



Financial Statements
June 30, 2020

Ojai Unified School District

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Independent Auditor's Report

To the Board of Directors
Ojai Unified School District
Ojai, 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 Ojai Unified School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on page 67, schedule of changes in the District's total OPEB liability and related ratios on page 68, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 69, schedule of the District's proportionate share of the net pension liability on page 70, and the schedule of District contributions on page 71, 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 Ojai Unified School District's financial statements. The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial

statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

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

Rancho Cucamonga, California
April 29, 2021



Ojai Unified School District

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

The Primary unit of the government is the Ojai Unified School District.

Administration

Tiffany Morse, Ph.D., Superintendent
Sherrill Knox, Ed.D., Assistant Superintendent Educational Services

Board of Education

Shelly Griffen, President
Jane Weil, Vice President
Kevin Ruf, Clerk
Michael Shanahan, Member
Thayne Whipple, Member

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

FINANCIAL HIGHLIGHTS

- The District's overall financial status decreased from last year as the net position decreased to \$(22,840,864)
- Total governmental revenues were \$33,286,510, \$2,807,564 less than expenses.
- The total cost of basic programs was \$36,094,074. Because a portion of these costs were paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was \$29,464,146.
- Average daily attendance (ADA) in grades K-12 decreased by 26, or 1.1 percent.

THE DISTRICT AS A WHOLE

Net Position

The District's net position- deficit was \$(22,840,864) for the fiscal year ended June 30, 2020. Of this amount, \$(31,292,708) was unrestricted- deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	\$ 24,647,598	\$ 26,065,305
Capital assets	30,015,611	22,622,931
Total assets	54,663,209	48,688,236
Deferred outflows of resources	7,558,210	7,778,154
Liabilities		
Current liabilities	3,863,305	3,550,823
Long-term liabilities other than OPEB and Pension	41,053,962	33,881,158
Other postemployment benefits (OPEB) liabilities	9,315,576	10,553,023
Net pension liabilities	26,512,704	26,328,766
Total liabilities	80,745,547	74,313,770
Deferred inflows of resources	4,316,736	2,185,920
Net Position		
Net investment in capital assets	5,410,752	6,322,585
Restricted	3,041,092	3,188,457
Unrestricted (deficit)	(31,292,708)	(29,544,342)
Total net position (deficit)	\$ (22,840,864)	\$ (20,033,300)

The \$(31,292,708) in unrestricted - deficit net position of governmental activities represents the accumulated results of all past years' operations. The total change in net position of \$2,807,564 can be mostly attributed to a decrease in revenue. The District received a one-time FEMA disaster relief grant of \$2,139,195 during the 2018-2019 school year. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased by \$1,748,366, or 5.9 percent (\$(22,840,864) compared to \$(20,033,300)).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 14. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Charges for services	\$ 361,894	\$ 373,206
Operating grants and contributions	6,268,034	8,819,948
General revenues		
Federal and State aid not restricted	8,171,845	8,685,202
Property taxes	16,669,216	16,376,605
Other general revenues	1,815,521	1,038,929
Total revenues	<u>33,286,510</u>	<u>35,293,890</u>
Expenses		
Instruction	24,306,693	22,736,879
Pupil services	3,380,826	3,333,775
Administration	2,906,020	2,707,470
Plant services	3,040,220	2,915,969
All other services	2,460,315	4,876,988
Total expenses	<u>36,094,074</u>	<u>36,571,081</u>
Change in net position	<u>\$ (2,807,564)</u>	<u>\$ (1,277,191)</u>

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$36,094,074. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$16,669,216, because the cost was paid by those who benefited from the programs (\$361,894) or by other governments and organizations who subsidized certain programs with grants and contributions (\$6,268,034). We paid for the remaining "public benefit" portion of our governmental activities with \$9,991,260, in Federal and State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction, pupil services, administration, plant services, and all other activities. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	\$ 24,306,693	\$ 22,736,879	\$ (19,662,964)	\$ (17,946,179)
Pupil services	3,380,826	3,333,775	(2,220,551)	(2,096,872)
Administration	2,906,020	2,707,470	(2,866,220)	(2,616,790)
Plant services	3,040,220	2,915,969	(2,920,401)	(2,725,207)
All other services	2,460,315	4,876,988	(1,794,010)	(1,992,879)
Total	<u>\$ 36,094,074</u>	<u>\$ 36,571,081</u>	<u>\$ (29,464,146)</u>	<u>\$ (27,377,927)</u>

All other activities was the main contributor of increased expenses from the previous year, as the district has been actively making progress in the modernization of our school sites with Measure J monies.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$21,391,189, which is a decrease of \$1,638,766, or 7.1 percent, from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2019	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2020
General	\$ 2,477,103	\$ 28,171,195	\$ 29,034,842	\$ 1,613,456
Building	17,303,079	8,408,077	9,568,813	16,142,343
Adult Education	108,582	686,000	136,298	658,284
Cafeteria	11,161	868,149	868,669	10,641
Capital Facilities	934,086	203,144	15,625	1,121,605
Bond Interest and Redemption	2,195,944	2,553,355	2,904,439	1,844,860
Total	<u>\$ 23,029,955</u>	<u>\$ 40,889,920</u>	<u>\$ 42,528,686</u>	<u>\$ 21,391,189</u>

The primary reason for this decrease is in the General Fund, the district is making progress in the modernization of our school sites with Measure J monies. The primary reason for this decrease is in the Building Fund, the district is making progress in the modernization of our school sites with Measure J monies.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 6, 2020. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 67).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had \$30,015,611 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$7,392,680, or 32.7 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	\$ 7,579,164	\$ 4,016,554
Buildings and improvements	21,595,450	17,750,116
Equipment	840,997	856,261
Total	<u>\$ 30,015,611</u>	<u>\$ 22,622,931</u>

The main contributor of this year's increase of \$7,392,680 is in the work-in-progress and completed projects in the modernization of our sites using Building Fund monies, net of depreciation.

We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities other than OPEB and Pension

At the end of this year, the District had \$41,053,962 in long-term liabilities other than OPEB and pension outstanding versus \$33,881,158, last year, an increase of 21.2 percent. These long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	\$ 39,475,000	\$ 33,085,000
Unamortized premium/(discount)	1,383,009	625,651
Capital lease	18,279	35,917
Compensated absences	177,674	134,590
Total	<u>\$ 41,053,962</u>	<u>\$ 33,881,158</u>

The District's general obligation bond rating continues to be "A2" The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of \$39,475,000 is significantly below this statutorily-imposed limit.

Other obligations include a capital lease and compensated absences. We present more detailed information regarding our long-term liabilities in Note 8 of the financial statements.

OPEB and Pension Liabilities

At year end, the District had a net OPEB liability of \$9,315,576 versus \$10,553,023 last year, a decrease of \$1,237,447, or 11.7 percent.

At year end, the District had an outstanding pension liability of \$26,512,704 versus \$26,328,766 last year, an increase of \$183,938, or 0.7 percent.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The employer contribution rates for CalSTRS and CalPERS continue to increase with no new revenue streams to offset the increased cost for the employer. Adequacy of funding will be one of the most important issues for the District into the future.

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 District's accountability for the money it receives. If you have questions about this report or need additional information contact Taiwo Madison, Director of Fiscal Services at Ojai Unified School District, PO Box 878, Ojai, California 93024.

