

OAK PARK UNIFIED SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2016

San Diego

Los Angeles

San Francisco
Bay Area

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

OAK PARK UNIFIED SCHOOL DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2016

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Oak Park Unified School District
Oak Park, 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 Oak Park Unified School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Oak Park Unified 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.

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Michael Ash, CPA

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State Board of Accountancy*

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 Oak Park Unified School District, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, 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 Oak Park Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is 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 13 2016 on our consideration of Oak Park Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oak Park Unified School District's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
December 13 2016

OAK PARK UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

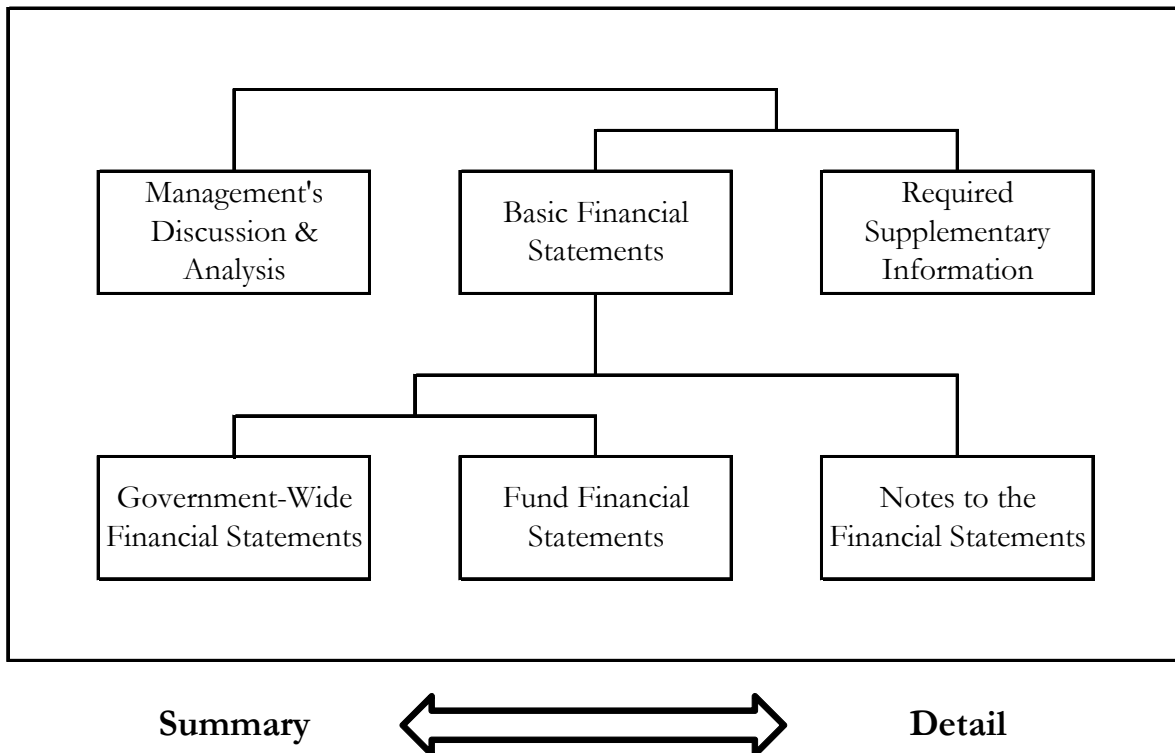
Our discussion and analysis of Oak Park Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total net position was (\$15,588,650) at June 30, 2016. This was an increase of \$142,494 from the prior year.
- Overall revenues were \$50,575,929 which was more than expenses of \$50,433,435.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



OAK PARK UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*
FOR THE YEAR ENDED JUNE 30, 2016

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.
 - ▶ **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 or position. 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.

**OAK PARK UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was (\$15,588,650) at June 30, 2016, as reflected in the table below. Of this amount, unrestricted net position was (\$34,394,059). 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		
	2016	2015	Net Change
ASSETS			
Current and other assets	\$ 13,695,757	\$ 11,844,398	\$ 1,851,359
Capital assets	53,505,015	52,023,304	1,481,711
Total Assets	67,200,772	63,867,702	3,333,070
DEFERRED OUTFLOWS OF RESOURCES	8,217,597	2,145,388	6,072,209
LIABILITIES			
Current liabilities	6,011,222	5,629,316	381,906
Long-term liabilities	81,766,927	69,857,743	11,909,184
Total Liabilities	87,778,149	75,487,059	12,291,090
DEFERRED INFLOWS OF RESOURCES	3,228,870	6,257,175	(3,028,305)
NET POSITION			
Net investment in capital assets	15,512,073	15,752,577	(240,504)
Restricted	3,293,336	2,964,787	328,549
Unrestricted	(34,394,059)	(34,448,508)	54,449
Total Net Position	\$ (15,588,650)	\$ (15,731,144)	\$ 142,494

**OAK PARK UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2016**

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 them slightly, so you can see our total revenues, expenses, and special items for the year.

	Governmental Activities		
	2016	2015	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 525,389	\$ 689,940	\$ (164,551)
Operating grants and contributions	5,332,764	3,476,219	1,856,545
Capital grants and contributions	10	6,591	(6,581)
General revenues			
Property taxes	16,163,596	14,203,354	1,960,242
Unrestricted federal and state aid	26,034,063	23,090,055	2,944,008
Other	2,520,107	2,867,395	(347,288)
Total Revenues	50,575,929	44,333,554	6,242,375
EXPENSES			
Instruction	29,947,184	27,171,568	2,775,616
Instruction-related services	3,387,301	2,926,640	460,661
Pupil services	4,753,340	4,094,083	659,257
General administration	3,384,159	3,016,616	367,543
Plant services	5,332,686	5,093,846	238,840
Ancillary and community services	349,293	302,140	47,153
Debt service	2,788,208	2,540,794	247,414
Other Outgo	491,264	472,451	18,813
Total Expenses	50,433,435	45,618,138	4,815,297
Change in net position	142,494	(1,284,584)	1,427,078
Net Position - Beginning*	(15,731,144)	(14,446,560)	(1,284,584)
Net Position - Ending	\$ (15,588,650)	\$ (15,731,144)	\$ 142,494

* Beginning Net Position was restated for the 2015 year only

**OAK PARK UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2016**

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	
	2016	2015
Instruction	\$ 25,678,060	\$ 24,141,563
Instruction-related services	3,285,002	2,902,012
Pupil services	3,768,129	3,094,586
General administration	3,363,158	3,011,980
Plant services	4,919,350	5,026,014
Ancillary and community services	346,188	302,140
Debt service	2,788,208	2,540,794
Transfers to other agencies	427,177	426,299
Total Expenses	\$ 44,575,272	\$ 41,445,388

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 \$10,416,347, which is more than last year's ending fund balance of \$9,037,582. The District's General Fund had \$1,484,281 more in operating revenues than expenditures for the year ended June 30, 2016. The District's Building Fund had \$3,726,364 less in operating revenues than expenditures for the year ended June 30, 2016. The District's Bond Interest and Redemption Fund had \$531,615 less in operating revenues than expenditures for the year ended June 30, 2016.

