INFORMATION SHEET 1/14/2020 TRUSTEES' MEETING

ATTACHMENT: 7.3

TO: Jim Bridges, Superintendent

FOR: Board of Trustees

FROM: Dena Whittington, CBO

ISSUE: 2018-19 Annual Summary of Disclosure Compliance Report

In accordance with Assembly Bill 3627, Chapter 1002, as it pertains to Education Code Section 41020.3, the Governing Board must review and accept the prior year's Financial Audit at a public meeting, on or before January 31st. The audit received from Christy White and is included for the Board's review.

There were no findings or questioned costs for the year ending June 30, 2019. The audit report details our district's financial position and confirms compliance with all Governmental Accounting Standards Board (GASB) required at this time.

# JEFFERSON SCHOOL DISTRICT

## AUDIT REPORT
JUNE 30, 2019

**JEFFERSON SCHOOL DISTRICT**
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**JUNE 30, 2019**

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# FINANCIAL SECTION

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

**INDEPENDENT AUDITORS' REPORT**

Governing Board
Jefferson School District
Tracy, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Jefferson School 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 Jefferson School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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San Diego, CA
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**christywhite.com**

### *Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 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.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jefferson School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019 on our consideration of Jefferson School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Jefferson 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 Jefferson School District's internal control over financial reporting and compliance.

Christy White, Inc

San Diego, California
December 12, 2019

**JEFFERSON SCHOOL DISTRICT**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## INTRODUCTION

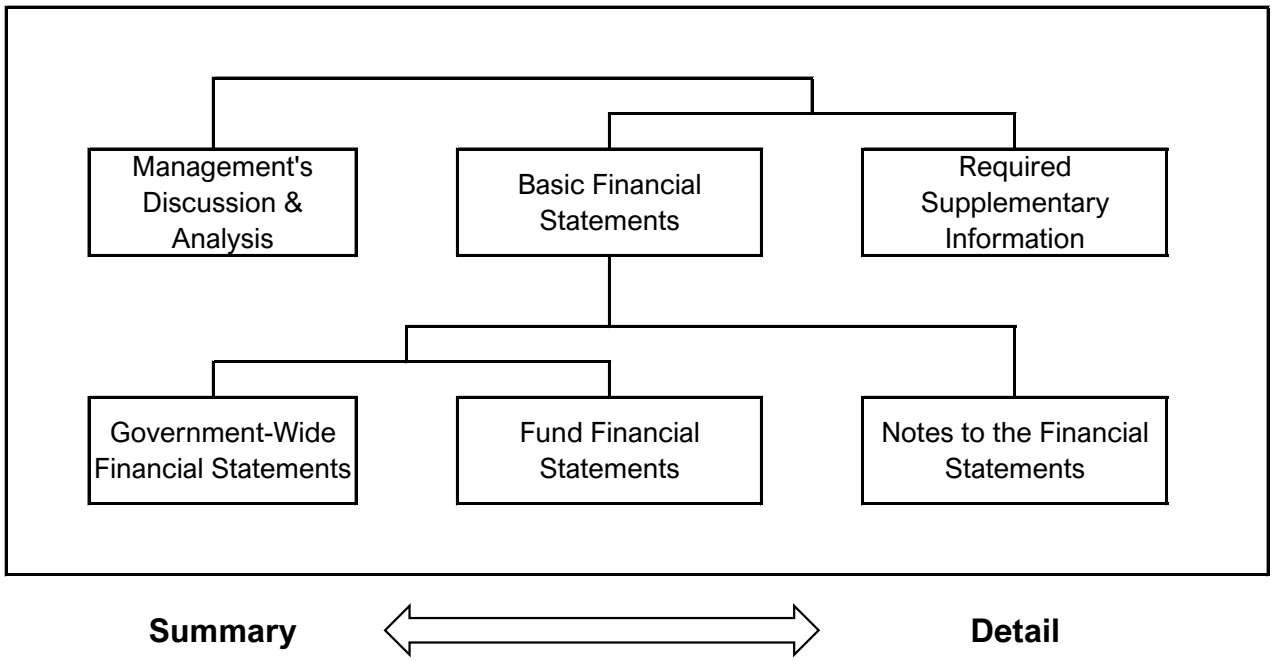
Our discussion and analysis of Jefferson School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's total net position was $18,211,242 at June 30, 2019. This was a decrease of $723,975 from the prior year after restatement.
- Overall revenues were $26,292,632 which were exceeded by expenses of $27,016,607.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financials Section



## OVERVIEW OF FINANCIAL STATEMENTS (continued)

### Components of the Financials Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

  - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

  - **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

  - **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

### Government-Wide Statements

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

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

## FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

### Net Position

The District's net position was $18,211,242 at June 30, 2019, as reflected in the table below. Of this amount, $(17,773,719) was unrestricted. 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 that net position for day-to-day operations.

| | Governmental Activities | | |
|---|---|---|---|
| | **2019** | **2018** | **Net Change** |
| **ASSETS** | | | |
| Current and other assets | $ 20,868,590 | $ 19,500,197 | $ 1,368,393 |
| Capital assets | 58,048,855 | 59,266,436 | (1,217,581) |
| **Total Assets** | 78,917,445 | 78,766,633 | 150,812 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 6,428,508 | 6,813,293 | (384,785) |
| **LIABILITIES** | | | |
| Current liabilities | 1,103,035 | 1,764,069 | (661,034) |
| Long-term liabilities | 64,040,885 | 63,296,714 | 744,171 |
| **Total Liabilities** | 65,143,920 | 65,060,783 | 83,137 |
| **DEFERRED INFLOWS OF RESOURCES** | 1,990,791 | 1,712,704 | 278,087 |
| **NET POSITION** | | | |
| Net investment in capital assets | 25,893,386 | 19,414,094 | 6,479,292 |
| Restricted | 10,091,575 | 9,061,177 | 1,030,398 |
| Unrestricted | (17,773,719) | (9,668,832) | (8,104,887) |
| **Total Net Position** | $ 18,211,242 | $ 18,806,439 | $ (595,197) |

## FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

### Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it, so you can see our total revenues and expenses, for the year.

| | Governmental Activities | | |
|---|---|---|---|
| | 2019 | 2018 | Net Change |
| **REVENUES** | | | |
| Program revenues | | | |
| Charges for services | $ 2,051,658 | $ 1,162,943 | $ 888,715 |
| Operating grants and contributions | 2,564,457 | 3,084,291 | (519,834) |
| Capital grants and contributions | 81 | 77 | 4 |
| General revenues | | | |
| Property taxes | 5,296,985 | 4,842,640 | 454,345 |
| Unrestricted federal and state aid | 15,977,355 | 14,803,101 | 1,174,254 |
| Other | 402,096 | 4,400,767 | (3,998,671) |
| **Total Revenues** | 26,292,632 | 28,293,819 | (2,001,187) |
| **EXPENSES** | | | |
| Instruction | 16,915,827 | 16,395,459 | 520,368 |
| Instruction-related services | 2,181,693 | 2,175,059 | 6,634 |
| Pupil services | 1,781,374 | 1,666,625 | 114,749 |
| General administration | 1,727,542 | 1,796,718 | (69,176) |
| Plant services | 2,346,261 | 2,117,666 | 228,595 |
| Ancillary and community services | 53,640 | 44,448 | 9,192 |
| Debt service | 1,500,666 | 1,842,376 | (341,710) |
| Other outgo | 509,604 | 347,916 | 161,688 |
| **Total Expenses** | 27,016,607 | 26,386,267 | 630,340 |
| **Change in net position** | (723,975) | 1,907,552 | (2,631,527) |
| **Net Position - Beginning, as Restated** | 18,935,217 | 16,898,887 | 2,036,330 |
| **Net Position - Ending** | $ 18,211,242 | $ 18,806,439 | $ (595,197) |

The cost of all our governmental activities this year was $27,016,607 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only $5,296,985 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

## FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

### Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. 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.

| | Net Cost of Services | |
|---|---|---|
| | 2019 | 2018 |
| Instruction | $ 15,119,012 | $ 14,511,023 |
| Instruction-related services | 1,959,803 | 1,894,938 |
| Pupil services | 857,485 | 769,650 |
| General administration | 1,642,628 | 1,711,530 |
| Plant services | 1,945,174 | 1,905,921 |
| Ancillary and community services | 53,037 | 43,240 |
| Debt service | 1,500,666 | 1,842,376 |
| Transfers to other agencies | (677,394) | (539,722) |
| **Total Expenses** | $ 22,400,411 | $ 22,138,956 |

## FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $20,121,479, which is more than last year's ending fund balance of $18,078,092. The District's General Fund had $535,433 more in operating revenues than expenditures for the year ended June 30, 2019. The District's Capital Facilities Fund had $1,578,206 more in operating revenues than expenditures for the year ended June 30, 2019.