Ojai Unified School District
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Deposits and investments	\$ 22,694,711
Receivables	1,915,364
Stores inventories	37,523
Capital assets not depreciated	7,579,164
Capital assets, net of accumulated depreciation	<u>22,436,447</u>
Total assets	<u>54,663,209</u>
Deferred Outflows of Resources	
Deferred charge on refunding	129,086
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	1,015,770
Deferred outflows of resources related to pensions	<u>6,413,354</u>
Total deferred outflows of resources	<u>7,558,210</u>
Liabilities	
Accounts payable	2,980,876
Accrued interest payable	606,896
Unearned revenue	275,533
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	608,279
Long-term liabilities other than OPEB and pensions due in more than one year	40,445,683
Total other postemployment benefits liabilities	9,315,576
Aggregate net pension liabilities	<u>26,512,704</u>
Total liabilities	<u>80,745,547</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to other postemployment benefits (OPEB) liability	2,033,070
Deferred inflows of resources related to pensions	<u>2,283,666</u>
Total deferred inflows of resources	<u>4,316,736</u>
Net Position	
Net investment in capital assets	5,410,752
Restricted for	
Debt service	1,237,964
Capital projects	1,121,605
Educational programs	51,338
Other activities	630,185
Unrestricted (deficit)	<u>(31,292,708)</u>
Total net position (deficit)	<u>\$ (22,840,864)</u>

Ojai Unified School District

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Governmental Activities				
Instruction	\$ 20,607,995	\$ 41,589	\$ 4,023,301	\$ (16,543,105)
Instruction-related activities				
Supervision of instruction	702,635	12,002	331,282	(359,351)
Instructional library, media, and technology	178,799	282	5,057	(173,460)
School site administration	2,817,264	15,285	214,931	(2,587,048)
Pupil services				
Home-to-school transportation	691,544	-	-	(691,544)
Food services	951,165	200,944	567,430	(182,791)
All other pupil services	1,738,117	582	391,319	(1,346,216)
Administration				
Data processing	397,160	-	-	(397,160)
All other administration	2,508,860	2,580	37,220	(2,469,060)
Plant services	3,040,220	14,603	105,216	(2,920,401)
Ancillary services	14,237	29	1,296	(12,912)
Community services	141,220	-	17,186	(124,034)
Interest on long-term liabilities	1,505,642	-	-	(1,505,642)
Other outgo	799,216	73,998	573,796	(151,422)
Total governmental activities	<u>\$ 36,094,074</u>	<u>\$ 361,894</u>	<u>\$ 6,268,034</u>	<u>(29,464,146)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				14,856,605
Property taxes, levied for debt service				1,724,151
Taxes levied for other specific purposes				88,460
Federal and State aid not restricted to specific purposes				8,171,845
Interest and investment earnings				109,377
Interagency revenues				26,531
Miscellaneous				<u>1,679,613</u>
Subtotal, general revenues				<u>26,656,582</u>
Change in Net Position				(2,807,564)
Net Position - Beginning				<u>(20,033,300)</u>
Net Position - Ending				<u>\$ (22,840,864)</u>

Ojai Unified School District
Balance Sheet – Governmental Funds
June 30, 2020

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 1,801,344	\$ 17,078,070	\$ 3,815,297	\$ 22,694,711
Receivables	1,563,474	117,379	234,511	1,915,364
Due from other funds	285,331	-	5,000	290,331
Stores inventories	28,163	-	9,360	37,523
Total assets	\$ 3,678,312	\$ 17,195,449	\$ 4,064,168	\$ 24,937,929
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,784,323	\$ 1,053,106	\$ 143,447	\$ 2,980,876
Due to other funds	5,000	-	285,331	290,331
Unearned revenue	275,533	-	-	275,533
Total liabilities	2,064,856	1,053,106	428,778	3,546,740
Fund Balances				
Nonspendable	35,013	-	9,810	44,823
Restricted	51,338	16,142,343	3,596,650	19,790,331
Assigned	15,568	-	28,930	44,498
Unassigned	1,511,537	-	-	1,511,537
Total fund balances	1,613,456	16,142,343	3,635,390	21,391,189
Total liabilities and fund balances	\$ 3,678,312	\$ 17,195,449	\$ 4,064,168	\$ 24,937,929

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

Total Fund Balance - Governmental Funds		\$ 21,391,189
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 73,000,712	
Accumulated depreciation is	<u>(42,985,101)</u>	
Net capital assets		30,015,611
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(606,896)
Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings	129,086	
Other postemployment benefits	1,015,770	
Net pension obligation	<u>6,413,354</u>	
Total deferred outflows of resources to pensions		7,558,210
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits	(2,033,070)	
Net pension obligation	<u>(2,283,666)</u>	
Total deferred inflows of resources to pensions		(4,316,736)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(26,512,704)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(9,315,576)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	(39,475,000)	
Premium on issuance	(1,453,937)	
Discount on issuance	70,928	
Capital lease	(18,279)	
Compensated absences (vacations)	<u>(177,674)</u>	
Total long-term liabilities		<u>(41,053,962)</u>
Total net position - governmental activities		<u>\$ (22,840,864)</u>

Ojai Unified School District

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

Year Ended June 30, 2020

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	\$ 22,387,506	\$ -	\$ -	\$ 22,387,506
Federal sources	1,358,005	-	543,192	1,901,197
Other State sources	2,231,590	-	667,435	2,899,025
Other local sources	2,194,094	356,077	2,225,976	4,776,147
Total revenues	28,171,195	356,077	3,436,603	31,963,875
Expenditures				
Current				
Instruction	17,330,991	-	70,912	17,401,903
Instruction-related activities				
Supervision of instruction	640,888	-	24,642	665,530
Instructional library, media, and technology	172,426	-	-	172,426
School site administration	2,538,937	-	29,489	2,568,426
Pupil services				
Home-to-school transportation	677,770	-	-	677,770
Food services	58,207	-	868,669	926,876
All other pupil services	1,601,544	-	-	1,601,544
Administration				
Data processing	376,070	-	-	376,070
All other administration	2,312,019	-	20,689	2,332,708
Plant services	2,289,071	614,759	-	2,903,830
Ancillary services	13,326	-	-	13,326
Community services	129,979	-	-	129,979
Other outgo	793,025	-	6,191	799,216
Facility acquisition and construction	6,647	8,755,948	-	8,762,595
Debt service				
Principal	17,638	-	1,610,000	1,627,638
Interest and other	1,304	198,106	1,294,439	1,493,849
Total expenditures	28,959,842	9,568,813	3,925,031	42,453,686
Deficiency of Revenues Over Expenditures	(788,647)	(9,212,736)	(488,428)	(10,489,811)
Other Financing Sources (Uses)				
Transfers in	-	-	75,000	75,000
Other sources - proceeds from issuance of general obligation bond	-	8,052,000	799,045	8,851,045
Transfers out	(75,000)	-	-	(75,000)
Net Financing Sources (Uses)	(75,000)	8,052,000	874,045	8,851,045
Net Change in Fund Balances	(863,647)	(1,160,736)	385,617	(1,638,766)
Fund Balance - Beginning	2,477,103	17,303,079	3,249,773	23,029,955
Fund Balance - Ending	\$ 1,613,456	\$ 16,142,343	\$ 3,635,390	\$ 21,391,189

Ojai Unified School District

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

Total Net Change in Fund Balances - Governmental Funds \$ (1,638,766)