CURRENT YEAR BUDGET 2015-16

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a monthly 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.

**OAK PARK UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2016**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2015-16 the District had invested \$53,505,015 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2016	2015	Net Change
CAPITAL ASSETS			
Land	\$ 4,809,841	\$ 4,809,841	\$ -
Construction in progress	22,001,505	18,752,035	3,249,470
Land improvements	1,383,385	1,383,385	-
Buildings & improvements	54,583,585	54,583,585	-
Furniture & equipment	4,711,482	4,711,482	-
Accumulated depreciation	(33,984,783)	(32,217,024)	(1,767,759)
Total Capital Assets	\$ 53,505,015	\$ 52,023,304	\$ 1,481,711

Long-Term Liabilities

At year-end, the District had \$81,766,927 in long-term liabilities, an increase of 17.1% 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		
	2016	2015	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 50,458,886	\$ 47,333,388	\$ 3,125,498
Capital leases	452,292	442,236	10,056
Early retirement incentive	111,333	203,833	(92,500)
Compensated absences	428,106	421,337	6,769
Net pension liability	32,770,073	23,873,004	8,897,069
Less: current portion of long-term debt	(2,453,763)	(2,416,055)	(37,708)
Total Long-term Liabilities	\$ 81,766,927	\$ 69,857,743	\$ 11,909,184

**OAK PARK UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The District continues to analyze the impact of the LCFF on funding for our program offerings and services. 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. The State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21 but the annual amount funded to meet the target is uncertain.

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 State's economy is expected to grow faster than the national economy with unemployment dropping. Personal income is expected to grow 3.6%; according to the UCLA Anderson Economic Forecast, April 2016. The ability of the State to fund the LCFF and other programs is largely dependent on the strength of the State's economy and while positive remains uncertain.

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, 2016. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans continue to raise employer rates in future years and the increased costs are significant.

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 2016-17 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 the Assistant Superintendent, Business and Administrative Services, at Oak Park Unified School District, Oak Park, California, 91377, or by e-mail at mklauss@opusd.org.

OAK PARK UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and investments	\$ 12,281,393
Accounts receivable	1,235,055
Prepaid expenses	179,309
Capital assets, not depreciated	26,811,346
Capital assets, net of accumulated depreciation	26,693,669
Total Assets	67,200,772
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	7,372,297
Deferred amount on refunding	845,300
Total Deferred Outflows of Resources	8,217,597
LIABILITIES	
Accrued liabilities	3,555,209
Unearned revenue	2,250
Long-term liabilities, current portion	2,453,763
Long-term liabilities, non-current portion	81,766,927
Total Liabilities	87,778,149
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	3,228,870
Total Deferred Inflows of Resources	3,228,870
NET POSITION	
Net investment in capital assets	15,512,073
Restricted:	
Capital projects	9,489
Debt service	2,967,441
Educational programs	312,195
All others	4,211
Unrestricted	(34,394,059)
Total Net Position	\$ (15,588,650)

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

OAK PARK UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 29,947,184	\$ -	\$ 4,269,114	\$ 10	\$ (25,678,060)
Instruction-related services					
Instructional supervision and administration	556,119	-	31,575	-	(524,544)
Instructional library, media, and technology	394,346	-	-	-	(394,346)
School site administration	2,436,836	-	70,724	-	(2,366,112)
Pupil services					
Home-to-school transportation	55,069	-	44,135	-	(10,934)
Food services	1,067,695	525,389	114,554	-	(427,752)
All other pupil services	3,630,576	-	301,133	-	(3,329,443)
General administration					
Centralized data processing	851,757	-	-	-	(851,757)
All other general administration	2,532,402	-	21,001	-	(2,511,401)
Plant services	5,332,686	-	413,336	-	(4,919,350)
Ancillary services	282,578	-	3,075	-	(279,503)
Community services	66,715	-	30	-	(66,685)
Interest on long-term debt	2,788,208	-	-	-	(2,788,208)
Other Outgo	491,264	-	64,087	-	(427,177)
Total Governmental Activities	\$ 50,433,435	\$ 525,389	\$ 5,332,764	\$ 10	(44,575,272)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					10,943,275
Property taxes, levied for debt service					4,345,893
Property taxes, levied for other specific purposes					874,428
Federal and state aid not restricted for specific purposes					26,034,063
Interest and investment earnings					19,781
Miscellaneous					2,500,326
Subtotal, General Revenue					44,717,766
CHANGE IN NET POSITION					142,494
Net Position - Beginning					(15,731,144)
Net Position - Ending					\$ (15,588,650)

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

OAK PARK UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 3,763,898	\$ 5,268,691	\$ 3,239,377	\$ 9,427	\$ 12,281,393
Accounts receivable	1,218,643	10,127	6,113	172	1,235,055
Due from other funds	218,586	183,306	-	25,663	427,555
Prepaid expenditures	164,853	14,456	-	-	179,309
Total Assets	\$ 5,365,980	\$ 5,476,580	\$ 3,245,490	\$ 35,262	\$ 14,123,312
LIABILITIES					
Accrued liabilities	\$ 2,620,836	\$ 654,762	\$ -	\$ 1,562	\$ 3,277,160
Due to other funds	208,969	198,586	-	20,000	427,555
Unearned revenue	2,250	-	-	-	2,250
Total Liabilities	2,832,055	853,348	-	21,562	3,706,965
FUND BALANCES					
Nonspendable	166,853	14,456	-	-	181,309
Restricted	312,195	4,608,776	3,245,490	13,700	8,180,161
Assigned	280,054	-	-	-	280,054
Unassigned	1,774,823	-	-	-	1,774,823
Total Fund Balances	2,533,925	4,623,232	3,245,490	13,700	10,416,347
Total Liabilities and Fund Balances	\$ 5,365,980	\$ 5,476,580	\$ 3,245,490	\$ 35,262	\$ 14,123,312

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

OAK PARK UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2016

Total Fund Balance - Governmental Funds	\$ 10,416,347
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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	\$ 87,489,798	
Accumulated depreciation	<u>(33,984,783)</u>	53,505,015

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

845,300

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 unmaturing interest owing at the end of the period was:

(278,049)

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	\$ 50,458,886	
Capital leases	452,292	
Early retirement incentive	111,333	
Compensated absences	428,106	
Net pension liability	<u>32,770,073</u>	(84,220,690)

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	\$ 7,372,297	
Deferred inflows of resources related to pensions	<u>(3,228,870)</u>	4,143,427

Total Net Position - Governmental Activities	\$ <u>(15,588,650)</u>
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The accompanying notes are an integral part of these financial statements.