## CURRENT YEAR BUDGET 2018-2019

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

### Capital Assets

By the end of 2018-2019 the District had invested $58,048,855 in capital assets, net of accumulated depreciation.

| | Governmental Activities | | |
|---|---|---|---|
| | 2019 | 2018 | Net Change |
| **CAPITAL ASSETS** | | | |
| Land | $ 5,825,263 | $ 5,825,263 | $ - |
| Construction in progress | 1,006,622 | 1,054,676 | (48,054) |
| Land improvements | 2,325,258 | 2,262,060 | 63,198 |
| Buildings & improvements | 64,354,452 | 63,878,715 | 475,737 |
| Furniture & equipment | 1,960,172 | 1,960,172 | - |
| Accumulated depreciation | (17,422,912) | (15,714,450) | (1,708,462) |
| **Total Capital Assets** | $ 58,048,855 | $ 59,266,436 | $ (1,217,581) |

### Long-Term Liabilities

At year-end, the District had $64,040,885 in long-term liabilities, an increase of 1.67% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

| | Governmental Activities | | |
|---|---|---|---|
| | 2019 | 2018 | Net Change |
| **LONG-TERM LIABILITIES** | | | |
| Total general obligation bonds | $ 40,973,912 | $ 39,852,342 | $ 1,121,570 |
| Compensated absences | 57,297 | 52,458 | 4,839 |
| Net OPEB liability* | 548,679 | 569,339 | (20,660) |
| Net pension liability | 22,694,041 | 22,693,797 | 244 |
| Less: current portion of long-term liabilities | (233,044) | (180,158) | (52,886) |
| **Total Long-term Liabilities** | $ 64,040,885 | $ 62,987,778 | $ 1,053,107 |

*The beginning balance in 2019 for net OPEB liability has been restated in order to remove the Medicare Premium Payment Program liability due to its material non-applicability.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

The US economy continues to grow slowly, but the State economic growth is slowing down due to low levels of available employees. However, the State is still experiencing overall economic prosperity. The State Budget for Education contained an increase of 3.26% in fiscal year 2019-20, plus $3.15 billion in non-Proposition 98 funding for school employer pension relief.

The fiscal policy for the funding of public education changes annually, based on fluctuations in State revenues. The UCLA Anderson Forecast (June 2019) noted that the risk of recession is about 50% within the next 5-8 quarters depending on the model, the biggest economic threat being from the escalating trade war with China and Mexico. If a recession were to happen, State revenues for public education would be negatively impacted.

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2019. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans received a one-time funding allocation from the 2019-20 State Budget and continue to raise employer rates in future years. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2019-20 fiscal year.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Business Services, at Jefferson School District, 1219 Whispering Wind Road, Tracy, California, 95377.

**JEFFERSON SCHOOL DISTRICT**
**STATEMENT OF NET POSITION**
**JUNE 30, 2019**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and investments | $ 20,453,136 |
| Accounts receivable | 412,453 |
| Inventory | 3,001 |
| Capital assets, not depreciated | 6,831,885 |
| Capital assets, net of accumulated depreciation | 51,216,970 |
| **Total Assets** | 78,917,445 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred outflows related to pensions | 6,336,139 |
| Deferred outflows related to OPEB | 92,369 |
| **Total Deferred Outflows of Resources** | 6,428,508 |
| **LIABILITIES** | |
| Accrued liabilities | 869,991 |
| Long-term liabilities, current portion | 233,044 |
| Long-term liabilities, non-current portion | 64,040,885 |
| **Total Liabilities** | 65,143,920 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred inflows related to pensions | 1,986,500 |
| Deferred inflows related to OPEB | 4,291 |
| **Total Deferred Inflows of Resources** | 1,990,791 |
| **NET POSITION** | |
| Net investment in capital assets | 25,893,386 |
| Restricted: | |
| Capital projects | 7,696,160 |
| Debt service | 398,040 |
| Educational programs | 1,403,223 |
| All others | 594,152 |
| Unrestricted | (17,773,719) |
| **Total Net Position** | $ 18,211,242 |

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

# JEFFERSON SCHOOL DISTRICT
# STATEMENT OF ACTIVITIES
# FOR THE YEAR ENDED JUNE 30, 2019

| Function/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Position: Governmental Activities |
|---|---|---|---|---|---|
| **GOVERNMENTAL ACTIVITIES** | | | | | |
| Instruction | $ 16,915,827 | $ 389,408 | $ 1,407,326 | $ 81 | $ (15,119,012) |
| Instruction-related services | | | | | |
| Instructional supervision and administration | 205,194 | - | 70,829 | - | (134,365) |
| Instructional library, media, and technology | 281,525 | 23,258 | 14,765 | - | (243,502) |
| School site administration | 1,694,974 | 10,418 | 102,620 | - | (1,581,936) |
| Pupil services | | | | | |
| Home-to-school transportation | 296,934 | - | 9,472 | - | (287,462) |
| Food services | 855,315 | 322,115 | 480,603 | - | (52,597) |
| All other pupil services | 629,125 | - | 111,699 | - | (517,426) |
| General administration | | | | | |
| Centralized data processing | 126,874 | - | - | - | (126,874) |
| All other general administration | 1,600,668 | 16,439 | 68,475 | - | (1,515,754) |
| Plant services | 2,346,261 | 375,062 | 26,025 | - | (1,945,174) |
| Ancillary services | 53,640 | - | 603 | - | (53,037) |
| Interest on long-term debt | 1,500,666 | - | - | - | (1,500,666) |
| Other outgo | 509,604 | 914,958 | 272,040 | - | 677,394 |
| **Total Governmental Activities** | $ 27,016,607 | $ 2,051,658 | $ 2,564,457 | $ 81 | (22,400,411) |
| General revenues | | | | | |
| Taxes and subventions | | | | | |
| Property taxes, levied for general purposes | | | | | 4,605,077 |
| Property taxes, levied for debt service | | | | | 691,908 |
| Federal and state aid not restricted for specific purposes | | | | | 15,977,355 |
| Interest and investment earnings | | | | | 141,276 |
| Interagency revenues | | | | | 488 |
| Miscellaneous | | | | | 260,332 |
| **Subtotal, General Revenue** | | | | | 21,676,436 |
| **CHANGE IN NET POSITION** | | | | | (723,975) |
| **Net Position - Beginning, as Restated** | | | | | 18,935,217 |
| **Net Position - Ending** | | | | | $ 18,211,242 |

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

**JEFFERSON SCHOOL DISTRICT**
**GOVERNMENTAL FUNDS**
**BALANCE SHEET**
**JUNE 30, 2019**

| | General Fund | Capital Facilities Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and investments | $ 10,709,103 | $ 7,629,540 | $ 2,062,432 | $ 20,401,075 |
| Accounts receivable | 412,453 | - | - | 412,453 |
| Due from other funds | 37,065 | - | - | 37,065 |
| Stores inventory | - | - | 3,001 | 3,001 |
| **Total Assets** | $ 11,158,621 | $ 7,629,540 | $ 2,065,433 | $ 20,853,594 |
| **LIABILITIES** | | | | |
| Accrued liabilities | $ 691,697 | $ - | $ 3,353 | $ 695,050 |
| Due to other funds | - | - | 37,065 | 37,065 |
| **Total Liabilities** | 691,697 | - | 40,418 | 732,115 |
| **FUND BALANCES** | | | | |
| Nonspendable | 5,000 | - | 3,001 | 8,001 |
| Restricted | 1,403,223 | 7,629,540 | 1,708,919 | 10,741,682 |
| Committed | - | - | 313,095 | 313,095 |
| Assigned | 3,004,943 | - | - | 3,004,943 |
| Unassigned | 6,053,758 | - | - | 6,053,758 |
| **Total Fund Balances** | 10,466,924 | 7,629,540 | 2,025,015 | 20,121,479 |
| **Total Liabilities and Fund Balances** | $ 11,158,621 | $ 7,629,540 | $ 2,065,433 | $ 20,853,594 |

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

**JEFFERSON SCHOOL DISTRICT**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION**
**JUNE 30, 2019**

| | | |
|---|---|---|
| **Total Fund Balance - Governmental Funds** | | $ 20,121,479 |
| Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because: | | |
| Capital assets: | | |
| In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation: | | |
| Capital assets | $ 75,471,767 | |
| Accumulated depreciation | (17,422,912) | 58,048,855 |
| Unmatured interest on long-term debt: | | |
| In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: | | (174,941) |
| Long-term liabilities: | | |
| In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of: | | |
| Total general obligation bonds | $ 40,973,912 | |
| Compensated absences | 57,297 | |
| Net OPEB liability | 548,679 | |
| Net pension liability | 22,694,041 | (64,273,929) |
| Deferred outflows and inflows of resources relating to pensions: | | |
| In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. | | |
| Deferred outflows of resources related to pensions | $ 6,336,139 | |
| Deferred inflows of resources related to pensions | (1,986,500) | 4,349,639 |
| Deferred outflows and inflows of resources relating to OPEB: | | |
| In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported. | | |
| Deferred outflows of resources related to OPEB | $ 92,369 | |
| Deferred inflows of resources related to OPEB | (4,291) | 88,078 |
| Internal service funds: | | |
| Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is: | | 52,061 |
| **Total Net Position - Governmental Activities** | | $ 18,211,242 |

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

## JEFFERSON SCHOOL DISTRICT
## GOVERNMENTAL FUNDS
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
## FOR THE YEAR ENDED JUNE 30, 2019

| | General Fund | Capital Facilities Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| LCFF sources | $ 19,593,612 | $ - | $ 84,407 | $ 19,678,019 |
| Federal sources | 510,044 | - | 507,443 | 1,017,487 |
| Other state sources | 2,939,618 | - | 54,431 | 2,994,049 |
| Other local sources | 974,685 | 1,821,361 | 1,051,498 | 3,847,544 |
| **Total Revenues** | 24,017,959 | 1,821,361 | 1,697,779 | 27,537,099 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Instruction | 15,948,546 | - | - | 15,948,546 |
| Instruction-related services | | | | |
| Instructional supervision and administration | 236,157 | - | - | 236,157 |
| Instructional library, media, and technology | 257,919 | - | - | 257,919 |
| School site administration | 1,711,730 | - | - | 1,711,730 |
| Pupil services | | | | |
| Home-to-school transportation | 274,330 | - | - | 274,330 |
| Food services | - | - | 815,711 | 815,711 |
| All other pupil services | 659,507 | - | - | 659,507 |
| General administration | | | | |
| Centralized data processing | 126,874 | - | - | 126,874 |
| All other general administration | 1,517,579 | - | 37,889 | 1,555,468 |
| Plant services | 1,997,132 | 73,056 | 166,235 | 2,236,423 |
| Facilities acquisition and maintenance | 187,746 | 170,099 | 150,752 | 508,597 |
| Ancillary services | 55,402 | - | - | 55,402 |
| Transfers to other agencies | 509,604 | - | - | 509,604 |
| Debt service | | | | |
| Principal | - | - | 175,000 | 175,000 |
| Interest and other | - | - | 422,444 | 422,444 |
| **Total Expenditures** | 23,482,526 | 243,155 | 1,768,031 | 25,493,712 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 535,433 | 1,578,206 | (70,252) | 2,043,387 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | - | - | 104,407 | 104,407 |
| Transfers out | (104,407) | - | - | (104,407) |
| **Net Financing Sources (Uses)** | (104,407) | - | 104,407 | - |
| **NET CHANGE IN FUND BALANCE** | 431,026 | 1,578,206 | 34,155 | 2,043,387 |
| **Fund Balance - Beginning** | 10,035,898 | 6,051,334 | 1,990,860 | 18,078,092 |
| **Fund Balance - Ending** | $ 10,466,924 | $ 7,629,540 | $ 2,025,015 | $ 20,121,479 |