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

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

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

Capital outlays	\$ 8,822,007
Depreciation expense	<u>(1,429,327)</u>

Net expense adjustment 7,392,680

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. (43,084)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (1,217,143)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (66,051)

Proceeds received from the Sale of General Obligation Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (8,000,000)

Deferred amounts on refunding (the difference between the reacquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter. (14,057)

Ojai Unified School District

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

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

Premium on issuance recognized	\$ (851,045)
Premium amortization	99,598
Discount amortization	(5,911)

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

General obligation bonds	1,610,000
Capital lease	17,638

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

(91,423)

Change in net position of governmental activities

\$ (2,807,564)

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

	Agency Funds
Assets	
Deposits and investments	\$ 137,639
Receivables	5,004
Stores inventories	1,226
	<u> </u>
Total assets	<u>\$ 143,869</u>
Liabilities	
Accounts payable	\$ 11,746
Due to student groups	132,123
	<u> </u>
Total liabilities	<u>\$ 143,869</u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Ojai Unified School District (the District) was established on July 1, 1966, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades TK - 12 as mandated by the State and/or Federal agencies. The District operates four elementary schools, one middle high school, one comprehensive high school, one continuation high school, an independent study program for Grades TK to 12, one preschool, and an adult education program.

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

Other Related Entities

The District has approved a charter for Valley Oak Charter pursuant to *Education Code* Section 47605. Valley Oak Charter is operated by a separate governing board and is not considered a component unit of the County. Valley Oak Charter receives Federal and State funds for specific purposes that are subject to review and audit by grantor agencies.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$5,072.

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

Non-Major Governmental Funds

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

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

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

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

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

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

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

Basis of Accounting - Measurement Focus

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

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

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

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

Investments

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

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

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the Statement of Net Position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to contributions subsequent to measurement date, change in proportion and differences between contributions and the District's proportionate share of contributions, differences between expected and actual experience in the measurement of total pension liability, and changes of assumptions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items, and for OPEB related items. The deferred amounts related to pension and OPEB relate to change in proportion and differences between contributions and the District's proportional share of contributions, differences between expected and actual experience in the measurement of total pension liability, differences between projected and actual earnings on plan investments, and changes of assumptions, .

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, and the CalSTRS Medicare Premium Payment (MPP) Program, additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP 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. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$3,041,092, of net position restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

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

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

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

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

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

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

New Accounting Pronouncements

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

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

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

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

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

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

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

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

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

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

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

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

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

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

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

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

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

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

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

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

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

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	\$ 22,694,711
Fiduciary funds	<u>137,639</u>
Total deposits and investments	<u><u>\$ 22,832,350</u></u>

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

Cash on hand and in banks	\$ 7,364
Cash in revolving	7,300
Investments	<u>22,817,686</u>
Total deposits and investments	<u><u>\$ 22,832,350</u></u>

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by holding its investments in the Ventura County Treasury Investment Pool.

The District maintains an investment of \$22,817,686, with the Ventura County Treasury Investment Pool with an average weighted maturity of 249 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Ventura County Treasury Investment Pool is rated AAA by Standard and Poor's rating service.

Custodial Credit Risk - Deposits

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

Note 3 - Receivables

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total	Fiduciary Funds
Federal Government					
Categorical aid	\$ 718,063	\$ -	\$ 87,427	\$ 805,490	\$ -
State Government					
LCFF apportionment	332,629	-	-	332,629	-
Categorical aid	113,698	-	128,183	241,881	-
Lottery	123,028	-	-	123,028	-
Local Government					
Interest	24,943	117,379	18,901	161,223	1,325
Other local sources	251,113	-	-	251,113	3,679
Total	<u>\$ 1,563,474</u>	<u>\$ 117,379</u>	<u>\$ 234,511</u>	<u>\$ 1,915,364</u>	<u>\$ 5,004</u>

Note 4 - Capital Assets

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,199,813	\$ -	\$ -	\$ 1,199,813
Construction in progress	2,816,741	8,690,590	(5,127,980)	6,379,351
Total capital assets not being depreciated	4,016,554	8,690,590	(5,127,980)	7,579,164
Capital assets being depreciated				
Land improvements	11,636,436	1,144,719	-	12,781,155
Buildings and improvements	45,988,079	3,995,635	-	49,983,714
Furniture and equipment	2,537,636	119,043	-	2,656,679
Total capital assets being depreciated	60,162,151	5,259,397	-	65,421,548
Total capital assets	64,178,705	13,949,987	(5,127,980)	73,000,712
Accumulated depreciation				
Land improvements	(10,267,475)	(221,898)	-	(10,489,373)
Buildings and improvements	(29,606,924)	(1,073,122)	-	(30,680,046)
Furniture and equipment	(1,681,375)	(134,307)	-	(1,815,682)
Total accumulated depreciation	(41,555,774)	(1,429,327)	-	(42,985,101)
Governmental activities capital assets, net	\$ 22,622,931	\$ 12,520,660	\$ (5,127,980)	\$ 30,015,611

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 1,114,899
School site administration	85,761
Home-to-school transportation	28,587
All other pupil services	28,587
Data processing	14,265
All other general administration	71,468
Plant services	85,760
Total depreciation expenses governmental activities	\$ 1,429,327

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

Due To	General Fund	Due From Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 5,000	\$ 5,000
Non-Major Governmental Funds	285,331	-	285,331
Total	<u>\$ 285,331</u>	<u>\$ 5,000</u>	<u>\$ 290,331</u>

A balance of \$240,000 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from a temporary loan from the General Fund.	\$ 240,000
A balance of \$29,706 due to the General Fund from the Adult Education Non-Major Governmental Fund is for grant administration fees.	29,706
A balance of \$15,625 due to the General Fund from the Capital Facilities Non-Major Governmental Fund is for a reimbursement of costs paid by the General Fund.	15,625
The balance of \$5,000 due to the Cafeteria Non-Major Governmental Fund from the General Fund is to reimburse for services provided.	<u>5,000</u>
Total	<u>\$ 290,331</u>

Operating Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

The General Fund transferred \$75,000 to the Cafeteria Non-Major Governmental Fund to assist with operating expenditures.

Note 6 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total	Fiduciary Funds
Vendor payables	\$ 481,130	\$ 1,053,106	\$ 138,821	\$ 1,673,057	\$ 11,746
LCFF apportionment	865,447	-	-	865,447	-
Salaries and benefits	51,474	-	4,626	56,100	-
Due to Valley Oak Charter	241,547	-	-	241,547	-
Due to other LEAs	144,725	-	-	144,725	-
Total	<u>\$ 1,784,323</u>	<u>\$ 1,053,106</u>	<u>\$ 143,447</u>	<u>\$ 2,980,876</u>	<u>\$ 11,746</u>

Note 7 - Unearned Revenue

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

	General Fund
Federal financial assistance	\$ 124,111
State categorical aid	151,422
Total	<u>\$ 275,533</u>

Note 8 - Long-Term Liabilities other than OPEB and Pension

Summary

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 33,085,000	\$ 8,000,000	\$ (1,610,000)	\$ 39,475,000	\$ 590,000
Unamortized debt premium	702,490	851,045	(99,598)	1,453,937	-
Unamortized debt discount	(76,839)	-	5,911	(70,928)	-
Capital lease	35,917	-	(17,638)	18,279	18,279
Compensated absences	134,590	43,084	-	177,674	-
Total	<u>\$ 33,881,158</u>	<u>\$ 8,894,129</u>	<u>\$ (1,721,325)</u>	<u>\$ 41,053,962</u>	<u>\$ 608,279</u>

