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

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

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Pension Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

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

This schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents information of the measurement date of the net OPEB liability.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2018, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule:

General Fund:	
Certificated Salaries	$ 3,523,490
Employee Benefits	9,554,483
Services and Other Operating Expenditures	1,724,683
Capital Outlay	11,417,928

Supplementary Information

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

GOVERNING BOARD

Member	Office	Term Expires
Mrs. Debra Cordes	President	November, 2018
Mr. Ernest "Mo" Morrison	Clerk	November, 2018
Mrs. Veronica Robles-Solis	Member	November, 2018
Ms. Monica Madrigal Lopez	Member	November, 2020
Mr. Denis O'Leary	Member	November, 2020

DISTRICT ADMINISTRATORS

Dr. Cesar Morales,
Superintendent

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

Ms. Robin Freeman,
Assistant Superintendent, Educational Services

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

OXNARD SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2018

	Second Period Report Certificate No. (92E2E4B1)	Annual Report Certificate No. (206E36F1)
Regular ADA:		
Transitional Kindergarten through Third	7,103.14	7,109.14
Fourth through Sixth	5,413.47	5,408.20
Seventh and Eighth	3,460.70	3,459.89
Total Regular ADA	15,977.31	15,977.23
Special Education - Nonpublic, Nonsectarian Schools:		
Transitional Kindergarten through Third	0.33	0.33
Fourth through Sixth	0.81	0.82
Seventh and Eighth	5.31	5.18
Total Special Education, Nonpublic, Nonsectarian Schools	6.45	6.33
Total ADA	15,983.76	15,983.56

OXNARD SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2018

Grade Level	Required	2017-2018 Actual Minutes*	Number of Days Traditional Calendar*	Status
Kindergarten	36,000	47,183	173	Complied
Grade 1	50,400	51,735	173	Complied
Grade 2	50,400	51,735	173	Complied
Grade 3	50,400	51,735	173	Complied
Grade 4	54,000	52,590	173	Complied
Grade 5	54,000	52,590	173	Complied
Grade 6	54,000	54,960	173	Complied
Grade 7	54,000	54,960	173	Complied
Grade 8	54,000	54,960	173	Complied

*The California Department of Education has approved the request for seven emergency days on December 5-8, and 13-15, 2017, for all schools in Oxnard School District. These school closure days may be used to meet the instructional time requirements pursuant to California Education Code sections 46200, 46201, 46207, and/or 46208.

OXNARD SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2018

General Fund	(Budget) 2019 [2]	2018 [3]	2017	2016
Revenues and other financing sources	$ 203,578,916	$ 202,297,565	$ 202,291,346	$ 201,613,578
Expenditures	193,853,685	213,298,207	200,381,171	180,827,018
Other uses and transfers out	2,256,278	461,555	324,349	665,992
Total outgo	196,109,963	213,759,762	200,705,520	181,493,010
Change in fund balance (deficit)	7,468,953	(11,462,197)	1,585,826	20,120,568
Ending fund balance	$ 35,903,781	$ 28,434,828	$ 39,897,025	$ 38,311,199
Available reserves [1]	$ 11,707,912	$ 9,298,798	$ 20,119,090	$ 18,060,044
Available reserves as a percentage of total outgo	6.0%	4.4%	10.0%	10.0%
Total long-term debt	$ 580,237,127	$ 587,542,951	$ 573,721,153	$ 425,398,347
Average daily attendance at P-2	15,984	15,984	16,173	16,359

The General Fund balance has decreased by $9,876,371 over the past two years. The fiscal year 2018-19 adopted budget projects an increase of $7,468,953. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in only one of the past three years, and anticipates incurring an operating surplus during the 2018-19 fiscal year. Long-term debt has increased by $162,144,604 over the past two years.

Average daily attendance has decreased by 375 over the past two years. ADA is not anticipated to change during fiscal year 2018-19.

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

[2] Revised Final Budget September, 2018.