OAK PARK UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 33,727,480	\$ -	\$ -	\$ -	\$ 33,727,480
Federal sources	1,006,873	-	-	113,832	1,120,705
Other state sources	5,407,491	-	37,289	656	5,445,436
Other local sources	5,493,763	25,409	4,328,553	526,643	10,374,368
Total Revenues	45,635,607	25,409	4,365,842	641,131	50,667,989
EXPENDITURES					
Current					
Instruction	28,905,734	-	-	-	28,905,734
Instruction-related services					
Instructional supervision and administration	546,421	-	-	-	546,421
Instructional library, media, and technology	216,578	-	-	-	216,578
School site administration	2,314,891	-	-	-	2,314,891
Pupil services					
Home-to-school transportation	55,069	-	-	-	55,069
Food services	-	-	-	888,191	888,191
All other pupil services	3,408,823	-	-	-	3,408,823
General administration					
Centralized data processing	848,150	-	-	-	848,150
All other general administration	2,339,019	-	-	-	2,339,019
Plant services	3,782,282	2,294,635	-	1,006	6,077,923
Facilities acquisition and maintenance	766,290	1,457,138	-	-	2,223,428
Ancillary services	280,708	-	-	-	280,708
Community services	66,675	-	-	-	66,675
Transfers to other agencies	494,220	-	-	-	494,220
Debt service					
Principal	53,834	-	2,240,019	-	2,293,853
Interest and other	72,632	-	2,657,438	-	2,730,070
Total Expenditures	44,151,326	3,751,773	4,897,457	889,197	53,689,753
Excess (Deficiency) of Revenues					
Over Expenditures	1,484,281	(3,726,364)	(531,615)	(248,066)	(3,021,764)
Other Financing Sources (Uses)					
Transfers in	-	300,000	-	250,816	550,816
Other sources	63,890	3,753,400	11,364,916	-	15,182,206
Transfers out	(550,816)	-	-	-	(550,816)
Other uses	-	-	(10,781,677)	-	(10,781,677)
Net Financing Sources (Uses)	(486,926)	4,053,400	583,239	250,816	4,400,529
NET CHANGE IN FUND BALANCE	997,355	327,036	51,624	2,750	1,378,765
Fund Balance - Beginning	1,536,570	4,296,196	3,193,866	10,950	9,037,582
Fund Balance - Ending	\$ 2,533,925	\$ 4,623,232	\$ 3,245,490	\$ 13,700	\$ 10,416,347

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

**OAK PARK UNIFIED 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, 2016**

Net Change in Fund Balances - Governmental Funds	\$ 1,378,765
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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:	\$ 3,249,470	
Depreciation expense:	<u>(1,767,759)</u>	1,481,711

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:

13,368,834

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(15,182,206)

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

845,300

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:

128,396

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

OAK PARK UNIFIED 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, 2016

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. (1,715,982)

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: (6,769)

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: (641,855)

Other liabilities not normally liquidated with current financial resources:

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were: 92,500

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: 393,800

Change in Net Position of Governmental Activities

\$	142,494
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OAK PARK UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Trust Funds	Agency Funds
	Private-Purpose	Student Body
	Trust Fund	Fund
ASSETS		
Cash and investments	\$ 5,401	\$ 369,791
Accounts receivable	9	-
Total Assets	5,410	\$ 369,791
LIABILITIES		
Due to student groups	-	\$ 369,791
Total Liabilities	-	\$ 369,791
NET POSITION		
Unrestricted	5,410	
Total Net Position	\$ 5,410	

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

OAK PARK UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2016

	Trust Funds
	Private-Purpose
	Trust Fund
ADDITIONS	
Investment earnings	\$ 25
Total Additions	25
CHANGE IN NET POSITION	25
Net Position - Beginning	5,385
Net Position - Ending	\$ 5,410

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

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Oak Park Unified 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-12 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. The District has no such component units.

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.

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.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2016

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

C. Basis of Presentation (*continued*)

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

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.

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*).

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.

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 Special Revenue 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 Special Revenue 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*).

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).

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*).

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.*).

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

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.

Foundation Private-Purpose 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.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2016

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

C. Basis of Presentation (*continued*)

Fiduciary Funds (*continued*)

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*).

D. Basis of Accounting – Measurement Focus

Government-Wide and Fiduciary Financial Statements

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide 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.

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 reimbursements 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.

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.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

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)

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.

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:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 15 years
Vehicles	6 – 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 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.

Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the 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.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2016

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. 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.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2016

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

J. New Accounting Pronouncements

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This standard addresses accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015. The District has implemented GASB Statement No. 72 for the year ended June 30, 2016.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This standard establishes requirements for defined benefit pensions that are not within the scope of GASB Statement 68 and amends certain provisions of GASB Statements 67 and 68. A portion of this Statement is effective for periods beginning after June 15, 2015. The District has implemented GASB Statement No. 73 for the year ended June 30, 2016.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The District has not yet determined the impact on the financial statements.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. This standard's primary objective is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for periods beginning after June 15, 2016. The District has not yet determined the impact on the financial statements.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Fiduciary Funds
Investment in county treasury	\$ 12,279,393	\$ 5,401
Cash on hand and in banks	-	369,791
Cash in revolving fund	2,000	-
Total cash and investments	\$ 12,281,393	\$ 375,192

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.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Ventura 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.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS (continued)

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

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 \$12,263,230 and an amortized book value of \$12,284,794. The average weighted maturity for this pool is 328 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, 2016, the pooled investments in the County Treasury were rated AA+.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS (continued)

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, 2016, the District's bank balance was not exposed to custodial credit risk.

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

The District's fair value measurements at June 30, 2016 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 12,263,230
Total fair market value of investments	\$ 12,263,230

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of the following:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Activities	Total Fiduciary
Federal Government						
Categorical aid	\$ 221,715	\$ -	\$ -	\$ -	\$ 221,715	\$ -
State Government						
Categorical aid	24,030	-	-	-	24,030	-
Lottery	440,939	-	-	-	440,939	-
Local Government						
Other local sources	531,959	10,127	6,113	172	548,371	9
Total	\$ 1,218,643	\$ 10,127	\$ 6,113	\$ 172	\$ 1,235,055	\$ 9

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 01, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,809,841	\$ -	\$ -	\$ 4,809,841
Construction in progress	18,752,035	3,249,470	-	22,001,505
Total Capital Assets not Being Depreciated	23,561,876	3,249,470	-	26,811,346
Capital assets being depreciated				
Land improvements	1,383,385	-	-	1,383,385
Buildings & improvements	54,583,585	-	-	54,583,585
Furniture & equipment	4,711,482	-	-	4,711,482
Total Capital Assets Being Depreciated	60,678,452	-	-	60,678,452
Less Accumulated Depreciation				
Land improvements	257,937	34,584	-	292,521
Buildings & improvements	27,677,045	1,638,193	-	29,315,238
Furniture & equipment	4,282,042	94,982	-	4,377,024
Total Accumulated Depreciation	32,217,024	1,767,759	-	33,984,783
Governmental Activities				
Capital Assets, net	\$ 52,023,304	\$ 1,481,711	\$ -	\$ 53,505,015

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 4 – CAPITAL ASSETS (continued)

Depreciation expense has been allocated to governmental functions as follows:

Governmental Activities	
Instruction	\$ 707,103
Instructional library, media, and technology	176,776
School site administration	88,388
Food services	176,776
All other pupil services	176,776
All other general administration	176,776
Plant services	265,164
Total depreciation expense	<u>\$ 1,767,759</u>

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2016 consisted of the following:

	<u>Due From Other Funds</u>			
			Non-Major Governmental Funds	Total
<u>Due To Other Funds</u>	<u>General Fund</u>	<u>Building Fund</u>		
General Fund	\$ -	\$ 183,306	\$ 25,663	\$ 208,969
Building Fund	198,586	-	-	198,586
Non-Major Governmental Funds	20,000	-	-	20,000
Total Due From Other Funds	<u>\$ 218,586</u>	<u>\$ 183,306</u>	<u>\$ 25,663</u>	<u>\$ 427,555</u>

The General Fund owed the Building Fund for expenditures related to districtwide lighting projects.	\$ 183,306
The General Fund owed the Non-Major Cafeteria Fund for cash flow purposes.	25,663
The Building Fund owed the General Fund for expenditures related to Oak Hills Elementary School ADA projects.	198,586
The Non-Major Cafeteria Fund owed the General Fund for repayment of temporary loan.	20,000
Total	<u>\$ 427,555</u>

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 5 – INTERFUND TRANSACTIONS (continued)

B. Operating Transfers

Interfund transfers for the year ended June 30, 2016 consisted of the following:

Interfund Transfers Out	Interfund Transfers In		
	Building Fund	Non-Major Governmental Funds	Total
General Fund	\$ 300,000	\$ 250,816	\$ 550,816
Total Interfund Transfers	\$ 300,000	\$ 250,816	\$ 550,816

The General Fund transferred to the Building Fund for temporary borrowing.	\$ 300,000
The General Fund transferred to the Non-Major Cafeteria Fund for cash flow purposes.	250,816
Total	\$ 550,816

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2016 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Total Governmental Activities
Payroll	\$ 1,042,120	\$ -	\$ 632	\$ -	\$ 1,042,752
Construction	-	654,762	-	-	654,762
Vendors payable	1,578,716	-	930	-	1,579,646
Unmatured interest	-	-	-	278,049	278,049
Total	\$ 2,620,836	\$ 654,762	\$ 1,562	\$ 278,049	\$ 3,555,209

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2016, consisted of \$2,250 within the General Fund related to monies received from Federal sources.

NOTE 8 – TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 1, 2015, the District issued \$2,850,000 of Tax and Revenue Anticipation Notes (TRANS). The notes matured on June 30, 2016 and yield a 2.00 percent interest rate. The notes were sold to supplement cash flow. By June 30, 2016, the District had paid off the notes.

NOTE 9 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2016 consisted of the following:

	Balance July 01, 2015	Additions	Deductions	Balance June 30, 2016	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 46,555,966	\$ 15,635,982	\$ 13,315,000	\$ 48,876,948	\$ 2,263,032
Unamortized premium	777,422	1,198,316	393,800	1,581,938	57,423
Total general obligation bonds	47,333,388	16,834,298	13,708,800	50,458,886	2,320,455
Capital leases	442,236	63,890	53,834	452,292	53,308
Early retirement incentive	203,833	-	92,500	111,333	80,000
Compensated absences	421,337	6,769	-	428,106	-
Net pension liability	23,873,004	8,897,069	-	32,770,073	-
Total	\$ 72,273,798	\$ 25,802,026	\$ 13,855,134	\$ 84,220,690	\$ 2,453,763

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

A. General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2015	Additions	Deductions	Bonds Outstanding June 30, 2016
Election 1977, Series 2000	May 26, 2000	May 1, 2017	5.70% - 6.15%	\$5,999,943	\$ 3,811,215	\$ 205,013	\$ 2,370,000	\$ 1,646,228
Election 2006, Series 2007	September 20, 2007	August 1, 2028	3.75% - 5.25%	5,011,137	3,163,974	16,696	2,300,000	880,670
Election 2006, Series 2009B	April 14, 2009	August 1, 2033	3.00% - 6.75%	4,999,686	3,637,263	269,146	1,205,000	2,701,409
Election 2008, Series 2009A	April 14, 2009	August 1, 2033	3.00% - 6.75%	9,998,516	9,589,918	59,687	6,605,000	3,044,605
Election 2008, Series 2011A	June 8, 2011	August 1, 2038	4.70% - 7.47%	9,382,294	12,269,735	865,278	-	13,135,013
Election 2008, Series 2011B	June 8, 2011	August 1, 2019	4.86%	4,415,000	4,415,000	-	790,000	3,625,000
Election 2006, Series 2013A	September 25, 2013	August 1, 2027	2.25% - 4.00%	3,655,000	3,655,000	-	-	3,655,000
Election 2008, Series 2013B	September 25, 2013	August 1, 2042	1.50% - 8.00%	5,644,564	6,013,861	300,162	45,000	6,269,023
Election 2006, Series 2015A	November 5, 2015	August 1, 2031	3.00% - 5.00%	3,830,000	-	3,830,000	-	3,830,000
2016 Refunding	May 24, 2016	August 1, 2032	2.00% - 4.00%	10,090,000	-	10,090,000	-	10,090,000
					\$ 46,555,966	\$ 15,635,982	\$ 13,315,000	\$ 48,876,948

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 9 – LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

Election 1977

In elections held on November 8, 1977 and November 2, 1982, the voters authorized the District to issue and sale \$40,525,000 of principal amount of general obligation bonds. These bonds were issued for the purpose of repairing and constructing school facilities within the District. There was one outstanding issuance under this election:

- Series of 2000, which was issued on May 26, 2000 for \$5,999,943 with interest rates ranging from 5.70% to 6.15%. The original issuance consisted entirely of capital appreciation bonds. The bonds accrete in value from the date of issuance, compounded semi-annually on May 1 and November 1 of each year, commencing November 1, 2000, payable at maturity, May 1, 2017. The principal balance outstanding at June 30, 2016 amounted to \$1,646,228.

Election 2006

In an election held on June 6, 2006, the voters authorized the District to issue and sale \$17,500,000 of principal amount of general obligation bonds. These bonds were issued for the purpose of financing specific vehicle and equipment purchases to improve student safety, replace aging school equipment and furnishings, and provide up-to-date educational technology, including updating science and computer lab equipment, replacing aging student desks and chairs, upgrading playground equipment to current safety standards, acquiring safe student transportation and maintenance vehicles. There were three issuances under this election:

- Series 2007, which was issued on September 20, 2007 for \$5,011,137 with interest rates ranging from 3.75% to 5.25%. The original issuance consisted of \$4,865,000 of current interest serial bonds, \$1,685,000 of current interest term bonds, and \$146,137 of capital appreciation serial bonds. Interest on the current interest bonds is payable each February 1 and August 1 to maturity, commencing February 1, 2008. Principal of the current interest bonds is payable on August 1 in each of the years as per the repayment schedule, commencing August 1, 2008 through the final maturity at August 1, 2027. The capital appreciation bonds will not bear current interest, but will increase in value by the accumulation of earned interest from their Denominational Amounts on the date of delivery to their respective Maturity Values at maturity. Interest on the capital appreciation bonds will be compounded on each February 1 and August 1, commencing February 1, 2008, through the final maturity at August 1, 2028. The principal balance outstanding at June 30, 2016 amounted to \$880,670.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2016

NOTE 9 – LONG-TERM DEBT (*continued*)

A. General Obligation Bonds (*continued*)

Election 2006 (*continued*)