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues. The General Fund makes payments for the capital lease. The compensated absences will be paid by the General Fund, Adult Education Fund, Cafeteria Fund, and the Building Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Redeemed	Bonds Outstanding June 30, 2020
10/4/2011	8/1/2023	3.00-5.00%	\$ 5,445,000	\$ 2,760,000	\$ -	\$ (500,000)	\$ 2,260,000
7/31/2012	8/1/2032	2.00-3.70%	5,955,000	5,630,000	-	(55,000)	5,575,000
4/16/2015	8/1/2044	3.00-5.00%	10,000,000	8,010,000	-	-	8,010,000
12/20/2017	8/1/2047	3.00-5.00%	17,000,000	16,685,000	-	(475,000)	16,210,000
10/16/2019	8/1/2039	1.85-4.00%	8,000,000	-	8,000,000	(580,000)	7,420,000
				<u>\$ 33,085,000</u>	<u>\$ 8,000,000</u>	<u>\$ (1,610,000)</u>	<u>\$ 39,475,000</u>

2011 General Obligation Refunding Bonds

On October 4, 2011, the District issued the 2011 General Obligation Refunding Bonds (the 2011 Refunding Bonds) in the amount of \$5,445,000 to refund portions of the District's outstanding General Obligation Bonds, Series A, B, C, and D. The 2011 Refunding Bonds were issued as current interest bonds. The bonds have a final maturity to occur on August 1, 2023, with interest rates ranging from 3.00 to 5.00 percent. At June 30, 2020, 2011 Refunding Bonds in the amount of \$2,260,000 were outstanding.

At June 30, 2020, the unamortized premium was \$153,025, and the deferred charge on refunding was \$44,752.

2012 General Obligation Refunding Bonds

On July 31, 2012, the District issued the 2012 General Obligation Refunding Bonds (the 2012 Refunding Bonds) in the amount of \$5,955,000, to refund the remaining portion of the District's outstanding General Obligation Bonds, Series A, B, C, and D. The bonds have a final maturity to occur on August 1, 2032, with interest rates ranging from 2.00 to 3.70 percent. At June 30, 2020, 2012 Refunding Bonds in the amount of \$5,575,000 were outstanding.

At June 30, 2020, the unamortized discount was \$70,928, and the deferred charge on refunding was \$84,334.

2014 General Obligation Bonds, Series A

On April 16, 2015, the District issued the 2014 General Obligation Bonds, Series A in the amount of \$10,000,000. The Series A bonds represent the first in a series of bonds not to exceed \$35,000,000, approved by at least 55 percent of the voters in November 2014. The Series A bonds were issued as current interest bonds with a principal debt service balance of \$10,000,000.

The bonds have a final maturity to occur on August 1, 2044, with interest rates ranging from 3.00 to 5.00 percent. Proceeds from the sale of the bonds were used to renovate and upgrade classrooms and facilities, perform upgrades for building systems such as plumbing, heating, and ventilation, and improve student access to modern technology. At June 30, 2020, the principal outstanding was \$8,010,000, and the unamortized premium received on issuance was \$401,086.

2014 General Obligation Bonds, Series B

On December 20, 2017, the District issued the 2014 General Obligation Bonds, Series B in the amount of \$17,000,000. The Series B bonds represent the second in a series of bonds not to exceed \$35,000,000, approved by at least 55 percent of the voters in November 2014. The Series B bonds were issued as current interest bonds with a principal debt service balance of \$17,000,000.

The bonds have a final maturity to occur on August 1, 2047, with interest rates ranging from 3.00 to 5.00 percent. Proceeds from the sale of the bonds will be used to renovate and upgrade classrooms and facilities, perform upgrades for building systems such as plumbing, heating, and ventilation, and improve student access to modern technology. At June 30, 2020, the principal outstanding was \$16,210,000, and the unamortized premium received on issuance was \$91,334.

2014 General Obligation Bonds, Series C

On October 2, 2019, the District issued the 2014 General Obligation Bonds, Series C in the amount of \$8,000,000. The Series C bonds represent the third in a series of bonds not to exceed \$35,000,000, approved by at least 55 percent of the voters in November 2014. The Series C bonds were issued as current interest bonds with a principal debt service balance of \$8,000,000. The bonds were issued at an aggregate price of \$8,649,045 (representing the principal amount of \$8,000,000, plus an original issue premium of \$851,045 and cost of issuance of \$(202,000)).

The bonds have a final maturity to occur on August 1, 2039, with interest rates ranging from 1.85 to 4.00 percent. Proceeds from the sale of the bonds will be used to renovate and upgrade classrooms and facilities, perform upgrades for building systems such as plumbing, heating, and ventilation, and improve student access to modern technology. At June 30, 2020, the principal outstanding was \$7,420,000, and the unamortized premium received on issuance was \$808,492.

Debt Service Requirements to Maturity

The bonds mature through 2048 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	\$ 590,000	\$ 1,443,735	\$ 2,033,735
2022	815,000	1,410,986	2,225,986
2023	910,000	1,377,511	2,287,511
2024	995,000	1,343,036	2,338,036
2025	1,065,000	1,305,486	2,370,486
2026-2030	6,540,000	5,866,193	12,406,193
2031-2035	6,645,000	4,659,439	11,304,439
2036-2040	8,395,000	3,373,835	11,768,835
2040-2045	8,295,000	1,793,843	10,088,843
2046-2048	5,225,000	304,450	5,529,450
Total	<u>\$ 39,475,000</u>	<u>\$ 22,878,514</u>	<u>\$ 62,353,514</u>

Capital Lease

The District has entered into an agreement to lease a bus. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

	Buses
Balance, July 1, 2019	\$ 35,917
Payments	<u>(17,638)</u>
Balance, July 1, 2020	<u>\$ 18,279</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2021	\$ 18,942
Less amount representing interest	<u>(663)</u>
Present value of minimum lease payments	<u>\$ 18,279</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to \$177,674.

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 9,196,833	\$ 1,015,770	\$ 2,033,070	\$ 74,504
Medicare Premium Payment (MPP) Program	118,743	-	-	(8,453)
Total	<u>\$ 9,315,576</u>	<u>\$ 1,015,770</u>	<u>\$ 2,033,070</u>	<u>\$ 66,051</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the Plan is vested in the District management.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	31
Active employees	<u>243</u>
Total	<u>274</u>

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Ojai Federation of Teachers (OFT), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, OFT, CSEA, and the unrepresented groups. For fiscal year 2019-2020, the District paid \$547,007 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's total OPEB liability of \$9,196,833 was measured as of June 30, 2020. Standard actuarial update procedures were used to project liability from valuation date to measurement date.

Actuarial Assumptions

The total OPEB liability as of June 30, 2020, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total liability to June 30, 2020. The following assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	3.13 percent
Healthcare cost trend rates	5.90 percent for 2020

The discount rate was based on the Fidelity GO AA 20 Years Municipal Index.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019, valuation were based on a review of plan experience during the period July 1, 2017, to June 30, 2019.