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

**JEFFERSON SCHOOL DISTRICT**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | | | |
|---|---|---|---|
| **Net Change in Fund Balances - Governmental Funds** | | $ | 2,043,387 |
| Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because: | | | |
| Capital outlay: | | | |
| In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is: | | | |
| Expenditures for capital outlay: | $ 490,881 | | |
| Depreciation expense: | (1,708,462) | | (1,217,581) |
| Debt service: | | | |
| In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: | | | 175,000 |
| Unmatured interest on long-term debt: | | | |
| In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: | | | 218,348 |
| Accreted interest on long-term debt: | | | |
| In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. | | | (1,301,728) |
| Compensated absences: | | | |
| In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: | | | (4,839) |
| Postemployment benefits other than pensions (OPEB): | | | |
| In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: | | | 61,052 |

*(continued on next page)*

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

**JEFFERSON SCHOOL DISTRICT**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES, continued**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | | |
|---|---|---|
| Pensions: | | |
| In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: | | (703,508) |
| Amortization of debt issuance premium or discount: | | |
| In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: | | 5,158 |
| Internal Service Funds: | | |
| Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: | | 736 |
| **Change in Net Position of Governmental Activities** | $ | (723,975) |

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

**JEFFERSON SCHOOL DISTRICT**
**PROPRIETARY FUNDS**
**STATEMENT OF NET POSITION**
**JUNE 30, 2019**

| | Governmental Activities |
|---|---|
| | Internal Service Fund |
| **ASSETS** | |
| Current assets | |
| Cash and investments | $ 52,061 |
| **Total Assets** | 52,061 |
| | |
| **NET POSITION** | |
| Restricted | 52,061 |
| **Total Net Position** | $ 52,061 |

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

**JEFFERSON SCHOOL DISTRICT**
**PROPRIETARY FUNDS**
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | Governmental Activities |
|---|---|
| | Internal Service Fund |
| **NON-OPERATING REVENUES** | |
| Interest income | $ 736 |
| **Total non-operating revenues/(expenses)** | 736 |
| **CHANGE IN NET POSITION** | 736 |
| **Net Position - Beginning** | 51,325 |
| **Net Position - Ending** | $ 52,061 |

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

**JEFFERSON SCHOOL DISTRICT**
**PROPRIETARY FUNDS**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | Governmental Activities |
|---|---|
| | Internal Service Fund |
| **Cash flows from operating activities** | |
| Cash payments for payroll, insurance, and operating costs | $ 209 |
| Net cash provided by (used for) operating activities | 209 |
| **Cash flows from investing activities** | |
| Interest received | 736 |
| Net cash provided by (used for) investing activities | 736 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 945 |
| | |
| **CASH AND CASH EQUIVALENTS** | |
| Beginning of year | 51,116 |
| End of year | $ 52,061 |
| | |
| **Reconciliation of operating income (loss) to cash provided by (used for) operating activities** | |
| Operating income/(loss) | $ - |
| Changes in assets and liabilities: | |
| (Increase) decrease in accounts receivables | 209 |
| **Net cash provided by (used for) operating activities** | $ 209 |

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

**JEFFERSON SCHOOL DISTRICT**
**FIDUCIARY FUNDS**
**STATEMENT OF NET POSITION**
**JUNE 30, 2019**

| | Trust Funds | | Agency Funds |
|---|---|---|---|
| | Retiree Benefit Fund | Scholarship Trust Fund | Student Body Fund |
| **ASSETS** | | | |
| Cash and investments | $ 130,294 | $ 4,219 | $ 30,744 |
| Accounts receivable | 44,683 | - | - |
| **Total Assets** | 174,977 | 4,219 | $ 30,744 |
| **LIABILITIES** | | | |
| Accrued liabilities | - | - | $ 30,744 |
| Due to student groups | - | 4,219 | - |
| **Total Liabilities** | - | 4,219 | $ 30,744 |
| **NET POSITION** | | | |
| Restricted | 174,977 | 4,219 | |
| **Total Net Position** | $ 174,977 | $ 4,219 | |

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

**JEFFERSON SCHOOL DISTRICT**
**FIDUCIARY FUNDS**
**STATEMENT OF CHANGES IN NET POSITION**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | Trust Funds | |
|---|---|---|
| | **Retiree Benefit Fund** | **Scholarship Trust Fund** |
| **ADDITIONS** | | |
| Contributions | $ 44,683 | $ - |
| Investment earnings | 2,635 | 2,260 |
| **Total Additions** | 47,318 | 2,260 |
| **DEDUCTIONS** | | |
| Other trust activities | 94,472 | - |
| **Total Deductions** | 94,472 | - |
| **CHANGE IN NET POSITION** | (47,154) | 2,260 |
| **Net Position - Beginning** | 222,131 | 1,959 |
| **Net Position - Ending** | $ 174,977 | $ 4,219 |

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Financial Reporting Entity

The Jefferson School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual.* The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

### B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit discussed below is reported in the District's financial statements because of the significance of its relationship with the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the benefit of the District.

The Community Facilities District No. 1 (CFD) was formed under the provisions of the Mello-Roos Community Facilities Act of 1982, was amended by Chapter 2.5, Part I, Division 2, Title 5 of the Government Code of the State of California established March 30, 1989. For financial presentation, the CFD's financial activity has been blended or combined with the financial data for the District. Individually-prepared financial statements are not prepared for the CFD.

### C. Basis of Presentation

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

**Government-Wide Statements, (continued)**
The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for 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 of 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.

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

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

**Major Governmental Funds**

**General Fund:** The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

**Capital Facilities Fund:** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections* 17620–17626). The authority for these levies may be county/city ordinances (*Government Code Sections* 65970–65981) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section* 66006).

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

**Non-Major Governmental Funds**

**Special Revenue Funds:** Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

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

**Deferred Maintenance Fund:** This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections* 17582–17587). In addition, whenever the state funds provided pursuant to *Education Code Sections* 17584 and 17585 (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections* 17582 and 17583).

**Pupil Transportation Equipment Fund:** This fund is used to account separately for state and local revenues specifically for the acquisition, rehabilitation, or replacement of equipment used to transport students (*Education Code Section* 41852[b]).

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

**Building Fund:** This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section* 15146) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section* 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section* 41003).

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

**Capital Projects Fund for Blended Component Units:** This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

**Non-Major Governmental Funds (continued)**

**Debt Service Funds:** Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

**Bond Interest and Redemption Fund:** This fund is used for the repayment of bonds issued for the District (*Education Code Sections* 15125–15262). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller

**Proprietary Funds**

**Internal Service Funds:** Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

**Warehouse Revolving Fund:** This fund is used primarily to maintain budget control and stock accounting of merchandise for an LEA's use (*Education Code Section* 42830).

**Self-Insurance Fund:** Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section* 17566).

**Fiduciary Funds**

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

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

**Scholarship Trust Fund:** This fund is used to account separately for gifts or bequests per *Education Code Section* 41031 that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs.

**Student Body Fund:** The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections* 48930–48938).

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### D. Basis of Accounting – Measurement Focus

**Government-Wide, Proprietary, and Fiduciary Financial Statements**
The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net 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. The net position should be reported as restricted when constraints placed on its use 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 results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

**Governmental Funds**
Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

**Revenues – Exchange and Non-Exchange Transactions**
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus (continued)**

**Revenues – Exchange and Non-Exchange Transactions, (continued)**
Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

**Expenses/Expenditures**
On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

**Inventories**
Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

**Capital Assets**
The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of $5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. 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. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

| Asset Class | Estimated Useful Life |
|---|---|
| Buildings and Improvements | 5-50 years |
| Furniture and Equipment | 2-15 years |
| Vehicles | 2-15 years |

**Interfund Balances**
On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Compensated Absences**
Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. 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 resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

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

**Postemployment Benefits Other Than Pensions (OPEB)**
For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|---|---|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Measurement Period | July 1, 2017 – June 30, 2018 |

Gains and losses related to changes in net OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Premiums and Discounts**
In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Fund Balance**
Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

*Restricted* - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

*Assigned* - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

*Unassigned* - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. 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 and after non-operating revenues/expenses in proprietary 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 activities columns of the statement of activities.

**G. 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.

**H. Budgetary Data**

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

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

**I. 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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### J. New Accounting Pronouncements

**GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2018. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after December 15, 2019. The District has not determined the impact on the financial statements.

**GASB Statement No. 88** – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2018. The District has implemented GASB Statement No. 88 for the year ended June 30, 2019.