- Series B, which was issued on April 14, 2009 for \$4,999,686 with interest rates ranging from 3.00% to 6.75%. The original issuance consisted of \$2,310,000 of current interest serial bonds and \$2,689,686 of capital appreciation serial bonds. Interest on the current interest bonds is payable on each February 1 and August 1 to maturity, commencing August 1, 2009. Principal of the current interest bonds is payable on August 1 in each of the years and in the amounts as per the repayment schedule. The capital appreciation bonds will not bear current interest, but will increase in value by the accumulation of earned interest from their Denominational Amounts on the date of delivery to their respective Maturity Values at maturity. Interest on the capital appreciation bonds will be compounded on each February 1 and August 1, commencing August 1, 2009, through final maturity at August 1, 2033. The principal balance outstanding at June 30, 2016 amounted to \$2,701,409.
- Series 2013A, which was issued on September 25, 2013 for \$3,655,000 with interest rates ranging from 2.25% to 4.00%. The original issuance consisted entirely of current interest serial bonds. Interest on the current interest bonds is payable on each February 1 and August 1 to maturity, commencing February 1, 2014. Principal of the current interest bonds is payable on August 1 in each of the years and in the amounts as per the repayment schedule and continuing through August 1, 2027. The principal balance outstanding at June 30, 2016 amounted to \$3,655,000.
- Series 2015A, which was issued on November 5, 2015 for \$3,830,000 with interest rates ranging from 3.00% to 5.00%. The original issuance consisted entirely of current interest serial bonds. Interest on the current interest bonds is payable on each February 1 and August 1 to maturity, commencing February 1, 2016. Principal of the current interest bonds is payable on August 1 in each of the years and in the amounts as per the repayment schedule and continuing through August 1, 2031. The principal balance outstanding at June 30, 2016 amounted to \$3,830,000.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 9 – LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

Election 2008

In an election held on November 4, 2008, the voters authorized the District to issue and sale \$29,445,000 of principal amount of general obligation bonds. These bonds were issued for the purpose of financing specific construction and modernization projects, including repairing, renovating, and improving aging facilities; repairing water damage and failing roofs; removing hazardous materials; making schools earthquake safe; replacing outdated fire and security systems; and improving classrooms to modern safety and instructional standards. There were four issuances under this election:

- Series A, which was issued on April 14, 2009 for \$9,998,516 with interest rates ranging from 3.00% to 6.75%. The original issuance consisted of \$9,750,000 of current interest serial bonds and \$248,516 of capital appreciation serial bonds. Interest on the current interest bonds is payable on each February 1 and August 1 to maturity, commencing August 1, 2010. Principal of the current interest bonds is payable on August 1 in each of the years and in the amounts as per the repayment schedule. The capital appreciation bonds will not bear current interest, but will increase in value by the accumulation of earned interest from their Denominational Amounts on the date of delivery to their respective Maturity Values at maturity. Interest on the capital appreciation bonds will be compounded on each February 1 and August 1, commencing August 1, 2010, through final maturity at August 1, 2033. The principal balance outstanding at June 30, 2016 amounted to \$3,044,605.
- Series 2011 A Tax Exempt Bonds, which was issued on June 8, 2011 for \$9,382,294 with interest rates ranging from 4.70% to 7.47%. The original issuance consisted of \$1,460,798 of capital appreciation serial bonds and \$7,921,495 of convertible capital appreciation term bonds. The capital appreciation bonds will not bear current interest but will increase in value by the accumulation of earned interest from their principal amounts on the date of delivery to their respective values at maturity. Interest on the capital appreciation bonds will be compounded on February 1 and August 1 of each year, commencing August 1, 2011, through the final maturity at August 1, 2036. The convertible capital appreciation bonds will accrete interest from the date of delivery, compounded semiannually on February 1 and August 1 of each year, commencing on August 1, 2011, to the date on which the Convertible Capital Appreciation Bonds convert to current interest bonds and will bear interest from such conversion date on the accreted value thereof as of the conversion date, payable semiannually on February 1 and August 1 of each year, commencing on the February 1 or August 1 immediately succeeding the conversion date. Principal and accrued interest will be payable only at maturity as per the repayment schedule, through the final maturity at August 1, 2038. The principal balance outstanding at June 30, 2016 amounted to \$13,135,013.
- Series 2011 B Taxable Qualified School Construction Bonds, which was issued on June 8, 2011 for \$4,415,000 with an interest rate of 4.857%. The original issuance consisted entirely of a current interest term bond. Interest on the Qualified School Construction Bonds is payable commencing on February 1, 2012, and thereafter on each February 1 and August 1 to maturity or redemption prior thereto. Principal of the Qualified School Construction Bonds is payable on August 1, 2019. The principal balance outstanding at June 30, 2016 amounted to \$3,625,000.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2016

NOTE 9 – LONG-TERM DEBT (*continued*)

A. General Obligation Bonds (*continued*)

Election 2008 (*continued*)

- Series 2013B, which was issued on September 25, 2013 for \$5,644,564 with interest rates ranging from 1.50% to 8.00%. The original issuance consisted of \$1,000,000 of current interest serial bonds and \$4,644,564 of capital appreciation serial bonds. Interest on the current interest bonds is payable on each February 1 and August 1 to maturity, commencing February 1, 2014. Principal of the current interest bonds is payable on August 1 in each of the years and in the amounts as per the repayment schedule. The capital appreciation bonds will not bear current interest, but will increase in value by the accumulation of earned interest from their Denominational Amounts on the date of delivery to their respective Maturity Values at maturity. Interest on the capital appreciation bonds will be compounded on each February 1 and August 1, commencing February 1, 2014, through final maturity at August 1, 2042. The principal balance outstanding at June 30, 2016 amounted to \$6,269,023.

2016 Refunding

On May 24, 2016, the District issued \$10,090,000 of 2016 general obligation refunding bonds with interest rates ranging from 2.00% to 4.00%. The original issuance consisted entirely of current interest serial bonds. Interest on the bonds is payable on each February 1 and August 1 to maturity, commencing August 1, 2016. Principal on the bonds is payable on August 1 of each of the years and in the amounts as per the repayment schedule. The bonds were issued to advance refund certain Election 2006, Series 2007 bonds, Election 2006, Series B bonds, and Election 2008, Series A bonds (collectively called the “refunded bonds”). The principal balance outstanding at June 30, 2016 amounted to \$10,090,000.