	Total OPEB Liability
Balance, June 30, 2019	\$ 10,425,827
Service cost	597,696
Interest	386,596
Differences between expected and actual experience	(2,049,416)
Changes of assumptions or other inputs	530,446
Benefit payments	(694,316)
Net change in total OPEB liability	(1,228,994)
Balance, June 30, 2020	\$ 9,196,833

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.13%)	\$ 9,799,365
Current discount rate (3.13%)	9,196,833
1% increase (4.13%)	8,623,813

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4.90%)	\$ 8,363,090
Current healthcare cost trend rate (5.90%)	9,196,833
1% increase (6.90%)	10,156,167

OPEB Expense, Deferred Inflows of Resources, and Deferred Outflows of Resources

For the year ended June 30, 2020, the District recognized OPEB expense of \$74,504. At June 30, 2020, 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
OPEB contributions subsequent to measurement date	\$ 547,004	\$ -
Changes of assumptions	468,766	221,958
Net difference between projected and actual earnings on OPEB plan investments	-	1,811,112
Total	<u>\$ 1,015,770</u>	<u>\$ 2,033,070</u>

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

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,	Deferred Outflows/(Inflows) of Resources
2021	\$ (214,892)
2022	(214,892)
2023	(214,892)
2024	(214,892)
2025	(214,892)
Thereafter	(489,844)
Total	<u>\$ (1,564,304)</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2020, the District reported a liability of \$118,743 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.0319 percent, and 0.0332 percent, resulting in a net decrease in the proportionate share of 0.0013 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of \$(8,453).

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

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

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

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380 or an average of 0.23 percent of the potentially eligible population (165,422).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	\$ 129,575
Current discount rate (3.50%)	118,743
1% increase (4.50%)	108,783

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.70% Part A and 3.10% Part B)	\$ 111,297
Current Medicare costs trend rate (3.70% Part A and 4.10% Part B)	118,743
1% increase (4.70% Part A and 5.10% Part B)	133,615

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 6,850	\$ -	\$ 450	\$ 7,300
Stores inventories	28,163	-	9,360	37,523
Total nonspendable	35,013	-	9,810	44,823
Restricted				
Legally restricted programs	51,338	-	629,354	680,692
Food service	-	-	831	831
Capital projects	-	16,142,343	1,121,605	17,263,948
Debt services	-	-	1,844,860	1,844,860
Total restricted	51,338	16,142,343	3,596,650	19,790,331
Assigned				
Deferred maintenance	5,071	-	-	5,071
Adult education	-	-	28,930	28,930
Other	10,497	-	-	10,497
Total assigned	15,568	-	28,930	44,498
Unassigned				
Reserve for economic uncertainties	1,557,436	-	-	1,557,436
Remaining unassigned	(45,899)	-	-	(45,899)
Total unassigned	1,511,537	-	-	1,511,537
Total	\$ 1,613,456	\$ 16,142,343	\$ 3,635,390	\$ 21,391,189

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters.

Property and Liability

The District participates in the Ventura County Schools Self-Funding Authority public entity risk pool for the workers' compensation, property, and liability programs. Refer to Note 14 for additional information regarding the public entity risk pools

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

Insurance Program	Type of Coverage	Limits
Ventura County Schools Self-Funding Authority	Workers' Compensation Excess Workers' Compensation Property and Liability	Statutory \$15 million \$250 million

Employee Medical Benefits

The District has contracted with the Self-Insured Schools of California III (SISC III) to provide employee health benefits. SISC III is a shared risk pool. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating members.

Note 12 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 16,279,255	\$ 4,057,148	\$ 2,136,522	\$ 1,789,231
CalPERS	10,233,449	2,356,206	147,144	1,725,578
Total	<u>\$ 26,512,704</u>	<u>\$ 6,413,354</u>	<u>\$ 2,283,666</u>	<u>\$ 3,514,809</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were \$1,790,471.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 16,279,255
State's proportionate share of the net pension liability	8,881,420
Total	<u>\$ 25,160,675</u>

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2019, and June 30, 2018, respectively, was 0.0180 percent and 0.0185 percent, resulting in a net decrease in the proportionate share of 0.0005 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$1,789,231. In addition, the District recognized pension expense and revenue of \$1,322,635 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,790,471	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	166,611	1,050,710
Differences between projected and actual earnings on pension plan investments	-	627,082
Differences between expected and actual experience in the measurement of the total pension liability	41,096	458,730
Changes of assumptions	<u>2,058,970</u>	<u>-</u>
Total	<u>\$ 4,057,148</u>	<u>\$ 2,136,522</u>

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

The deferred 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 and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (63,252)
2022	(497,829)
2023	(103,358)
2024	<u>37,357</u>
Total	<u>\$ (627,082)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 236,108
2022	291,646
2023	214,551
2024	296,835
2025	(182,485)
Thereafter	(99,418)
Total	<u>\$ 757,237</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 24,241,158
Current discount rate (7.10%)	16,279,255
1% increase (8.10%)	9,677,321

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were \$1,055,863.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$10,233,449. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019, and June 30, 2018, respectively, was 0.0351 percent and 0.0349 percent, resulting in a net increase in the proportionate share of 0.0002 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$1,725,578. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,055,863	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	69,840	52,227
Differences between projected and actual earnings on pension plan investments	-	94,917
Differences between expected and actual experience in the measurement of the total pension liability	743,359	-
Changes of assumptions	487,144	-
	<u>\$ 2,356,206</u>	<u>\$ 147,144</u>
Total	<u>\$ 2,356,206</u>	<u>\$ 147,144</u>

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

The deferred 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 and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 93,694
2022	(187,150)
2023	(28,360)
2024	26,899
Total	<u>\$ (94,917)</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 753,846
2022	351,257
2023	130,013
2024	13,000
Total	<u>\$ 1,248,116</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 14,750,845
Current discount rate (7.15%)	10,233,449
1% increase (8.15%)	6,485,958

Social Security

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

District and employee contributions are determined by statute.

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 \$927,693 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves but have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of these contributions totaling \$311,179 has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule and Major Special Revenue Fund – Budgetary Comparison Schedule*.

Note 13 - Commitments and Contingencies

Grants

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

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Modernization at various sites		
Meiners Oak Elementary	\$ 719,931	December 2020
Mira Monte Elementary	1,007,422	January 2021
San Antonio Elementary	658,687	January 2021
Topa Topa Elementary	238,962	August 2020
Matilija Middle School	4,842,496	November 2020
Nordhoff High School	6,343,011	December 2020
Chaparral High School	24,914	December 2020
District Office	<u>136,192</u>	August 2020
Total	<u><u>\$ 13,971,615</u></u>	

Note 14 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the Ventura County Schools Self-Funding Authority (VCSSFA), and the Self-Insured Schools of California III (SISC III). The District pays an annual premium to VCSSFA and SISC III, for its workers' compensation and property liability coverage, and for employee health, dental, and vision benefits, respectively. The relationship between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2020, the District made payments of \$317,474, and \$4,002,434, to VCSSFA and SISC III, respectively, for services received.

Note 15 - Risks and Uncertainties

Coronavirus Pandemic

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

Note 16 - Subsequent Events

General Obligation Bonds

On January 29, 2021, the District issued \$12,000,000 of General Obligation Bonds, Election of 2020, Series A. The Bonds have a final maturity of August 1, 2042, with interest rates ranging from 0.19 to 4.00 percent. Proceeds from the sale of the bonds will be used to finance specific construction, repair, and improvement projects approved by the voters of the District.