## NOTE 2 – CASH AND INVESTMENTS

### A. Summary of Cash and Investments

| | Governmental Funds | Internal Service Funds | Total Governmental Activities | Fiduciary Funds |
|---|---|---|---|---|
| Investment in county treasury | $ 20,361,466 | $ 52,061 | $ 20,413,527 | $ 129,441 |
| Cash on hand and in banks | 34,609 | - | 34,609 | 35,816 |
| Cash with fiscal agent | - | - | - | - |
| Cash in revolving fund | 5,000 | - | 5,000 | - |
| **Total cash and investments** | $ 20,401,075 | $ 52,061 | $ 20,453,136 | $ 165,257 |

### B. 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; collateralized mortgage obligations; and the County Investment Pool.

**NOTE 2 – CASH AND INVESTMENTS (continued)**

**B. Policies and Practices (continued)**

**Investment in County Treasury** – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The San Joaquin County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is 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.

**C. General Authorizations**

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

| 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 |

**NOTE 2 – CASH AND INVESTMENTS (continued)**

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately $20,599,343 and an amortized book value of $20,542,968. The average weighted maturity for this pool is 395 days.

**E. 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 investments in the County Treasury are not required to be rated. As of June 30, 2019, the pooled investments in the County Treasury were rated not rated.

**F. 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance was not exposed to custodial credit risk.

**NOTE 2 – CASH AND INVESTMENTS (continued)**

**G. Fair Value**

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

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

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

The District's fair value measurements at June 30, 2019 were as follows:

| | Uncategorized |
|---|---|
| Investment in county treasury | $ 20,599,343 |
| **Total fair market value of investments** | $ 20,599,343 |

## NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019 consisted of the following:

| | General Fund |
|---|---|
| Federal Government | |
| Categorical aid | $ 260,089 |
| State Government | |
| Categorical aid | 26,862 |
| Lottery | 114,292 |
| Local Government | |
| Other local sources | 11,210 |
| **Total** | $ 412,453 |

## NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

| | Balance July 01, 2018 | Additions | Deletions | Balance June 30, 2019 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital assets not being depreciated | | | | |
| Land | $ 5,825,263 | $ - | $ - | $ 5,825,263 |
| Construction in progress | 1,054,676 | 230,442 | 278,496 | 1,006,622 |
| Total Capital Assets not Being Depreciated | 6,879,939 | 230,442 | 278,496 | 6,831,885 |
| Capital assets being depreciated | | | | |
| Land improvements | 2,262,060 | 63,198 | - | 2,325,258 |
| Buildings & improvements | 63,878,715 | 475,737 | - | 64,354,452 |
| Furniture & equipment | 1,960,172 | - | - | 1,960,172 |
| Total Capital Assets Being Depreciated | 68,100,947 | 538,935 | - | 68,639,882 |
| Less Accumulated Depreciation | | | | |
| Land improvements | 421,660 | 88,450 | - | 510,110 |
| Buildings & improvements | 13,675,129 | 1,444,419 | - | 15,119,548 |
| Furniture & equipment | 1,617,661 | 175,593 | - | 1,793,254 |
| Total Accumulated Depreciation | 15,714,450 | 1,708,462 | - | 17,422,912 |
| **Governmental Activities** | | | | |
| **Capital Assets, net** | $ 59,266,436 | $ (939,085) | $ 278,496 | $ 58,048,855 |

Depreciation expense was charged as a direct expense to governmental function Instruction in the amount of $1,708,462.

## NOTE 5 – INTERFUND TRANSACTIONS

### A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2019 were as follows:

| | Due From Other Funds | |
|---|---|---|
| **Due To Other Funds** | **General Fund** | **Total** |
| Non-Major Governmental Funds | $ 37,065 | $ 37,065 |
| **Total Due From Other Funds** | $ 37,065 | $ 37,065 |

| | |
|---|---|
| Due from the Non-Major Cafeteria Fund to the General Fund for indirect costs. | $ 37,065 |
| **Total** | $ 37,065 |

### B. Operating Transfers

Interfund transfers for the year ended June 30, 2019 consisted of the following:

| | Interfund Transfers In | |
|---|---|---|
| **Interfund Transfers Out** | **Non-Major Governmental Funds** | **Total** |
| General Fund | $ 104,407 | $ 104,407 |
| **Total Interfund Transfers** | $ 104,407 | $ 104,407 |

| | |
|---|---|
| Transfer from the General Fund to the Deferred Maintenance Fund for a contribution. | $ 84,407 |
| Transfer from the General Fund to the Pupil Transportation Fund for an annual equipment transfer. | 20,000 |
| **Total** | $ 104,407 |

## NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2019 consisted of the following:

| | General Fund | Non-Major Governmental Funds | District-Wide | Total Governmental Activities | Total Fiduciary |
|---|---|---|---|---|---|
| Payroll | $ 148,147 | $ 609 | $ - | $ 148,756 | $ - |
| Construction | - | 700 | - | 700 | - |
| Vendors payable | 499,838 | 1,073 | - | 500,911 | - |
| Unmatured interest | - | - | 174,941 | 174,941 | - |
| Other liabilities | 43,712 | 971 | - | 44,683 | 30,744 |
| **Total** | $ 691,697 | $ 3,353 | $ 174,941 | $ 869,991 | $ 30,744 |

## NOTE 7 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2019 consisted of the following:

| | Restated Balance July 01, 2018 | Additions | Deductions | Balance June 30, 2019 | Balance Due In One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| General obligation bonds | $ 32,661,320 | $ - | $ 173,918 | $ 32,487,402 | $ 227,886 |
| Unamortized premium | 148,391 | - | 5,158 | 143,233 | 5,158 |
| Accreted interest | 7,042,631 | 1,301,728 | 1,082 | 8,343,277 | - |
| Total general obligation bonds | 39,852,342 | 1,301,728 | 180,158 | 40,973,912 | 233,044 |
| Compensated absences | 52,458 | 4,839 | - | 57,297 | - |
| Net OPEB liability | 569,339 | - | 20,660 | 548,679 | - |
| Net pension liability | 22,693,797 | 244 | - | 22,694,041 | - |
| **Total** | $ 63,167,936 | $ 1,306,811 | $ 200,818 | $ 64,273,929 | $ 233,044 |

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

### A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2019 amounted to $57,297. This amount is included as part of long-term liabilities in the government-wide financial statements.

### B. Other Postemployment Benefits

The District's restated beginning net OPEB liability was $569,339 and decreased by $20,660 during the year ended June 30, 2019. The ending net OPEB liability at June 30, 2019 was $548,679. See Note 9 for additional information regarding the net/total OPEB liability.

### C. Net Pension Liability

The District's beginning net pension liability was $22,693,797 and increased by $244 during the year ended June 30, 2019. The ending net pension liability at June 30, 2019 was $22,694,041. See Note 10 for additional information regarding the net pension liability.

**NOTE 7 – LONG-TERM LIABILITIES (continued)**

In April 2011, Jefferson School District issued Series A of the Election of 2010 in the amounts of $5,830,000 in current interest bonds and $567,194 in capital appreciation bonds. Interest on the current interest bonds is payable on August 1 and February 1 of each year, commencing August 1, 2011. The capital appreciation bonds accrete interest compounded semi-annually on August 1 and February 1, commencing August 1, 2022. The proceeds from the sale of the bonds will be used for the acquisition, construction and furnishing of equipment for district facilities.

In April 2013, Jefferson School District issued Series B of the Election 2010 in the amounts of $1,700,000 in current interest bonds, $14,603,679 in capital appreciation bonds and $6,695,791 in convertible capital appreciation bonds. Interest on the current interest bonds is payable on August 1 and February 1 of each year, commencing August 1, 2015. The capital appreciation bonds and convertible capital appreciation bonds accrete interest compounded semi-annually on August 1 and February 1, commencing August 1, 2023. The proceeds from the sale of the bonds will be used for the acquisition, construction and furnishing of equipment for district facilities.

On August 19, 2014, Jefferson School District issued Series C of the Election 2010 in the amounts of $1,780,000 in current interest bonds and $2,034,069 in capital appreciation bonds. Interest on the current interest bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2015. The capital appreciation bonds accrete interest compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2015. The proceeds from the sale of the bonds will be used for the acquisition and construction of school facilities projects.

The outstanding general obligation bonded debt of the District at June 30, 2019 is as follows:

| Series | Issue Date | Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 01, 2018 | Additions | Deductions | Bonds Outstanding June 30, 2019 |
|---|---|---|---|---|---|---|---|---|
| Series A | 4/27/2011 | 8/1/2040 | 2.00% - 5.50% | $ 6,397,194 | $ 6,562,700 | $ - | $ 40,000 | $ 6,522,700 |
| Series B | 4/21/2013 | 8/1/2052 | 0.84% - 5.50% | 22,999,470 | 28,996,418 | 875,590 | 115,000 | 29,757,008 |
| Series C | 8/19/2014 | 8/1/2044 | 0.72% - 5.12% | 3,814,069 | 4,144,833 | 426,138 | 20,000 | 4,550,971 |
| | | | | | $ 39,703,951 | $ 1,301,728 | $ 175,000 | $ 40,830,679 |

The bonds mature as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 227,886 | $ 419,858 | $ 647,744 |
| 2021 | 300,133 | 414,935 | 715,068 |
| 2022 | 381,637 | 408,557 | 790,194 |
| 2023 | 401,516 | 468,403 | 869,919 |
| 2024 | 574,985 | 642,548 | 1,217,533 |
| 2025 - 2029 | 1,557,638 | 5,292,605 | 6,850,243 |
| 2030 - 2034 | 3,582,838 | 7,210,075 | 10,792,913 |
| 2035 - 2039 | 7,309,324 | 8,689,584 | 15,998,908 |
| 2040 - 2044 | 8,751,594 | 13,126,868 | 21,878,462 |
| 2045 - 2049 | 5,314,998 | 24,221,976 | 29,536,974 |
| 2050 - 2053 | 4,084,853 | 27,499,373 | 31,584,226 |
| Accreted interest | 8,343,277 | (8,343,277) | - |
| Total | $ 40,830,679 | $ 80,051,505 | $ 120,882,184 |

Debt service payments are made from property tax levy authorized by the voters.