[3] The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

OXNARD SCHOOL DISTRICT

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2018

		General Fund
June 30, 2018, annual financial and budget report fund balance	$	36,042,180
Adjustments and reclassifications:		
Increase (decrease) in total fund balance:		
Investments overstated (purchase of land)		7,607,352
June 30, 2018, audited financial statement fund balance	$	28,434,828

OXNARD SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	$ 698,253	
National School Lunch Program	10.555	13523	6,723,572	
USDA Donated Foods	10.555	N/A	702,965	
Summer Food Service Program Operations	10.559	13004	93,759	
Total Child Nutrition Cluster				$ 8,218,549
Fresh Fruit and Vegetable Program	10.582	14968		390,353
Child and Adult Food Care Program	10.588	13393	190,752	
Cash in Lieu of Commodities	10.558	13393	21,421	
Total Child and Adult Food Care Program				212,173
Total U.S.Department of Agriculture				8,821,075
U.S. Department of Education:				
Elementary and Secondary School Counseling Program	84.215E	N/A		69,510
Magnet Schools Assistance Program	84.165A	N/A		1,832,796
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		4,030,436
Title II, Part A, Supporting Effective Instruction State Grant	84.367	14341		593,542
English Language Acquisition Grants:				
Title III, Immigrant Education Program	84.365	15146	22,688	
Title III, Limited English Proficiency	84.365	14346	1,140,694	
Total English Language Acquisition Grants Cluster				1,163,382
Passed through Ventura County SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Local Assistance Entitlement	84.027	13379	2,727,493	
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	5,797	
IDEA Preschool Grants, Part B, Section 619	84.173	13430	128,431	
IDEA Preschool Local Entitlement, Part B, Section 611	84.027A	13682	437,022	
Total Special Education (IDEA) Cluster				3,298,743
Total U.S.Department of Education				10,988,409
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education:				
Medicaid Cluster:				
Medi-Cal Billing Option	93.778	10013	521,925	
Medi-Cal Administrative Activities (MAA)	93.778	10060	186,114	
Total Medicaid Cluster				708,039
Total U.S. Department of Health & Human Services				708,039
Total Expenditures of Federal Awards				$ 20,517,523

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

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has participated in the Incentives for Longer Instructional Day and Longer Instructional Year. The District has not met 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.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2018.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 21,365,540
Differences between Federal Revenues and Expenditures:		
Medi-Cal Billing Option	93.778	87,216
Medi-Cal Administrative Activities	93.778	(800,480)
Magnet Schools Assistance Program	84.165A	(134,753)
Total Schedule of Expenditures of Federal Awards		$ 20,517,523

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Other Independent Auditors' Reports

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

Board of Trustees
Oxnard School District
Oxnard, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Oxnard School District's basic financial statements, and have issued our report thereon dated December 4, 2018.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Oxnard School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 is required to be reported under *Government Auditing Standards*.

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

Nigro + Nigro, PC.

Murrieta, California
December 4, 2018

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Oxnard School District
Oxnard, California

Report on State Compliance
We have audited Oxnard School District's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Oxnard School District's state government programs as noted on the following page for the fiscal year ended June 30, 2018.

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

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Oxnard School District's state programs based on our audit of the types of compliance requirements referred to on the following page. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Oxnard School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

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

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

Unmodified Opinion on Compliance with State Programs
In our opinion, Oxnard School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

Other Matter(s)
The results of our auditing procedures disclosed an instance of noncompliance with the compliance requirements referred to previously, which is required to be reported in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* and which is described in the accompanying schedule of findings and questioned costs as Finding 2018-001. Our opinion on each state program is not modified with respect to these matters.

District's Response to Finding
Oxnard School District's response to the compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Oxnard School District's response was not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the response.

Nigro + Nigro, PC.

Murrieta, California
December 4, 2018

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

Board of Trustees
Oxnard School District
Oxnard, California

Report on Compliance for Each Major Federal Program
We have audited Oxnard School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Oxnard School District's major federal programs for the year ended June 30, 2018. Oxnard School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program
In our opinion, Oxnard School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

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Report on Internal Control Over Compliance

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

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

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

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

Nigro + Nigro, PC.

Murrieta, California
December 4, 2018

Findings and Questioned Costs

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516	No
Identification of major programs:	

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster
84.365	English Language Acquisition Grants Cluster

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

State Awards

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

SECTION II - FINANCIAL STATEMENT FINDINGS

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

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

There were no financial statement findings in 2017-18.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

There were no federal award findings or questioned costs in 2017-18.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

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

Finding 2018-001 CALPADS Unduplicated Pupil Counts (40000)

Criteria: Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:

- Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* sections 2574(b)(2) and 42238.02(b)(1)).