On February 22, 2021, the District issued the 2021 General Obligation Refunding Bonds in the amount of \$10,400,000. The Bonds have a final maturity of August 1, 2040, with interest rates ranging from 0.133 to 2.798 percent. Proceeds from the sale of the bonds will be used to refund on an advance basis certain maturities of the following issuances of general obligation bonds: the 2011 Refunding Bonds, the 2012 Refunding Bonds, the 2014A Bonds, and the 2020A Bonds.



Required Supplementary Information
June 30, 2020

Ojai Unified School District

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

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 22,477,542	\$ 22,396,820	\$ 22,387,506	\$ (9,314)
Federal sources	1,518,340	1,621,419	1,358,005	(263,414)
Other State sources	941,900	999,243	2,231,590	1,232,347
Other local sources	1,977,192	2,394,576	2,194,094	(200,482)
Total revenues ¹	26,914,974	27,412,058	28,171,195	759,137
Expenditures				
Current				
Certificated salaries	10,913,647	10,947,151	11,144,853	(197,702)
Classified salaries	4,804,008	4,838,210	4,877,499	(39,289)
Employee benefits	7,225,663	7,161,485	8,491,895	(1,330,410)
Books and supplies	1,116,412	1,299,577	1,246,012	53,565
Services and operating expenditures	2,524,970	2,450,192	2,325,893	124,299
Other outgo	703,690	726,677	787,962	(61,285)
Capital outlay	29,911	67,295	66,786	509
Debt service				
Debt service - principal	17,638	17,638	17,638	-
Debt service - interest and other	1,304	1,304	1,304	-
Total expenditures ¹	27,337,243	27,509,529	28,959,842	(1,450,313)
Deficiency of Revenues Over Expenditures	(422,269)	(97,471)	(788,647)	(691,176)
Other Financing Uses				
Transfers out	(110,000)	(80,000)	(75,000)	5,000
Net Change in Fund Balances	(532,269)	(177,471)	(863,647)	(686,176)
Fund Balance - Beginning	2,477,103	2,477,103	2,477,103	-
Fund Balance - Ending	\$ 1,944,834	\$ 2,299,632	\$ 1,613,456	\$ (686,176)

¹ Due to the consolidation of Fund 14, Deferred Maintenance Fund, additional revenues and expenditures pertaining to this fund are included in the Actual (GAAP Basis) revenues and expenditures. However, these amounts are not included in the original and final General Fund budgets. On behalf payments of \$1,238,872, are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

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

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 597,696	\$ 629,531	\$ 611,196
Interest	386,596	317,747	312,775
Difference between expected and actual experience	(2,049,416)	-	-
Changes of assumptions	530,446	(298,494)	-
Benefit payments	(694,316)	(743,522)	(786,369)
Net change in total OPEB liability	(1,228,994)	(94,738)	137,602
Total OPEB Liability - Beginning	10,425,827	10,520,565	10,382,963
Total OPEB Liability - Ending	<u>\$ 9,196,833</u>	<u>\$ 10,425,827</u>	<u>\$ 10,520,565</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

Ojai Unified School District

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

Year Ended June 30, 2020

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.0319%	0.0332%	0.0348%
Proportionate share of the net OPEB liability	\$ 118,743	\$ 127,196	\$ 146,448
Covered payroll	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability (asset)	0.0180%	0.0185%	0.0192%	0.0196%	0.0201%	0.0186%
Proportionate share of the net pension liability (asset)	\$ 16,279,255	\$ 17,015,536	\$ 17,781,569	\$ 15,889,902	\$ 13,553,010	\$ 11,103,030
State's proportionate share of the net pension liability (asset)	8,881,420	9,742,190	10,519,426	9,045,838	7,168,048	5,872,279
Total	<u>\$ 25,160,675</u>	<u>\$ 26,757,726</u>	<u>\$ 28,300,995</u>	<u>\$ 24,935,740</u>	<u>\$ 20,721,058</u>	<u>\$ 16,975,309</u>
Covered payroll	<u>\$ 9,928,593</u>	<u>\$ 10,101,019</u>	<u>\$ 10,289,293</u>	<u>\$ 9,948,341</u>	<u>\$ 8,735,935</u>	<u>9,403,042</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	163.96%	168.45%	172.82%	159.72%	155.14%	118.08%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
Proportion of the net pension liability (asset)	0.0351%	0.0349%	0.0345%	0.0358%	0.0359%	0.0385%
Proportionate share of the net pension liability (asset)	\$ 10,233,449	\$ 9,313,230	\$ 8,242,546	\$ 7,072,435	\$ 5,285,835	\$ 4,370,687
Covered payroll	\$ 4,871,133	\$ 4,607,559	\$ 4,402,131	\$ 4,299,975	\$ 3,925,427	4,047,140
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	210.08%	202.13%	187.24%	164.48%	134.66%	107.99%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Ojai Unified School District
Schedule of District Contributions
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	\$ 1,790,471	\$ 1,616,375	\$ 1,457,577	\$ 1,294,393	\$ 1,067,457	\$ 775,751
Less contributions in relation to the contractually required contribution	<u>1,790,471</u>	<u>1,616,375</u>	<u>1,457,577</u>	<u>1,294,393</u>	<u>1,067,457</u>	<u>775,751</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$10,470,591</u>	<u>\$ 9,928,593</u>	<u>\$10,101,019</u>	<u>\$10,289,293</u>	<u>\$ 9,948,341</u>	<u>\$ 8,735,935</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS						
Contractually required contribution	\$ 1,055,863	\$ 879,824	\$ 715,600	\$ 611,368	\$ 509,418	\$ 462,062
Less contributions in relation to the contractually required contribution	<u>1,055,863</u>	<u>879,824</u>	<u>715,600</u>	<u>611,368</u>	<u>509,418</u>	<u>462,062</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,354,003</u>	<u>\$ 4,871,133</u>	<u>\$ 4,607,559</u>	<u>\$ 4,402,131</u>	<u>\$ 4,299,975</u>	<u>\$ 3,925,427</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

At June 30, 2020, the District General Fund exceeded the budgeted amount in total as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	<u>\$ 27,589,529</u>	<u>\$ 29,034,842</u>	<u>\$ 1,445,313</u>

* Total General Fund actual expenditures include on behalf payments of \$1,238,872.

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

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

- *Change in Benefit Terms* – There were no changes in benefit terms.
- *Change of Assumptions* – The plan rate of investment return assumption was changed from 3.62 percent to 3.13 percent, and the health cost trend rate was changed from 5.00 percent to 5.90 percent since the previous valuation.

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

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

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

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

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

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

Schedule of District Contributions

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



Supplementary Information
June 30, 2020

Ojai Unified School District

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education (IDEA) Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	\$ 439,504
Total Special Education (IDEA) Cluster			439,504
Title I Grants to Local Educational Agencies	84.010	14329	479,270
Title I, Part A, School Improvement (CSI)	84.010A	15438	270,576
Subtotal			749,846
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	87,120
English Language Acquisition State Grants - LEP	84.365	14346	38,594
Student Support and Academic Enrichment Program	84.424	15396	35,019
Immediate Aid to Restart School Operations (Restart)	84.938	13379	7,922
Total U.S. Department of Education			1,358,005
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	219,014
Meal Supplements	10.555	13396	3,225
Commodity Supplemental Food	10.555	13391	23,921
Subtotal			246,160
School Breakfast Program - Especially Needy Breakfast	10.553	13526	101,397
National School Lunch Program - Summer Food Program	10.559	13004	195,635
Total Child Nutrition Cluster			543,192
Total U.S. Department of Agriculture			543,192
Total Expenditures of Federal Awards			\$ 1,901,197

Organization

The Ojai Unified School District was established July 1, 1966, as a consolidation of Nordhoff Union School District and Nordhoff Union High School District. Also included in the consolidation were the school districts of San Antonio and Summit. The District operates four elementary schools, one middle school, one comprehensive high school, one continuation high school, an independent study program for Grades TK to 12, one preschool and an adult education program. There were no boundary changes during the year.