## NOTE 8 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2019:

| | General Fund | Capital Facilities Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Non-spendable | | | | |
| Revolving cash | $ 5,000 | $ - | $ - | $ 5,000 |
| Stores inventory | - | - | 3,001 | 3,001 |
| Total non-spendable | 5,000 | - | 3,001 | 8,001 |
| Restricted | | | | |
| Educational programs | 1,403,223 | - | - | 1,403,223 |
| Capital projects | - | 7,629,540 | 541,786 | 8,171,326 |
| Debt service | - | - | 572,981 | 572,981 |
| All others | - | - | 594,152 | 594,152 |
| Total restricted | 1,403,223 | 7,629,540 | 1,708,919 | 10,741,682 |
| Committed | | | | |
| Deferred maintenance | - | - | 313,095 | 313,095 |
| Total committed | - | - | 313,095 | 313,095 |
| Assigned | | | | |
| Other assignments | 3,004,943 | - | - | 3,004,943 |
| Total assigned | 3,004,943 | - | - | 3,004,943 |
| Unassigned | | | | |
| Reserve for economic uncertainties | 666,123 | - | - | 666,123 |
| Remaining unassigned | 5,387,635 | - | - | 5,387,635 |
| Total unassigned | 6,053,758 | - | - | 6,053,758 |
| **Total** | $ 10,466,924 | $ 7,629,540 | $ 2,025,015 | $ 20,121,479 |

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

## NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

### A. Plan Description

The Jefferson School District's defined benefit OPEB plan, Jefferson School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. The Plan provides medical, dental and vision insurance benefits to eligible retirees and their spouses. The District participates in an irrevocable trust, administered by the San Joaquin County Treasurer-Tax Collector.

### B. OPEB Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position can be obtained by contacting the District. The trust is set up for receiving employer contributions that will prefund health and other postemployment benefits costs for retirees and their beneficiaries.

### C. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

| | Certificated | Management |
|---|---|---|
| Benefit types provided | Medical, dental and vision | Medical, dental and vision |
| Duration of Benefits | To age 70; plus one month for each 3 days of accumulated sick leave beyond 50 | To age 70; plus one month for each 3 days of accumulated sick leave beyond 50 |
| Required Service | 25 years | 25 years |
| Minimum Age | 58 | 58 |
| Dependent Coverage | Yes | Yes |
| District Contribution % | 100% | 100% |
| District Cap | Currently $10,000 | Currently $10,000 |

### D. Contributions

The contribution requirements of Plan members and the Jefferson School District are established and may be amended by the Jefferson School District. For fiscal year 2018-19, the District contributed $99,370 to the Plan, all of which was used for current premiums.

### E. Plan Membership

Membership of the Plan consisted of the following:

| | Number of participants |
|---|---|
| Inactive employees receiving benefits | 9 |
| Inactive employees entitled to but not receiving benefits* | - |
| Participating active employees | 2 |
| **Total number of participants**** | 11 |

*Information not provided
**As of the June 30, 2017 valuation date

## NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

### F. Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2019, were as follows:

| | |
|---|---|
| Total OPEB liability | $ 770,809 |
| Plan fiduciary net position | (222,130) |
| **District's net OPEB liability** | $ 548,679 |
| | |
| Plan fiduciary net position as a percentage of total OPEB liability | 28.82% |

### G. Investments

**Investment Policy**
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; collateralized mortgage obligations; and the County Investment Pool.

**Concentrations**
The Plan fund are in the County Treasury administered by the San Joaquin County Treasurer-Tax Collector. The funds are 100% in a short term fixed income asset class.

**Rate of Return**
For the year ended, June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 0.77 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### H. Actuarial Assumptions and Other Inputs

The net OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

**Economic assumptions:**

| | |
|---|---|
| Investment rate of return | 3.50% |
| Salary increases | 2.75% |
| Discount rate | 3.50% |
| Healthcare cost trend rates | 3.70% |

**Non-economic assumptions:**

*Mortality:*

| | |
|---|---|
| Certificated | 2009 CalSTRS Mortality Table |
| Classified | 2014 CalPERS Active Mortality for Miscellaneous Employees Table |

*Retirement rates:*

| | |
|---|---|
| Certificated | 2009 CalSTRS Retirement Rates Table |

## NOTE 9– POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

### H. Actuarial Assumptions and Other Inputs (continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2018.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

### I. Changes in Net OPEB Liability

| | June 30, 2019 |
|---|---|
| **Total OPEB Liability** | |
| Service Cost | $ 2,526 |
| Interest on total OPEB liability | 27,703 |
| Benefits payments | (99,370) |
| Net change in total OPEB liability | (69,141) |
| Total OPEB liability - beginning | 839,950 |
| Total OPEB liability - ending (a) | $ 770,809 |
| | |
| **Plan fiduciary net position** | |
| Contributions - employer | $ 47,686 |
| Net investment income | 3,203 |
| Benefit payments | (99,370) |
| Net change in plan fiduciary net position | (48,481) |
| Plan fiduciary net position - beginning | 270,611 |
| Plan fiduciary net position - ending (b) | $ 222,130 |
| | |
| District's net OPEB liability - ending (a) - (b) | $ 548,679 |
| | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 28.8% |
| | |
| Covered-employee payroll | $ 13,375,324 |
| | |
| District's net OPEB liability as a percentage of covered-employee payroll | 4.1% |

### J. Sensitivity of the Net/Total OPEB Liability to Changes in the Discount Rate

The following presents the net/total OPEB liability of the Jefferson School District, as well as what the District's net/total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.5 percent) or one percentage point higher (4.5 percent) than the current discount rate:

| | 1% Decrease (2.5%) | Valuation Discount Rate (3.5%) | 1% Increase (4.5%) |
|---|---|---|---|
| Net OPEB liability | $ 582,009 | $ 548,679 | $ 517,764 |

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**K. Sensitivity of the Net/Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the net/total OPEB liability of the Jefferson School District, as well as what the District's net/total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.0 percent) or one percentage point higher (5.0 percent) than the current healthcare cost trend rate:

| | 1% Decrease (3.0%) | Valuation Trend Rate (4.0%) | 1% Increase (5.0%) |
|---|---|---|---|
| Net OPEB liability | $ 534,284 | $ 548,679 | $ 562,681 |

**L. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the Jefferson School District recognized OPEB expense of $61,888. At June 30, 2019, the Jefferson School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 4,291 |
| District contributions subsequent to the measurement date | 44,683 | - |
| | $ 44,683 | $ 4,291 |

The $44,683 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | Deferred Inflows of Resources |
|---|---|
| 2020 | $ 1,073 |
| 2021 | 1,073 |
| 2022 | 1,073 |
| 2023 | 1,072 |
| | $ 4,291 |

## NOTE 10 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

| | Net pension liability | Deferred outflows related to pensions | Deferred inflows related to pensions | Pension expense |
|---|---|---|---|---|
| STRS Pension | $ 17,342,828 | $ 4,874,652 | $ 1,867,358 | $ 1,932,569 |
| PERS Pension | 5,351,213 | 1,461,487 | 119,142 | 960,406 |
| **Total** | $ 22,694,041 | $ 6,336,139 | $ 1,986,500 | $ 2,892,975 |

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

**Plan Description**

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

**NOTE 10 – PENSION PLANS (continued)**

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

**Contributions**
Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2019, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2019 was 16.28% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $1,676,466 for the year ended June 30, 2019.

**On-Behalf Payments**
The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $1,583,064 to CalSTRS, which included a supplemental contribution for fiscal year 2019 due to California Senate Bill No. 90.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**
At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

| | | |
|---|---|---|
| District's proportionate share of the net pension liability | $ | 17,342,828 |
| State's proportionate share of the net pension liability associated with the District | | 9,929,629 |
| Total | $ | 27,272,457 |

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.019 percent, which was did not change from its proportion measured as of June 30, 2017.

**NOTE 10 – PENSION PLANS (continued)**

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

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

For the year ended June 30, 2019, the District recognized pension expense of $1,932,569. In addition, the District recognized pension expense and revenue of $338,597 for support provided by the State. At June 30, 2019, 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 |
|---|---|---|
| Differences between projected and actual earnings on plan investments | $ - | $ 667,808 |
| Differences between expected and actual experience | 53,779 | 251,914 |
| Changes in assumptions | 2,694,161 | |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 450,246 | 947,636 |
| District contributions subsequent to the measurement date | 1,676,466 | - |
| | $ 4,874,652 | $ 1,867,358 |

The $1,676,466 reported as 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 year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| 2020 | $ 639,637 | $ 120,773 |
| 2021 | 639,637 | 371,470 |
| 2022 | 639,637 | 827,015 |
| 2023 | 639,637 | 316,741 |
| 2024 | 639,638 | 188,016 |
| 2025 | - | 43,343 |
| | $ 3,198,186 | $ 1,867,358 |

**NOTE 10 – PENSION PLANS (continued)**

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

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Consumer Price Inflation | 2.75% |
| Investment Rate of Return* | 7.10% |
| Wage Inflation | 3.50% |

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010−June 30, 2015.