The net proceeds received for the 2016 Refunding Bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District’s financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. Deferred charges on refunding of \$845,300 remain to be amortized. This refunding reduced total debt service payments by \$1,051,028 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$920,739. As of June 30, 2016, the principal balance outstanding on the defeased debt amounted to \$9,600,000.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 9 – LONG-TERM DEBT (continued)

B. Debt Service Requirements to Maturity – Bonds

The bonds mature through 2043 as follows:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 2,263,032	\$ 1,977,293	\$ 4,240,325
2018	1,721,079	950,214	2,671,293
2019	1,759,465	908,857	2,668,322
2020	1,779,975	992,377	2,772,352
2021	1,603,628	1,228,916	2,832,544
2022 - 2026	8,117,008	3,923,417	12,040,425
2027 - 2031	9,525,881	6,346,500	15,872,381
2032 - 2036	7,403,131	9,297,200	16,700,331
2037 - 2041	5,399,310	14,280,690	19,680,000
2042 - 2043	1,854,735	4,185,265	6,040,000
Accretion	7,449,704	(7,449,704)	-
Total	\$ 48,876,948	\$ 36,641,025	\$ 85,517,973

C. Capital Leases

The District entered into a capital lease with the option to purchase for a rooftop and shade structure solar system, with quarterly payments in February, May, August, and November of each year, with principal maturing through 2025. Future minimum lease payments are as follows:

Year Ended June 30,	Lease Payment
2017	\$ 71,998
2018	71,998
2019	71,998
2020	71,998
2021	58,071
2022 - 2026	188,732
Total minimum lease payments	534,795
Less amount representing interest	(82,503)
Present value of minimum lease payments	\$ 452,292

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 9 – LONG-TERM DEBT (continued)

D. Early Retirement Incentive

The District adopted Retirement Incentive Plans (the Plans) in April 2012 for fiscal year 2011-12, December 2012 for fiscal year 2012-13, November 2013 for fiscal year 2013-14, and November 2014 for fiscal year 2014-15. Eligible employees, who retired prior to the established deadlines, are provided an annual cash payment according to the Plan's provisions. 17 employees met the Plan's requirements and chose to participate in the Plan.

Future payments for the early retirement incentive are as follows:

<u>Year Ended June 30,</u>	<u>Payment</u>
2017	\$ 80,000
2018	23,833
2019	7,500
Total	<u>\$ 111,333</u>

E. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2016 amounted to \$428,106. This amount is included as part of long-term liabilities in the government-wide financial statements.

F. Net Pension Liability

The District's beginning net pension liability was \$23,873,004 and increased by \$8,897,069 during the year ended June 30, 2016. The ending net pension liability at June 30, 2016 was \$32,770,073. See Note 11 for additional information regarding the net pension liability.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 10 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2016:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Prepaid expenditures	164,853	14,456	-	-	179,309
Total non-spendable	166,853	14,456	-	-	181,309
Restricted					
Educational programs	312,195	-	-	-	312,195
Capital projects	-	4,608,776	-	9,489	4,618,265
Debt service	-	-	3,245,490	-	3,245,490
All others	-	-	-	4,211	4,211
Total restricted	312,195	4,608,776	3,245,490	13,700	8,180,161
Assigned					
Deferred Maintenance	200,054	-	-	-	200,054
Turf Replacement	80,000	-	-	-	80,000
Total assigned	280,054	-	-	-	280,054
Unassigned					
Reserve for economic uncertainties	969,046	-	-	-	969,046
Remaining unassigned	805,777	-	-	-	805,777
Total unassigned	1,774,823	-	-	-	1,774,823
Total	\$ 2,533,925	\$ 4,623,232	\$ 3,245,490	\$ 13,700	\$ 10,416,347

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 two months of general fund operating expenditures, or 3 percent of General Fund expenditures and other financing uses.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 11 – 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	\$ 27,665,259	\$ 6,177,337	\$ 2,717,461	\$ 2,804,361
PERS Pension	5,104,814	1,194,960	511,409	588,179
Total	\$ 32,770,073	\$ 7,372,297	\$ 3,228,870	\$ 3,392,540

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:

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 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS

CalSTRS 2% at 60

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.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 11 – PENSION PLANS (continued)

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

Benefits provided (continued)

CalSTRS 2% at 62

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.

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 9.20% and 8.56% of their salary for fiscal year 2016, 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 2016 was 10.73% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$2,205,658 for the year ended June 30, 2016.

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 \$1,225,158 to CalSTRS (7.126% of 2013-14 creditable compensation subject to CalSTRS).

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

At June 30, 2016, 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	\$	27,665,259
State's proportionate share of the net pension liability associated with the District		14,631,833
Total	\$	<u>42,297,092</u>

The net pension liability was measured as of June 30, 2015, 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, 2014, and rolling forward the total pension liability to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.041 percent, which was an increase of 0.006 percent from its proportion measured as of June 30, 2014.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 11 – PENSION PLANS (continued)

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, 2016, the District recognized pension expense of \$2,804,361. In addition, the District recognized pension expense and revenue of \$1,133,098 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 2,255,168
Differences between expected and actual experience	-	462,293
Changes in proportion and differences between District contributions and proportionate share of contributions	3,971,679	-
District contributions subsequent to the measurement date	2,205,658	-
	<u>\$ 6,177,337</u>	<u>\$ 2,717,461</u>

The \$2,205,658 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 661,947	\$ 640,841
2018	661,947	640,841
2019	661,947	640,841
2020	661,947	640,841
2021	661,947	77,049
2022	661,944	77,048
	<u>\$ 3,971,679</u>	<u>\$ 2,717,461</u>

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 11 – PENSION PLANS (continued)

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, 2014, and rolling forward the total pension liability to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	3.00%
Investment Yield*	7.60%
Wage Inflation	3.75%

* 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 RP2000 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2006–June 30, 2010.

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. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	4.50%
Private Equity	12%	6.20%
Real Estate	15%	4.35%
Inflation Sensitive	5%	3.20%
Fixed Income	20%	0.20%
Cash/Liquidity	1%	0.00%
	<u>100%</u>	

* 10-year geometric average

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 11 – PENSION PLANS (continued)

California State Teachers’ Retirement System (CalSTRS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed 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 (7.60 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 7.60 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 (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	\$ 41,772,388	\$ 27,665,259	\$ 15,941,097

Pension plan fiduciary net position

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

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 11 – PENSION PLANS (continued)

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 6.0% 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 2016 was 11.847% of annual payroll. Contributions to the plan from the District were \$545,027 for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$5,104,814 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, and rolling forward the total pension liability to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.035 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2014.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 11 – PENSION PLANS (continued)

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, 2016, the District recognized pension expense of \$588,179. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 174,793
Differences between expected and actual experience	291,747	-
Changes in assumptions	-	313,653
Changes in proportion and differences between District contributions and proportionate share of contributions	358,186	22,963
District contributions subsequent to the measurement date	545,027	-
	<u>\$ 1,194,960</u>	<u>\$ 511,409</u>

The \$545,027 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 224,115	\$ 159,509
2018	224,115	159,509
2019	201,703	148,693
2020	-	43,698
	<u>\$ 649,933</u>	<u>\$ 511,409</u>

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 11 – PENSION PLANS (continued)

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, 2014, and rolling forward the total pension liability to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Yield*	7.65%
Wage Inflation	Varies by Entry Age and Service

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

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 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

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 rounded down to the nearest one quarter of one percent.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 11 – PENSION PLANS (continued)

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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Years 11+**</u>
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
	<u>100%</u>		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

Discount rate

The discount rate used to measure the total pension liability was 7.65 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 7.65 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 (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	<u>1% Decrease (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>1% Increase (8.65%)</u>
District's proportionate share of the net pension liability	\$ 8,308,510	\$ 5,104,814	\$ 2,440,726

Pension plan fiduciary net position

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

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2016

NOTE 12 – 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, 2016.