Governing Board

MEMBER	OFFICE	TERM EXPIRES
Shelly Griffen	President	December 2020
Jane Weil	Vice-President	December 2022
Kevin Ruf	Clerk	December 2022
Michael Shanahan	Member	December 2022
Thayne Whipple	Member	December 2020

Administration

NAME	TITLE
Dr. Tiffany Morse	Superintendent
Dr. Sherrill Knox	Assistant Superintendent of Educational Services

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

	Second Period Report E93DCC04	Annual Report E1E28349	As Adjusted per Audit	
			Second Period Report 64704114	Annual Report AAAE76CF
Regular ADA				
Transitional kindergarten through third	634.35	634.35	634.35	634.35
Fourth through sixth	476.31	476.31	476.31	476.31
Seventh and eighth	384.82	384.82	383.49	383.49
Ninth through twelfth	746.77	746.77	746.77	746.77
Total Regular ADA	2,242.25	2,242.25	2,240.92	2,240.92
Extended Year Special Education				
Transitional kindergarten through third	0.76	0.76	0.76	0.76
Fourth through sixth	1.91	1.91	1.91	1.91
Seventh and eighth	0.87	0.87	0.87	0.87
Ninth through twelfth	2.43	2.43	2.43	2.43
Total Extended Year Special Education	5.97	5.97	5.97	5.97
Special Education, Nonpublic, Nonsectarian Schools				
Fourth through sixth	1.53	1.53	0.39	0.39
Total ADA	2,249.75	2,249.75	2,247.28	2,247.28

Ojai Unified School District

Schedule of Instructional Time

Year Ended June 30, 2020

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	44,370	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		50,760	180	N/A	Complied
Grade 2		50,760	180	N/A	Complied
Grade 3		50,760	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		54,105	180	N/A	Complied
Grade 5		54,105	180	N/A	Complied
Grade 6		57,394	180	N/A	Complied
Grade 7		57,394	180	N/A	Complied
Grade 8		57,394	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,180	180	N/A	Complied
Grade 10		65,180	180	N/A	Complied
Grade 11		65,180	180	N/A	Complied
Grade 12		65,180	180	N/A	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2020.

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

	(Budget) 2021 ¹	2020	2019	2018
General Fund ³				
Revenues	\$ 24,279,706	\$ 28,171,097	\$ 30,598,968	\$ 26,979,505
Expenditures	24,427,820	28,959,842	30,048,535	27,778,795
Other uses	80,000	75,000	95,000	75,000
Total expenditures and other uses	24,507,820	29,034,842	30,143,535	27,853,795
Increase/(Decrease) in Fund Balance	(228,114)	(863,745)	455,433	(874,290)
Ending Fund Balance	\$ 1,380,270	\$ 1,608,384	\$ 2,472,129	\$ 2,016,696
Available Reserves ²	\$ 766,056	\$ 1,511,537	\$ 1,962,552	\$ 1,708,875
Available Reserves as a Percentage of Total Outgo	3.13%	5.21%	6.50%	6.10%
Long-Term Liabilities including OPEB and Pension	N/A	\$ 76,882,242	\$ 70,762,947	\$ 71,530,820
K-12 Average Daily Attendance at P-2	2,221	2,247	2,273	2,300

The General Fund balance has decreased by \$408,312 over the past two years. The fiscal year 2020-2021 budget projects an increase of \$32,760 (2.0 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term liabilities have increased by \$5,351,422 over the past two years.

Average daily attendance has decreased by 53 over the past two years. An additional decline of 26 ADA is anticipated during fiscal year 2020-2021.

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

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

³ General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund as required by GASB Statement No. 54.

Ojai Unified School District
Schedule of Charter Schools
Year Ended June 30, 2020

<u>Name of Charter School and Charter Number</u>	<u>Included in Audit Report</u>
Valley Oak Charter School (Charter No. 0501)	No

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

	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 702,495	\$ 146,196	\$ 1,130,693	\$ 1,835,913	\$ 3,815,297
Receivables	123,927	95,100	6,537	8,947	234,511
Due from other funds	-	5,000	-	-	5,000
Stores inventories	-	9,360	-	-	9,360
Total assets	\$ 826,422	\$ 255,656	\$ 1,137,230	\$ 1,844,860	\$ 4,064,168
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 138,432	\$ 5,015	\$ -	\$ -	\$ 143,447
Due to other funds	29,706	240,000	15,625	-	285,331
Total liabilities	168,138	245,015	15,625	-	428,778
Fund Balances					
Nonspendable	-	9,810	-	-	9,810
Restricted	629,354	831	1,121,605	1,844,860	3,596,650
Assigned	28,930	-	-	-	28,930
Total fund balances	658,284	10,641	1,121,605	1,844,860	3,635,390
Total liabilities and fund balances	\$ 826,422	\$ 255,656	\$ 1,137,230	\$ 1,844,860	\$ 4,064,168

Ojai Unified School District
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2020

	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ 543,192	\$ -	\$ -	\$ 543,192
Other State sources	614,167	42,826	-	10,442	667,435
Other local sources	71,833	207,131	203,144	1,743,868	2,225,976
Total revenues	686,000	793,149	203,144	1,754,310	3,436,603
Expenditures					
Current					
Instruction	70,912	-	-	-	70,912
Instruction-related activities					
Supervision of instruction	24,642	-	-	-	24,642
School site administration	29,489	-	-	-	29,489
Pupil services					
Food services	-	868,669	-	-	868,669
Administration					
All other administration	5,064	-	15,625	-	20,689
Other outgo	6,191	-	-	-	6,191
Debt service					
Principal	-	-	-	1,610,000	1,610,000
Interest and other	-	-	-	1,294,439	1,294,439
Total expenditures	136,298	868,669	15,625	2,904,439	3,925,031
Excess (Deficiency) of Revenues Over Expenditures	549,702	(75,520)	187,519	(1,150,129)	(488,428)
Other Financing Sources (Uses)					
Transfers in	-	75,000	-	-	75,000
Other sources - proceeds from issuance of general obligation bond	-	-	-	799,045	799,045
Net Financing Sources (Uses)	-	75,000	-	799,045	874,045
Net Change in Fund Balances	549,702	(520)	187,519	(351,084)	385,617
Fund Balance - Beginning	108,582	11,161	934,086	2,195,944	3,249,773
Fund Balance - Ending	\$ 658,284	\$ 10,641	\$ 1,121,605	\$ 1,844,860	\$ 3,635,390

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Ojai Unified School District (the District) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Ojai Unified School District, it is not intended to and does not present the financial position, changes in net assets or net position or fund balance, of Ojai Unified School District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the District had recognized expenditures of food commodities totaling \$23,921. None remained in inventory at year end.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has 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.