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, 2018, are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-Term Expected Real Rate of Return* |
|---|---|---|
| Global Equity | 47% | 6.30% |
| Fixed Income | 12% | 0.30% |
| Real Estate | 13% | 5.20% |
| Private Equity | 13% | 9.30% |
| Risk Mitigating Strategies | 9% | 2.90% |
| Inflation Sensitive | 4% | 3.80% |
| Cash/Liquidity | 2% | -1.00% |
| | 100% | |

*20-year geometric average

**NOTE 10 – PENSION PLANS (continued)**

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

**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 that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. 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 occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

| | 1% Decrease (6.10%) | Current Discount Rate (7.10%) | 1% Increase (8.10%) |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 25,405,213 | $ 17,342,828 | $ 10,658,328 |

**Pension Plan Fiduciary Net Position**

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

**NOTE 10 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS)**

**Plan Description**
The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

**Benefits Provided**
The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

**Contributions**
Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2019 was 18.062% of annual payroll. Contributions to the plan from the District were $513,001 for the year ended June 30, 2019.

**On-Behalf Payments**
The District was the recipient of on-behalf payments made by the State of California to CalPERS for K-12 education. These payments consisted of state general fund contributions of approximately $181,433 to CalPERS for fiscal year 2019 due to California Senate Bill No. 90.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**
At June 30, 2019, the District reported a liability of $5,351,213 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.020 percent, which did not change from its proportion measured as of June 30, 2017.

**NOTE 10 – PENSION PLANS (continued)**

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

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

For the year ended June 30, 2019, the District recognized pension expense of $960,406. At June 30, 2019, 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 |
|---|---|---|
| Differences between projected and actual earnings on plan investments | $ 43,892 | $ - |
| Differences between expected and actual experience | 350,806 | - |
| Changes in assumptions | 534,295 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 19,493 | 119,142 |
| District contributions subsequent to the measurement date | 513,001 | - |
| | $ 1,461,487 | $ 119,142 |

The $513,001 reported as 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 year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| 2020 | $ 573,179 | $ 70,764 |
| 2021 | 413,689 | 25,462 |
| 2022 | (6,796) | 22,916 |
| 2023 | (31,586) | - |
| | $ 948,486 | $ 119,142 |

**NOTE 10 – PENSION PLANS (continued)**

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

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.50% |
| Discount Rate | 7.15% |
| Salary Increases | Varies by Entry Age and Service |

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**NOTE 10 – PENSION PLANS (continued)**

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

**Actuarial Assumptions (continued)**
The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

| Asset Class | Assumed Asset Allocation | Real Return Years 1 – 10* | Real Return Years 11+** |
|---|---|---|---|
| Global Equity | 50.0% | 4.80% | 5.98% |
| Fixed Income | 28.0% | 1.00% | 2.62% |
| Inflation Assets | 0.0% | 0.77% | 1.81% |
| Private Equity | 8.0% | 6.30% | 7.23% |
| Real Estate | 13.0% | 3.75% | 4.93% |
| Liquidity | 1.0% | 0.0% | -0.92% |
| | 100.0% | | |

*An expected inflation of 2.00% used for this period.
**An expected inflation of 2.92% used for this period.

**Discount Rate**
The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**
The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

| | 1% Decrease (6.15%) | Current Discount Rate (7.15%) | 1% Increase (8.15%) |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 7,791,110 | $ 5,351,213 | $ 3,326,969 |

**Pension Plan Fiduciary Net Position**
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

## NOTE 11 – COMMITMENTS AND CONTINGENCIES

### A. 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, 2019.

### B. 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, 2019.

### C. Construction Commitments

As of June 30, 2019, the District had no commitments with respect to unfinished capital projects.

## NOTE 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in four joint ventures under joint powers authorities (JPAs), the Self-Insured Schools of California (SISC), the San Joaquin County School Workers' Compensation Group, San Joaquin County Schools Property and Liability Group and Norcal ReLief. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs 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 JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

## NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

### A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2019, total deferred outflows related to pensions was $6,336,139 and total deferred inflows related to pensions was $1,986,500.

### B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 9. At June 30, 2019, total deferred outflows related to other postemployment benefits was $92,369 and total deferred inflows related to other postemployment benefits was $4,291.

## NOTE 14 – RESTATEMENT OF NET POSITION

The beginning net position of Governmental Activities has been restated in order to remove the Medicare Premium Payment Program from the other postemployment benefits liability due to the program not being materially applicable to the District. The effect of beginning net position is presented as follows:

| | Governmental Activities |
|---|---|
| Net Position - Beginning, as Previously Reported | $ 18,806,439 |
| Restatement | 128,778 |
| Net Position - Beginning, as Restated | $ 18,935,217 |

# REQUIRED SUPPLEMENTARY INFORMATION

## JEFFERSON SCHOOL DISTRICT
## GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
## FOR THE YEAR ENDED JUNE 30, 2019

| | Budgeted Amounts | | Actual | Variances - |
|---|---|---|---|---|
| | Original | Final | (Budgetary Basis) | Final to Actual |
| **REVENUES** | | | | |
| LCFF sources | $ 19,276,321 | $ 20,098,979 | $ 19,593,612 | $ (505,367) |
| Federal sources | 599,068 | 691,365 | 510,044 | (181,321) |
| Other state sources | 1,479,741 | 2,948,658 | 2,939,618 | (9,040) |
| Other local sources | 447,843 | 1,038,609 | 971,939 | (66,670) |
| **Total Revenues** | 21,802,973 | 24,777,611 | 24,015,213 | (762,398) |
| **EXPENDITURES** | | | | |
| Certificated salaries | 10,816,878 | 11,097,829 | 10,588,833 | 508,996 |
| Classified salaries | 2,727,931 | 2,798,896 | 2,710,591 | 88,305 |
| Employee benefits | 5,360,887 | 6,212,391 | 6,212,391 | - |
| Books and supplies | 1,509,649 | 1,886,603 | 1,020,680 | 865,923 |
| Services and other operating expenditures | 2,557,964 | 2,768,865 | 2,361,521 | 407,344 |
| Capital outlay | 250,240 | 553,307 | 116,795 | 436,512 |
| Other outgo | | | | |
| Excluding transfers of indirect costs | 361,728 | 513,105 | 509,604 | 3,501 |
| Transfers of indirect costs | (40,000) | (39,154) | (37,889) | (1,265) |
| **Total Expenditures** | 23,545,277 | 25,791,842 | 23,482,526 | 2,309,316 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (1,742,304) | (1,014,231) | 532,687 | 1,546,918 |
| **Other Financing Sources (Uses)** | | | | |
| Contributions | (3) | - | - | - |
| Transfers out | (104,407) | (104,407) | (104,407) | - |
| **Net Financing Sources (Uses)** | (104,410) | (104,407) | (104,407) | - |
| **NET CHANGE IN FUND BALANCE** | (1,846,714) | (1,118,638) | 428,280 | 1,546,918 |
| **Fund Balance - Beginning** | 9,932,820 | 10,035,898 | 10,035,898 | - |
| **Fund Balance - Ending** | $ 8,086,106 | $ 8,917,260 | $ 10,464,178 | $ 1,546,918 |

See accompanying note to required supplementary information.

**JEFFERSON SCHOOL DISTRICT**
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | June 30, 2019 | June 30, 2018 |
|---|---|---|
| **Total OPEB Liability** | | |
| Service Cost | $ 2,526 | $ 2,458 |
| Interest on total OPEB liability | 27,703 | 31,008 |
| Benefits payments | (99,370) | (156,512) |
| Net change in total OPEB liability | (69,141) | (123,046) |
| Total OPEB liability - beginning | 839,950 | 962,996 |
| Total OPEB liability - ending (a) | $ 770,809 | $ 839,950 |
| | | |
| **Plan fiduciary net position** | | |
| Contributions - employer | $ 47,686 | $ 171,908 |
| Net investment income | 3,203 | 1,939 |
| Benefit payments | (99,370) | (156,512) |
| Net change in plan fiduciary net position | (48,481) | 17,335 |
| Plan fiduciary net position - beginning | 270,611 | 253,276 |
| Plan fiduciary net position - ending (b) | $ 222,130 | $ 270,611 |
| | | |
| District's net OPEB liability - ending (a) - (b) | $ 548,679 | $ 569,339 |
| | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 28.8% | 32.2% |
| | | |
| Covered-employee payroll | $ 13,375,324 | $ 13,254,742 |
| | | |
| District's net OPEB liability as a percentage of covered-employee payroll | 4.1% | 4.3% |

See accompanying note to required supplementary information.

**JEFFERSON SCHOOL DISTRICT**
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|---|---|---|---|---|---|
| District's proportion of the net pension liability | 0.019% | 0.019% | 0.019% | 0.020% | 0.020% |
| District's proportionate share of the net pension liability | $ 17,342,828 | $ 17,785,897 | $ 15,005,729 | $ 13,273,922 | $ 11,837,897 |
| State's proportionate share of the net pension liability associated with the District | 9,929,629 | 10,521,986 | 8,542,494 | 7,020,441 | 7,150,090 |
| Total | $ 27,272,457 | $ 28,307,883 | $ 23,548,223 | $ 20,294,363 | $ 18,987,987 |
| District's covered payroll | $ 10,115,118 | $ 9,252,124 | $ 9,252,124 | $ 10,973,002 | $ 9,097,770 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 171.5% | 192.2% | 162.2% | 121.0% | 130.1% |
| Plan fiduciary net position as a percentage of the total pension liability | 71.0% | 69.5% | 70.0% | 74.0% | 76.5% |

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying note to required supplementary information.