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, 2016.

C. Construction Commitments

As of June 30, 2016, the District had commitments with respect to unfinished capital projects of \$1,810,678.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of the Ventura County Schools' Self-Funding Authority (VCSSFA) and the Ventura County Fast Action School Transit Authority (VCFast) joint powers authorities (JPAs). The District pays an annual premium to the VCSSFA for its workers' compensation, and property liability coverage. Payments for the County-Wide Courier Service are paid to the VCFast. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

NOTE 15 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2016, the deferred amount on refunding was \$845,300.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE 16 – SUBSEQUENT EVENT

The District issued \$4,055,000 of Tax Revenue Anticipation Notes (TRANs) dated July 14, 2016. The notes mature on June 30, 2017 and yield a 2.00 percent interest rate. The notes were sold to supplement cash flow.

REQUIRED SUPPLEMENTARY INFORMATION

OAK PARK UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 33,639,052	\$ 33,727,480	\$ 33,727,480	\$ -
Federal sources	954,259	1,006,873	1,006,873	-
Other state sources	3,678,830	4,182,333	4,182,333	-
Other local sources	5,113,010	5,482,268	5,482,274	6
Total Revenues	43,385,151	44,398,954	44,398,960	6
EXPENDITURES				
Certificated salaries	20,065,023	20,858,043	20,832,447	25,596
Classified salaries	5,914,205	6,186,960	6,245,156	(58,196)
Employee benefits	7,986,861	8,241,140	8,243,385	(2,245)
Books and supplies	1,207,904	1,421,275	1,574,992	(153,717)
Services and other operating expenditures	4,010,530	4,765,520	4,884,087	(118,567)
Capital outlay	418,180	722,642	579,882	142,760
Other outgo				
Excluding transfers of indirect costs	503,071	566,884	566,219	665
Total Expenditures	40,105,774	42,762,464	42,926,168	(163,704)
Excess (Deficiency) of Revenues				
Over Expenditures	3,279,377	1,636,490	1,472,792	(163,698)
Other Financing Sources (Uses)				
Other sources	-	73,509	73,509	-
Transfers out	(1,142,153)	(1,350,816)	(1,350,816)	-
Net Financing Sources (Uses)	(1,142,153)	(1,277,307)	(1,277,307)	-
NET CHANGE IN FUND BALANCE				
	2,137,224	359,183	195,485	(163,698)
Fund Balance - Beginning	1,030,841	1,089,340	1,089,340	-
Fund Balance - Ending	\$ 3,168,065	\$ 1,448,523	\$ 1,284,825	\$ (163,698)

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- On behalf payments of \$1,225,158 are not included in the actual revenues and expenditures reported in this schedule.
- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

OAK PARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
CALSTRS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.041%	0.035%
District's proportionate share of the net pension liability	\$ 27,665,259	\$ 20,300,033
States's proportionate share of the net pension liability associated with the District	14,631,833	12,258,037
Total	<u>\$ 42,297,092</u>	<u>\$ 32,558,070</u>
District's covered-employee payroll	\$ 20,555,993	\$ 19,229,523
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	134.6%	105.6%
Plan fiduciary net position as a percentage of the total pension liability.	76.5%	76.5%

See accompanying note to required supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
CALPERS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.035%	0.031%
District's proportionate share of the net pension liability	\$ 5,104,814	\$ 3,572,971
District's covered-employee payroll	\$ 4,600,549	\$ 3,850,050
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	111.0%	92.8%
Plan fiduciary net position as a percentage of the total pension liability.	83.4%	83.4%

See accompanying note to required supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,205,658	\$ 1,692,198
Contributions in relation to the contractually required contribution*	(2,205,658)	(1,692,198)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 20,555,993	\$ 19,229,523
Contributions as a percentage of covered-employee payroll	10.73%	8.80%

*Amounts do not include on behalf contributions

OAK PARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 545,027	\$ 453,190
Contributions in relation to the contractually required contribution	(545,027)	(453,190)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,600,549	\$ 3,850,050
Contributions as a percentage of covered-employee payroll	11.85%	11.77%

See accompanying note to required supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

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 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-employee payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

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-employee 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-employee payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2016, the District incurred the following excesses of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code, as follows:

	Expenditures and Other Uses			
	Budget	Actual	Excess	
General Fund				
Classified salaries	\$ 6,186,960	\$ 6,245,156	\$ 58,196	
Employee benefits	\$ 8,241,140	\$ 8,243,385	\$ 2,245	
Books and supplies	\$ 1,421,275	\$ 1,574,992	\$ 153,717	
Services and other operating expenditures	\$ 4,765,520	\$ 4,884,087	\$ 118,567	

SUPPLEMENTARY INFORMATION

**OAK PARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 159,494
Title II, Part A, Teacher Quality	84.367	14341	38,589
Title III			
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	13,966
Title III, Immigrant Education Program	84.365	15146	10,408
Subtotal Title III			<u>24,374</u>
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	760,069
Part B, Preschool Grants	84.173	13430	7,755
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	16,592
Subtotal Special Education Cluster			<u>784,416</u>
Total U. S. Department of Education			<u>1,006,873</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	10,593
School Breakfast Program - Needy	10.553	13526	11,819
National School Lunch Program	10.555	13391	67,368
USDA Commodities	10.555	*	24,052
Subtotal Child Nutrition Cluster			<u>113,832</u>
Total U. S. Department of Agriculture			<u>113,832</u>
Total Federal Expenditures			<u>\$ 1,120,705</u>

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

**OAK PARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2016**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	1,043.18	1,044.72
Extended Year Special Education	0.53	0.53
Special Education - Nonpublic Schools	0.94	0.94
Extended Year Special Education - Nonpublic Schools	0.13	0.13
Total TK/K through Third	1,044.78	1,046.32
Fourth through Sixth		
Regular ADA	1,000.97	1,002.98
Special Education - Nonpublic Schools	0.97	0.96
Extended Year Special Education - Nonpublic Schools	0.02	0.02
Total Fourth through Sixth	1,001.96	1,003.96
Seventh through Eighth		
Regular ADA	779.81	779.71
Extended Year Special Education	0.18	0.18
Special Education - Nonpublic Schools	1.91	1.91
Extended Year Special Education - Nonpublic Schools	0.04	0.04
Total Seventh through Eighth	781.94	781.84
Ninth through Twelfth		
Regular ADA	1,644.68	1,641.70
Extended Year Special Education	0.35	0.35
Total Ninth through Twelfth	1,645.03	1,642.05
TOTAL SCHOOL DISTRICT	4,473.71	4,474.17

See accompanying note to supplementary information.