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

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 56 days due to the pandemic. As a result, the District received credit for these 56 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

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



Independent Auditor's Reports
June 30, 2020

Ojai Unified School District



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

To the Board of Directors
Ojai Unified School District
Ojai, California

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

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of financial statement findings as item 2020-001, that we consider to be significant deficiencies.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Ojai Unified School District in a separate letter dated April 29, 2021.

Ojai Unified School District's Response to Findings

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

Purpose of this Report

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

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

Rancho Cucamonga, California
April 29, 2021



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

To the Board of Directors
Ojai Unified School District
Ojai, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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



Rancho Cucamonga, California
April 29, 2021



Independent Auditor's Report on State Compliance

To the Board of Directors
Ojai Unified School District
Ojai, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Compliance Requirements Tested

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

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

We did not perform procedures for Kindergarten Continuance because there were no Kindergarteners retained in 2018-2019 that were in Kindergarten in 2019-2020.

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

We did not perform procedures for Continuation Education because the ADA from the program was under the level that requires testing.

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

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

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

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

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

We did not perform procedures for the After/Before School Education and Safety Program because the District does not offer the program.

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

The Charter School is independent of the District; therefore, we did not perform any procedures related to charter schools.

Basis for Qualified Opinion on Attendance

As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*, Ojai Unified School District did not comply with requirements regarding *Attendance, 2020-002*. Compliance with such requirements is necessary, in our opinion, for Ojai Unified School District to comply with the requirements referred to above.

Qualified Opinion on Attendance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Ojai Unified School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2020.

Ojai Unified School District's response to the noncompliance findings identified in our audit are described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*. Ojai Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Unmodified Opinion on Each of the Other Programs

In our opinion, Ojai Unified School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*.

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

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

Rancho Cucamonga, California
April 29, 2021



Schedule of Findings and Questioned Costs
June 30, 2020

Ojai Unified School District

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Title I Grants to Local Educational Agencies	84.010
Title I, Part A, School Improvement (CSI)	84.010A
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

Type of auditor's report issued on compliance for programs:	Unmodified *
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*Unmodified for all programs except for the following program which was qualified:

Name of Program
Attendance

The following finding represents significant deficiencies related to the financial statements that are required to be reported in accordance with Government Auditing Standards. The finding is coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2020-001 Code 30000

Criteria or Specific Requirements

Generally accepted accounting procedures (GAAP) require the reconciliation of bank accounts, capital assets, and other subsidiary ledgers prior to the annual closing of the books.

The audit process includes agreeing financial statements balances to the reconciliations and to source documents.

Condition

During the course of the audit of the year-end financial statements, we noted that management had not completed several items prior to the closing of the 2019-2020 fiscal year as would be expected. The District's bank accounts had not been reconciled for the year end June 30, 2020, as of the scheduled audit date in October 2020 and were not provided until March 2021. The capital assets records had not been compiled as of the scheduled audit date in October 2020. These records were provided in February 2021 and were finalized in March 2021.

In addition, the backup for samples selected during the scheduled audit week in October 2020 was not provided in a timely manner. These included items selected for testing accounts payable, journal entries, and the other post-employment benefits census data.

Delays in receiving items requested as part of the audit process caused a delay in the issuance of the audited financial statements.

Questioned costs

There were no questioned costs associated with the condition.

Context

The condition was noted during our audit of the financial statements.

Effect

Due to the conditions identified, there was a delay in the completion of the audit process.

Cause

The condition identified above appears to be caused by the lack of formal procedures related to these processes, in addition to recent changes to District's Business Office personnel.

Recommendation

All bank accounts should be reconciled monthly, shortly after the bank statement is available from the bank. This ensures that errors and fraudulent activity may be identified promptly and corrected.

Capital assets represent a material balance in the government-wide financial statements. Tracking the activity in the governmental funds and recording the activity in the capital assets records can be time consuming. We recommend that these tasks take place periodically throughout the year. Prior to the preparation of the unaudited actuals reporting package, a final reconciliation of the expenditures in the relevant accounts and all additions to the capital asset accounts should be performed to confirm that all capital assets have been included in the records. At that point the annual depreciation can be calculated, and the Form ASSET can be completed.

To facilitate the completion of the audit in a timely manner, all requested backup documentation should be prepared in advance of the scheduled audit date, and all subsequent requests for documentation should be provided timely upon request.

Corrective Action Plan

Every month the assigned Accounting Technician will reconcile the prior month's bank statements when they arrive and have them completed and reviewed by the Director of Fiscal Services before month's end.

The Director of Fiscal Services will track and audit the capital assets periodically throughout the year and do a final reconciliation of the capital assets as part of the year end process prior to completing the unaudited actuals.

None reported.

The following finding represents an instance of noncompliance and/or questioned cost relating to compliance with state laws and regulations. The finding has been coded as follows:

	Five Digit Code	AB 3627 Finding Type
	10000	Attendance
2020-002	Code 10000, Attendance	

Criteria or Specific Requirements

California school districts' principal apportionment is calculated using a formula that multiplies units of average daily attendance (ADA) by rates based on grade spans. The 2019-2020 Guide of Annual Audits of K-12 Local Education Agencies and State Compliance Reporting requires that auditors determine whether the P2 and Annual reports of attendance submitted to the California Department of Education (CDE) reconcile to the supporting documents the LEA's ADA calculations for each reporting line item.

Condition

The P2 attendance report filed by the District on June 29, 2020, did not reconcile to supporting documents provided by the District as audited. The ADA reported at P2 was overstated by 2.47.

Questioned Costs

Using the derived value per unit of average daily attendance as provided by the California Department of Education, the cost of the restatement is approximately \$21,646.

	Grades 7-8 Line A-1	Grades 4-6 Line A-3
ADA previously reported	384.82	1.53
Audited ADA balances	383.49	0.39
Difference	1.33	1.14

Context

The condition was noted during our audit of the supporting documentation for the P2 attendance report.

Effect

The overstatement of ADA resulted in an overstatement of the District's principal apportionment revenue of \$21,646.

Cause

In its calculation of total ADA reported at P2, the District included Month 8 in the calculation of ADA for Grades 7 -8. Month 8 was after the P-2 cut off. The District used an incorrect number of days in the denominator in the calculation of the Grade 4-6 Non-Public School ADA.

Recommendation

The District has refiled the 2019-2020 P2 attendance report using the corrected units of ADA as noted above.

Corrective Action Plan

The attendance finding resulted from a spreadsheet error and using the wrong calendar day for two nonpublic school students. To prevent this error from repeating, the Student Data information Specialist will have the Attendance reviewed by the Director of Fiscal Services before submitting the attendance reports.

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



Management
Ojai Unified School District
Ojai, California

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

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated April 29, 2021, on the government-wide financial statements of the District.

Internal Control

Observation

- During the course of the audit, it was brought to our attention that certain employees may have been charging excess overtime during 2019-2020 and continuing into 2020-2021. The total amount of overtime charged by the employees was approximately \$44,000 for the 2019-2020 fiscal year.
- The situation is currently under investigation by management. Controls have been established that require employees to obtain their supervisor's approval in advance of working overtime.

Recommendation

- Management should continue with the investigation process and should continue to require employees to obtain their supervisor's approval in advance of working overtime.

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

A handwritten signature in black ink that reads 'EideBailly LLP'.

Rancho Cucamonga, California
April 29, 2021