**JEFFERSON SCHOOL DISTRICT**
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|---|---|---|---|---|---|
| District's proportion of the net pension liability | 0.020% | 0.021% | 0.020% | 0.022% | 0.022% |
| District's proportionate share of the net pension liability | $ 5,351,213 | $ 4,907,900 | $ 4,008,282 | $ 3,165,934 | $ 2,532,294 |
| District's covered payroll | $ 2,646,852 | $ 2,487,913 | $ 2,487,913 | $ 2,350,997 | $ 2,344,826 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 202.2% | 197.3% | 161.1% | 134.7% | 108.0% |
| Plan fiduciary net position as a percentage of the total pension liability | 70.8% | 71.9% | 73.9% | 79.4% | 83.4% |

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying note to required supplementary information.

**JEFFERSON SCHOOL DISTRICT**
**SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 1,676,466 | $ 1,458,168 | $ 1,306,101 | $ 989,684 | $ 810,993 |
| Contributions in relation to the contractually required contribution* | (1,676,466) | (1,458,168) | (1,306,101) | (989,684) | (810,993) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 10,487,903 | $ 10,115,118 | $ 10,429,835 | $ 9,252,124 | $ 10,973,002 |
| Contributions as a percentage of covered payroll | 15.98% | 14.42% | 12.52% | 10.70% | 7.39% |

*Amounts do not include on-behalf contributions

See accompanying note to required supplementary information.

**JEFFERSON SCHOOL DISTRICT**
**SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 513,001 | $ 411,089 | $ 374,325 | $ 293,227 | $ 274,762 |
| Contributions in relation to the contractually required contribution | (513,001) | (411,089) | (374,325) | (293,227) | (274,762) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 2,887,421 | $ 2,646,852 | $ 2,707,950 | $ 2,487,913 | $ 2,350,997 |
| Contributions as a percentage of covered payroll | 17.77% | 15.53% | 13.82% | 11.79% | 11.69% |

See accompanying note to required supplementary information.

## NOTE 1 – PURPOSE OF SCHEDULES

**Budgetary Comparison Schedule**

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

**Schedule of Changes in Net OPEB Liability and Related Ratios**

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the to net OPEB liability, and the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for OPEB.

**Changes in Assumptions**

The discount rate was changed from 3.13% to 2.98%.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**Changes in Benefit Terms**

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

**Changes in Assumptions**

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

**Schedule of District Contributions**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

## NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2019, the District did not incur an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

# SUPPLEMENTARY INFORMATION

# JEFFERSON SCHOOL DISTRICT
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# FOR THE YEAR ENDED JUNE 30, 2019

| Federal Grantor/Pass-Through Grantor/Program or Cluster | CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| U. S. DEPARTMENT OF EDUCATION: | | | |
| *Passed through California Department of Education:* | | | |
| Title I, Part A, Basic Grants Low-Income and Neglected | 84.010 | 14329 | $ 114,592 |
| Title II, Part A, Supporting Effective Instruction Local Grants | 84.367 | 14341 | 44,768 |
| Title III, English Learner Student Program | 84.365 | 14346 | 29,632 |
| Special Education Cluster | | | |
| IDEA Basic Local Assistance Entitlement, Part B, Sec 611 | 84.027 | 13379 | 253,458 |
| IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5) | 84.173 | 13430 | 6,631 |
| Subtotal Special Education Cluster | | | 260,089 |
| **Total U. S. Department of Education** | | | 449,081 |
| U. S. DEPARTMENT OF AGRICULTURE: | | | |
| *Passed through California Department of Education:* | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Program - Needy | 10.553 | 13526 | 103,526 |
| National School Lunch Program | 10.555 | 13391 | 347,231 |
| USDA Commodities | 10.555 | * | 56,686 |
| Subtotal Child Nutrition Cluster | | | 507,443 |
| **Total U. S. Department of Agriculture** | | | 507,443 |
| U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: | | | |
| *Passed through California Department of Health Services:* | | | |
| Medicaid | | | |
| Medi-Cal Billing Option | 93.778 | 10013 | 8,905 |
| Medi-Cal Administrative Activities | 93.778 | 10060 | 30,564 |
| Subtotal Medicaid | | | 39,469 |
| **Total U. S. Department of Health & Human Services** | | | 39,469 |
| **Total Federal Expenditures** | | | $ 995,993 |

* - Pass-Through Entity Identifying Number not available or not applicable

See accompanying note to supplementary information.

**JEFFERSON SCHOOL DISTRICT**
**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | Second Period Report Certificate No. 4881D78F | Annual Report Certificate No. 4CDB6113 |
|---|---|---|
| SCHOOL DISTRICT | | |
| TK/K through Third | | |
| Regular ADA | 943.13 | 943.70 |
| Extended Year Special Education | 0.59 | 0.59 |
| Total TK/K through Third | 943.72 | 944.29 |
| Fourth through Sixth | | |
| Regular ADA | 735.05 | 733.87 |
| Extended Year Special Education | 0.20 | 0.20 |
| Total Fourth through Sixth | 735.25 | 734.07 |
| Seventh through Eighth | | |
| Regular ADA | 585.67 | 586.08 |
| Extended Year Special Education | 1.18 | 1.18 |
| Total Seventh through Eighth | 586.85 | 587.26 |
| TOTAL SCHOOL DISTRICT | 2,265.82 | 2,265.62 |

See accompanying note to supplementary information.

**JEFFERSON SCHOOL DISTRICT**
**SCHEDULE OF INSTRUCTIONAL TIME**
**FOR THE YEAR ENDED JUNE 30, 2019**

| Grade Level | Minutes Requirement | 2018-19 Actual Minutes | Number of Days | Status |
|---|---|---|---|---|
| Kindergarten | 36,000 | 50,460 | 180 | Complied |
| Grade 1 | 50,400 | 50,460 | 180 | Complied |
| Grade 2 | 50,400 | 50,460 | 180 | Complied |
| Grade 3 | 50,400 | 50,460 | 180 | Complied |
| Grade 4 | 54,000 | 58,980 | 180 | Complied |
| Grade 5 | 54,000 | 58,980 | 180 | Complied |
| Grade 6 | 54,000 | 56,874 | 180 | Complied |
| Grade 7 | 54,000 | 56,874 | 180 | Complied |
| Grade 8 | 54,000 | 56,874 | 180 | Complied |

See accompanying note to supplementary information.

**JEFFERSON SCHOOL DISTRICT**
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | 2020 (Budget) | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| General Fund - Budgetary Basis | | | | |
| Revenues And Other Financing Sources | $ 22,929,458 | $ 24,015,213 | $ 21,680,628 | $ 21,452,968 |
| Expenditures And Other Financing Uses | 23,687,565 | 23,586,933 | 22,204,086 | 21,744,337 |
| Net change in Fund Balance | $ (758,107) | $ 428,280 | $ (523,458) | $ (291,369) |
| Ending Fund Balance | $ 9,706,071 | $ 10,464,178 | $ 10,035,898 | $ 10,559,356 |
| Available Reserves* | $ 8,235,263 | $ 5,387,635 | $ 5,699,395 | $ 5,598,418 |
| Available Reserves As A Percentage Of Outgo | 34.77% | 22.84% | 25.67% | 25.75% |
| Long-term Liabilities | $ 64,040,885 | $ 64,273,929 | $ 63,296,714 | $ 58,572,329 |
| Average Daily Attendance At P-2 | 2,176 | 2,266 | 2,260 | 2,250 |

The General Fund ending fund balance has decreased by $92,432 over the past two years. The fiscal year 2019-20 budget projects a further decrease of $758,107. For a District this size, the State recommends available reserves of at least 3% of 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 2019-20 fiscal year. Total long-term obligations have increased by $5,701,600 over the past two years.

Average daily attendance has increased by 16 ADA over the past two years. A decrease of 90 ADA is anticipated during the 2019-20 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

See accompanying note to supplementary information.

**JEFFERSON SCHOOL DISTRICT**
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED JUNE 30, 2019**

**There were no differences between the annual financial and budget report with audited financial statements.**

See accompanying note to supplementary information.

**JEFFERSON SCHOOL DISTRICT**
**SCHEDULE OF CHARTER SCHOOLS**
**FOR THE YEAR ENDED JUNE 30, 2019**

**The District does not sponsor any charter schools.**

See accompanying note to supplementary information.

# JEFFERSON SCHOOL DISTRICT
# COMBINING BALANCE SHEET
# JUNE 30, 2019

| | Cafeteria Fund | Deferred Maintenance Fund | Pupil Transportation Equipment Fund | Building Fund | County School Facilities Fund | Capital Projects Fund for Blended Component Units | Bond Interest & Redemption Fund | Non-Major Governmental Funds |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| Cash and investments | $ 319,758 | $ 313,380 | $ 313,827 | $ 475,866 | $ 5,839 | $ 60,781 | $ 572,981 | $ 2,062,432 |
| Stores inventory | 3,001 | - | - | - | - | - | - | 3,001 |
| **Total Assets** | $ 322,759 | $ 313,380 | $ 313,827 | $ 475,866 | $ 5,839 | $ 60,781 | $ 572,981 | $ 2,065,433 |
| **LIABILITIES** | | | | | | | | |
| Accrued liabilities | $ 2,368 | $ 285 | $ - | $ 700 | $ - | $ - | $ - | $ 3,353 |
| Due to other funds | 37,065 | - | - | - | - | - | - | 37,065 |
| **Total Liabilities** | 39,433 | 285 | - | 700 | - | - | - | 40,418 |
| **FUND BALANCES** | | | | | | | | |
| Non-spendable | 3,001 | - | - | - | - | - | - | 3,001 |
| Restricted | 280,325 | - | 313,827 | 475,166 | 5,839 | 60,781 | 572,981 | 1,708,919 |
| Committed | - | 313,095 | - | - | - | - | - | 313,095 |
| **Total Fund Balances** | 283,326 | 313,095 | 313,827 | 475,166 | 5,839 | 60,781 | 572,981 | 2,025,015 |
| **Total Liabilities and Fund Balance** | $ 322,759 | $ 313,380 | $ 313,827 | $ 475,866 | $ 5,839 | $ 60,781 | $ 572,981 | $ 2,065,433 |

See accompanying note to supplementary information.