**OAK PARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2016**

Grade Level	Minutes Requirement	2015-16 Actual	Number of Days	Status
		Minutes		
Kindergarten	36,000	40,725	180	Complied
Grade 1	50,400	51,520	180	Complied
Grade 2	50,400	51,520	180	Complied
Grade 3	50,400	51,520	180	Complied
Grade 4	54,000	55,023	180	Complied
Grade 5	54,000	55,023	180	Complied
Grade 6	54,000	58,500	180	Complied
Grade 7	54,000	58,500	180	Complied
Grade 8	54,000	58,410	180	Complied
Grade 9	64,800	64,950	180	Complied
Grade 10	64,800	64,950	180	Complied
Grade 11	64,800	64,950	180	Complied
Grade 12	64,800	64,950	180	Complied

See accompanying note to supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

	2017 (Budget)	2016	2015	2014
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 43,462,491	\$ 44,472,469	\$ 39,018,367	\$ 35,371,857
Expenditures And Other Financing Uses	42,299,657	44,276,984	39,350,665	34,118,130
Net change in Fund Balance	\$ 1,162,834	\$ 195,485	\$ (332,298)	\$ 1,253,727
Ending Fund Balance	\$ 2,447,659	\$ 1,284,825	\$ 1,089,340	\$ 1,421,638
Available Reserves*	\$ 3,211,820	\$ 1,774,823	\$ 1,304,838	\$ 1,015,057
Available Reserves As A				
Percentage Of Outgo	7.59%	4.01%	3.32%	2.98%
Long-term Debt	\$ 81,766,927	\$ 84,220,690	\$ 72,273,798	\$ 49,677,228
Average Daily				
Attendance At P-2	4,438	4,474	4,546	4,501

The General Fund balance has decreased by \$136,813 over the past two years. The fiscal year 2016-17 budget projects an increase of \$1,162,834. 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 surpluses in two of the past three years and anticipates incurring an operating surplus during the 2016-17 fiscal year. Total long term obligations have increased by \$34,543,462 over the past two years.

Average daily attendance has decreased by 27 ADA over the past two years. Additional decline of 36 ADA is anticipated during the 2016-17 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54 and on-behalf payments of \$1,225,158.

**OAK PARK UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2016, annual financial and budget report fund balance	\$ 1,284,825	\$ 54	\$ 1,249,046
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	1,249,100	(54)	(1,249,046)
Net adjustments and reclassifications	1,249,100	(54)	(1,249,046)
June 30, 2016, audited financial statement fund balance	\$ 2,533,925	\$ -	\$ -

See accompanying note to supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2016

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
ASSETS					
Cash and investments	\$ 81	\$ 4,604	\$ 2,257	\$ 2,485	\$ 9,427
Accounts receivable	29	9	129	5	172
Due from other funds	25,663	-	-	-	25,663
Total Assets	\$ 25,773	\$ 4,613	\$ 2,386	\$ 2,490	\$ 35,262
LIABILITIES					
Accrued liabilities	\$ 1,562	\$ -	\$ -	\$ -	\$ 1,562
Due to other funds	20,000	-	-	-	20,000
Total Liabilities	21,562	-	-	-	21,562
FUND BALANCES					
Restricted	4,211	4,613	2,386	2,490	13,700
Total Fund Balances	4,211	4,613	2,386	2,490	13,700
Total Liabilities and Fund Balance	\$ 25,773	\$ 4,613	\$ 2,386	\$ 2,490	\$ 35,262

See accompanying note to supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
REVENUES					
Federal sources	\$ 113,832	\$ -	\$ -	\$ -	\$ 113,832
Other state sources	656	-	-	-	656
Other local sources	526,598	23	10	12	526,643
Total Revenues	641,086	23	10	12	641,131
EXPENDITURES					
Current					
Pupil services					
Food services	888,191	-	-	-	888,191
General administration					
Plant services	1,006	-	-	-	1,006
Total Expenditures	889,197	-	-	-	889,197
Excess (Deficiency) of Revenues					
Over Expenditures	(248,111)	23	10	12	(248,066)
Other Financing Sources (Uses)					
Transfers in	250,816	-	-	-	250,816
Net Financing Sources (Uses)	250,816	-	-	-	250,816
NET CHANGE IN FUND BALANCE	2,705	23	10	12	2,750
Fund Balance - Beginning	1,506	4,590	2,376	2,478	10,950
Fund Balance - Ending	\$ 4,211	\$ 4,613	\$ 2,386	\$ 2,490	\$ 13,700

See accompanying note to supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2016

The Oak Park Unified School District was established on July 1, 1978, and consists of an area comprising approximately 28 square miles. The District operates three elementary schools, one middle school, one high school, one continuation high school, one independent study school, and one preschool. There were no boundary changes during the year.

GOVERNING BOARD

Member	Office	Term Expires
Allen Rosen	President	November 2018
Drew Hazelton	Vice President	November 2018
Derek Ross	Clerk	November 2018
Denise Helfstein	Member	November 2016
Barbara Laifman	Member	November 2016

DISTRICT ADMINISTRATORS

Anthony W. Knight, Ed.D.
Superintendent

Martin Klauss
Assistant Superintendent, Business and Administrative Services

Leslie Heilbron, Ed.D.
Assistant Superintendent, Human Resources

Barbara Dickerson
Director, Fiscal Services

Julie Suarez
Director, Business Operations

Carol Ly
Director, Student Nutrition & Wellness

Susan Roberts
Director, Pupil Services

Enoch Kwok
Director, Educational Technology & Information Services

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2016

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 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, 2016, the District participated in the Longer Day incentive funding program. As of June 30, 2016, the District had not yet 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.

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.

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**

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Independent Auditors' Report

Governing Board
Oak Park Unified School District
Oak Park, 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 Oak Park Unified School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Oak Park Unified School District's basic financial statements, and have issued our report thereon dated December 13 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oak Park Unified 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 Oak Park Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oak Park Unified School District's internal control.

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

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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 Oak Park Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that 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.

A handwritten signature in cursive script that reads "Christy White Associates".

San Diego, California
December 13 2016

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

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Governing Board
Oak Park Unified School District
Oak Park, California

Report on Compliance for Each Major Federal Program

We have audited Oak Park Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oak Park Unified School District's major federal programs for the year ended June 30, 2016. Oak Park Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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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 Oak Park Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Oak Park Unified 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, 2016.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Associates

San Diego, California
December 13 2016

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Governing Board
Oak Park Unified School District
Oak Park, California

Report on State Compliance

We have audited Oak Park Unified School District's compliance with the types of compliance requirements described in the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel that could have a direct and material effect on each of Oak Park Unified School District's state programs for the fiscal year ended June 30, 2016, 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 Oak Park Unified 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 *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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 Oak Park Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Oak Park Unified School District's compliance with those requirements.

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Opinion on State Compliance

In our opinion, Oak Park Unified 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, 2016.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Oak Park Unified 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	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	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
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes

PROGRAM NAME	PROCEDURES PERFORMED
After 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
Immunizations	Yes
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 Continuation Education because ADA reported was below the materiality required for testing.

Christy White Associates

San Diego, California
December 13 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**OAK PARK UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
84.027, 84.027A, 84.173	Special Education Cluster	
Dollar threshold used to distinguish between Type A and Type B programs:	\$	<u>750,000</u>
Auditee qualified as low-risk auditee?		<u>Yes</u>

STATE AWARDS

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

OAK PARK UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

There were no financial statement findings for the year ended June 30, 2016.

OAK PARK UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2016.

OAK PARK UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

FIVE DIGIT CODE

10000
40000
42000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2016.

OAK PARK UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

There were no audit findings for the year ended June 30, 2015.