- Divided by total enrollment in the LEA (*EC* sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.

Condition: During our testing of the English Learner (EL) and Free and Reduced Price Meal (FRPM) eligible students reported in the CALPADS 1.17 and 1.18 reports, we noted 6 students who were incorrectly classified as EL or FRPM eligible. One student was classified as an EL student, but did not have evidence as being an EL student in accordance with the District's policy. Five students were classified as FRPM eligible, but did not have documentation to support their designation.

Context: We noted errors in four of the six schools we tested, for a total of 6 exceptions out of a sample size of 104.

Cause: The Food Services Module of Q incorrectly stated the expiration date of the students' eligibility. The parents entered meal applications online, using for eligibility CalFresh numbers that were set to expire by September 30, 2017; but the Food Services Module of Q extrapolated an expiration date of June 30, 2018. This issue has been reported on a service ticket to the Q software vendor.

Questioned Costs: $3,726. This amount was determined by using the California Department of Education's (CDE) audit penalty calculator.

Effect: The unduplicated pupil counts reported in the CALPADS 1.17 and 1.18 reports should be adjusted for the following changes as a result of the procedures performed:

		Adjusted based on eligibility for:		
School Site	CALPADS Reported	FRPM	EL	Adjusted Total
Emilie Ritchen Elementary	521	(1)	-	520
Fremont Academy	882	(2)	-	880
Lemonwood Elementary	816	(1)	-	815
Sierra Linda Elementary	646	(1)	(1)	644
Aggregate remaining school sites	10,313	-	-	10,313
District-wide	14,676	(5)	(1)	14,670

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

Finding 2018-001 CALPADS Unduplicated Pupil Counts (40000) (continued)

The enrollment count of 16,653 was not impacted as a result of the procedures performed.

Recommendation: We recommend that the Director of Child Nutrition review the export of student data prior to the upload of data to the CALPADS reporting module.

View of Responsible Officials: Beginning with fiscal year 2018-19, the District has implemented the Community Eligibility Provision (CEP), which is based on direct certification of families from other County and State agencies, such as CalFresh, CalWORKs, and Medi-Cal.

There were no findings or questioned costs in 2016-17.

To the Board of Education
Oxnard School District
Oxnard, California

In planning and performing our audit of the basic financial statements of Oxnard School District for the fiscal year ending June 30, 2018, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 4, 2018, on the financial statements of Oxnard School District.

ASSOCIATED STUDENT BODY (ASB) FUNDS

Observation: During our testing of cash receipts, we found that many deposits at the tested sites were either lacking supporting documentation, or the documentation was incomplete. Without adequate and complete supporting documentation, we could not verify whether all cash collected had been deposited intact and into the correct ASB account. Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for.

Recommendation: We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales. Additionally, we recommend that the District further investigate the sites who are consistently missing supporting documentation, as this is an indication that funds may be missing.

Observation: During our review of disbursements, we noted that some of the disbursements were lacking approval of one of three required individuals. Furthermore, we noted several disbursements that lacked evidence the goods had been received. Moreover, a disbursement was noted that appears to be unallowable or questionable.

Recommendation: Education Code Section 48933(b) requires all expenditures from ASB funds be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds. As a "best practice", approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines. We recommend that the sites adopt a procedure to pre-approve disbursements using a purchase order to ensure compliance. Additionally, we recommend dating all approvals to eliminate doubt as to when the approval occurred. We also recommend that sites document a physical receipt of the goods or services on the corresponding invoice, packing slip, or other documentation, such as writing "ok to pay" or "received" and initialing the document prior to issuing the check for payment. This ensures that payment is not being made for items received incorrectly or not received at all.

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DISTRICT OFFICE

Observation**:** During our test of cash disbursements, we noted expenditures that lacked preapproval. Additionally, expenditures were noted that exceeded the amount approved on the purchase order.

Recommendation: As a best practice, we recommend that all expenses be approved prior to the ordering of any goods or services to ensure their necessity by the appropriate levels of management. It is important that the preapproval take place before the District is obligated to pay to ensure all funds are expended for allowable purposes and fall within budgetary guidelines. Additionally, the district should ensure that invoices do not exceed approved amounts for budgetary purposes.

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

Nigro + Nigro, PC.

Murrieta, California
December 4, 2018