## JEFFERSON SCHOOL DISTRICT
## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
## FOR THE YEAR ENDED JUNE 30, 2019

| | Cafeteria Fund | Deferred Maintenance Fund | Pupil Transportation Equipment Fund | Building Fund | County School Facilities Fund | Capital Projects Fund for Blended Component Units | Bond Interest & Redemption Fund | Non-Major Governmental Funds |
|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | |
| LCFF sources | $ - | $ 84,407 | $ - | $ - | $ - | $ - | $ - | $ 84,407 |
| Federal sources | 507,443 | - | - | - | - | - | - | 507,443 |
| Other state sources | 50,366 | - | - | - | - | - | 4,065 | 54,431 |
| Other local sources | 341,714 | 2,939 | 4,218 | 8,863 | 81 | 860 | 692,823 | 1,051,498 |
| **Total Revenues** | 899,523 | 87,346 | 4,218 | 8,863 | 81 | 860 | 696,888 | 1,697,779 |
| **EXPENDITURES** | | | | | | | | |
| Current | | | | | | | | |
| Pupil services | | | | | | | | |
| Food services | 815,711 | - | - | - | - | - | - | 815,711 |
| General administration | | | | | | | | |
| All other general administration | 37,889 | - | - | - | - | - | - | 37,889 |
| Plant services | - | 166,235 | - | - | - | - | - | 166,235 |
| Facilities acquisition and maintenance | - | - | - | 150,752 | - | - | - | 150,752 |
| Debt service | | | | | | | | |
| Principal | - | - | - | - | - | - | 175,000 | 175,000 |
| Interest and other | - | - | - | - | - | - | 422,444 | 422,444 |
| **Total Expenditures** | 853,600 | 166,235 | - | 150,752 | - | - | 597,444 | 1,768,031 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 45,923 | (78,889) | 4,218 | (141,889) | 81 | 860 | 99,444 | (70,252) |
| **Other Financing Sources (Uses)** | | | | | | | | |
| Transfers in | - | 84,407 | 20,000 | - | - | - | - | 104,407 |
| **Net Financing Sources (Uses)** | - | 84,407 | 20,000 | - | - | - | - | 104,407 |
| **NET CHANGE IN FUND BALANCE** | 45,923 | 5,518 | 24,218 | (141,889) | 81 | 860 | 99,444 | 34,155 |
| **Fund Balance - Beginning** | 237,403 | 307,577 | 289,609 | 617,055 | 5,758 | 59,921 | 473,537 | 1,990,860 |
| **Fund Balance - Ending** | $ 283,326 | $ 313,095 | $ 313,827 | $ 475,166 | $ 5,839 | $ 60,781 | $ 572,981 | $ 2,025,015 |

See accompanying note to supplementary information.

The Jefferson School District is located in San Joaquin County. There were no changes in the boundaries of the District during the current year. The District is operating three elementary schools and one middle school.

**GOVERNING BOARD**

| Member | Office | Term Expires |
|---|---|---|
| Pete Carlson | President | 2020 |
| Debbie Wingo | Vice President | 2020 |
| Phil Raya | Clerk | 2022 |
| Dan Wells | Member | 2022 |
| Brian Jackman | Member | 2022 |

**DISTRICT ADMINISTRATORS**

James Bridges, Ed.D
*Superintendent*

Dena Whittington, CFE
*Chief Business Official*

See accompanying note to supplementary information.

## NOTE 1 – PURPOSE OF SCHEDULES

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2019 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2019.

| | CFDA Number | Amount |
|---|---|---|
| Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance | | $ 1,017,487 |
| Medi-Cal Billing Option | 93.778 | (21,494) |
| Total Expenditures reported in the Schedule of Expenditures of Federal Awards | | $ 995,993 |

The District has not elected to use the 10 percent de minimis indirect cost rate.

**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**

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 46208. During the year ended June 30, 2019, the District participated in the Longer Day incentive funding program. As of June 30, 2019, the District had met its target funding.

**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.

**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

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

**Combining Statements – Non-Major Funds**
These statements provide information on the District's non-major funds.

**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.

# OTHER INDEPENDENT AUDITORS' REPORTS

**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***

Independent Auditors' Report

Governing Board
Jefferson School District
Tracy, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Jefferson School District's basic financial statements, and have issued our report thereon dated December 12, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Jefferson School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Christy White, Inc

San Diego, California
December 12, 2019

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

Independent Auditors' Report

Governing Board
Jefferson School District
Tracy, California

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

We have audited Jefferson 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 Jefferson School District's major federal programs for the year ended June 30, 2019. Jefferson 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 Jefferson 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 Jefferson 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 Jefferson School District's compliance.

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

In our opinion, Jefferson School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

**Report on Internal Control Over Compliance**

Management of Jefferson 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 Jefferson 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 Jefferson School District's internal control over compliance.

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

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

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

Christy White, Inc

San Diego, California
December 12, 2019

**REPORT ON STATE COMPLIANCE**

Independent Auditors' Report

Governing Board
Jefferson School District
Tracy, California

**Report on State Compliance**

We have audited Jefferson School District's compliance with the types of compliance requirements described in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810, that could have a direct and material effect on each of Jefferson School District's state programs for the fiscal year ended June 30, 2019, as identified below.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Jefferson School District's state 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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Jefferson 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 with the requirements referred to above. However, our audit does not provide a legal determination of Jefferson School District's compliance with those requirements.

***Opinion on State Compliance***

In our opinion, Jefferson School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2019.

*Procedures Performed*

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

| PROGRAM NAME | PROCEDURES PERFORMED |
|---|---|
| Attendance | Yes |
| Teacher Certification and Misassignments | Yes |
| Kindergarten Continuance | Yes |
| Independent Study | No |
| Continuation Education | Not Applicable |
| Instructional Time | Yes |
| Instructional Materials | Yes |
| Ratios of Administrative Employees to Teachers | Yes |
| Classroom Teacher Salaries | Yes |
| Early Retirement Incentive | Not Applicable |
| Gann Limit Calculation | Yes |
| School Accountability Report Card | Yes |
| Juvenile Court Schools | Not Applicable |
| Middle or Early College High Schools | Not Applicable |
| K-3 Grade Span Adjustment | Yes |
| Transportation Maintenance of Effort | Yes |
| Apprenticeship: Related and Supplemental Instruction | Not Applicable |
| Comprehensive School Safety Plan | Yes |
| District of Choice | Not Applicable |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program | Not Applicable |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control and Accountability Plan | Yes |
| Independent Study-Course Based | Not Applicable |
| Attendance; for charter schools | Not Applicable |
| Mode of Instruction; for charter schools | Not Applicable |
| Nonclassroom-Based Instruction/Independent Study; for charter schools | Not Applicable |
| Determination of Funding for Nonclassroom-Based Instruction; for charter schools | Not Applicable |
| Annual Instructional Minutes – Classroom Based; for charter schools | Not Applicable |
| Charter School Facility Grant Program | Not Applicable |

We did not perform testing for Independent Study because ADA was not material.

Christy White, Inc

San Diego, California
December 12, 2019

# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**JEFFERSON SCHOOL DISTRICT**
**SUMMARY OF AUDITORS' RESULTS**
**FOR THE YEAR ENDED JUNE 30, 2019**

**FINANCIAL STATEMENTS**

| | |
|---|---|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None Reported |
| Non-compliance material to financial statements noted? | No |

**FEDERAL AWARDS**

| | |
|---|---|
| Internal control over major program: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None Reported |
| Type of auditors' report issued: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)? | No |

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 10.553, 10.555, 10.565 | Child Nutrition Cluster |

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

**STATE AWARDS**

| | |
|---|---|
| Internal control over state programs: | |
| Material weaknesses identified? | No |
| Significant deficiency(ies) identified? | None Reported |
| Type of auditors' report issued on compliance for state programs: | Unmodified |

**JEFFERSON SCHOOL DISTRICT**
**FINANCIAL STATEMENT FINDINGS**
**FOR THE YEAR ENDED JUNE 30, 2019**

| FIVE DIGIT CODE | AB 3627 FINDING TYPE |
|---|---|
| 20000 | Inventory of Equipment |
| 30000 | Internal Control |

*There were no financial statement findings for the year ended June 30, 2019.*

| FIVE DIGIT CODE | AB 3627 FINDING TYPE |
|---|---|
| 50000 | Federal Compliance |

*There were no federal award findings and questioned costs for the year ended June 30, 2019.*

**JEFFERSON SCHOOL DISTRICT**
**STATE AWARD FINDINGS AND QUESTIONED COSTS**
**FOR THE YEAR ENDED JUNE 30, 2019**

| FIVE DIGIT CODE | AB 3627 FINDING TYPE |
|---|---|
| 10000 | Attendance |
| 40000 | State Compliance |
| 42000 | Charter School Facilities Programs |
| 43000 | Apprenticeship: Related and Supplemental Instruction |
| 60000 | Miscellaneous |
| 61000 | Classroom Teacher Salaries |
| 62000 | Local Control Accountability Plan |
| 70000 | Instructional Materials |
| 71000 | Teacher Misassignments |
| 72000 | School Accountability Report Card |

*There were no state award findings and questioned costs for the year ended June 30, 2019.*

**JEFFERSON SCHOOL DISTRICT**
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**
**FOR THE YEAR ENDED JUNE 30, 2019**

*There were no findings reported for the fiscal year ended June 30, 2018.*