

OAK PARK UNIFIED SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2012



**OAK PARK UNIFIED SCHOOL DISTRICT
OF VENTURA COUNTY**

OAK PARK, CALIFORNIA

JUNE 30, 2012

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
Jan Iceland	President	November 2012
Allen Rosen	Vice President	November 2014
Mary Pallant	Clerk	November 2014
Barbara Laifman	Member	November 2012
Sepideh Yeoh	Member	November 2012

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

Susan Roberts
Director, Pupil Services

Jane Mintz
Director, Technology Services

OAK PARK UNIFIED SCHOOL DISTRICT
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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State Board of Accountancy

Governing Board
Oak Park Unified School District
Oak Park, California

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Oak Park Unified School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 3 through 9 and the budgetary comparison information on page 43 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.

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 the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Christy White Associates

San Diego, California
December 5, 2012

OAK PARK UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

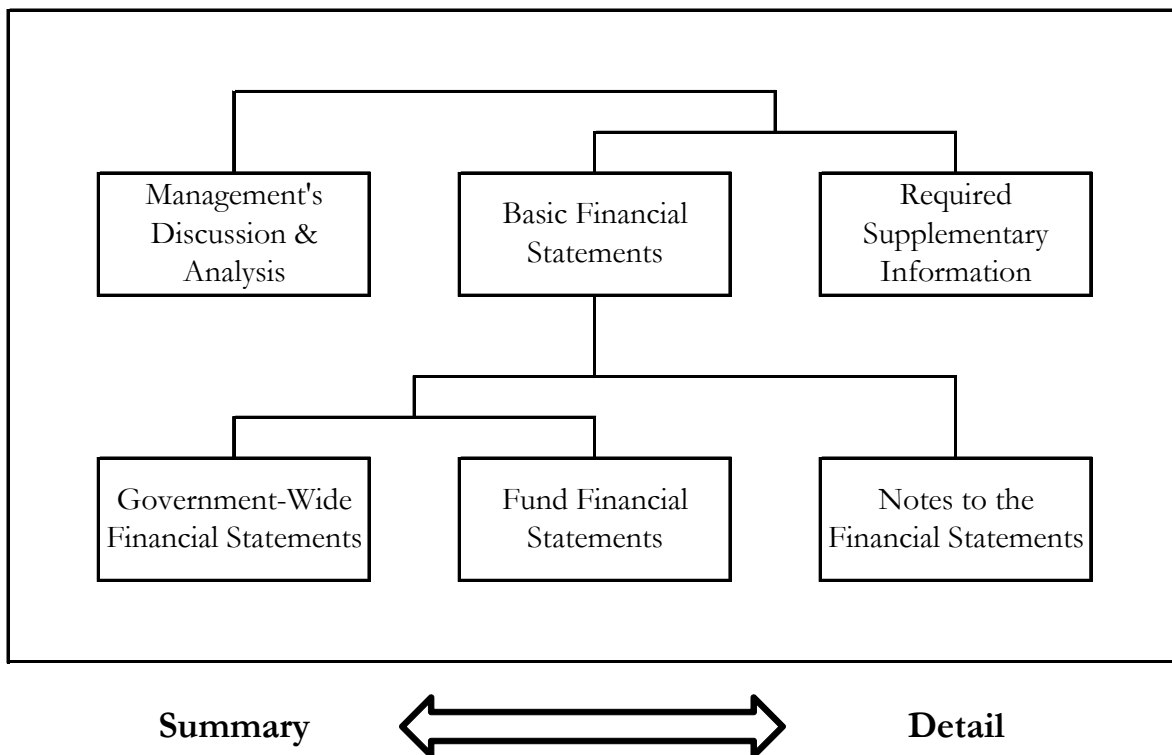
Our discussion and analysis of Oak Park Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2012. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total net assets were \$14,410,894 at June 30, 2012. This was an increase of \$2,096,890 from the prior year.
- Overall revenues were \$40,159,750 which exceeded expenses of \$38,062,860.

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, 2012

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 assets 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 assets and how they have changed. Net assets, the difference between assets and liabilities, are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets 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. Revenue limit 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, 2012**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Assets

The District's combined net assets were \$14,410,894 at June 30, 2012, as reflected in Table A-1 below. Of this amount, unrestricted net assets were \$338,384. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use those net assets for day-to-day operations.

Table A-1

	Governmental Activities		
	2012	2011	Net Change
ASSETS			
Current and other assets	\$ 27,689,168	\$ 27,345,091	\$ 344,077
Capital assets	38,554,199	35,005,909	3,548,290
Total Assets	66,243,367	62,351,000	3,892,367
LIABILITIES			
Current liabilities	10,588,035	8,315,854	(2,272,181)
Long-term liabilities	41,244,438	41,721,142	476,704
Total Liabilities	51,832,473	50,036,996	(1,795,477)
NET ASSETS			
Invested in capital assets, net of related debt	7,131,178	9,350,971	(2,219,793)
Restricted	6,941,332	2,033,457	4,907,875
Unrestricted	338,384	929,576	(591,192)
Total Net Assets	\$ 14,410,894	\$ 12,314,004	\$ 2,096,890

**OAK PARK UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Assets

The results of this year's operations for the District as a whole are reported in the Statement of Activities. Table A-2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly, so you can see our total revenues, expenses, and special items for the year.

Table A-2

	Governmental Activities		
	2012	2011	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 625,691	\$ 678,146	\$ (52,455)
Operating grants and contributions	3,298,391	4,839,494	(1,541,103)
Capital grants and contributions	4,597,889	13	4,597,876
General revenues			
Property taxes	13,469,132	14,289,001	(819,869)
Unrestricted federal and state aid	15,804,936	14,369,934	1,435,002
Other	2,363,711	1,854,153	509,558
Total Revenues	40,159,750	36,030,741	4,129,009
EXPENSES			
Instruction	22,994,540	21,361,923	1,632,617
Instruction-related services	2,457,933	2,251,614	206,319
Pupil services	3,717,243	3,186,480	530,763
General administration	2,357,212	1,871,150	486,062
Plant services	3,583,206	3,281,483	301,723
Ancillary and community services	259,608	236,006	23,602
Debt service	2,310,314	1,791,087	519,227
Other Outgo	382,804	251,380	131,424
Total Expenses	38,062,860	34,231,123	3,831,737
Change in net assets	2,096,890	1,799,618	297,272
Net Assets - Beginning	12,314,004	10,514,386	1,799,618
Net Assets - Ending	\$ 14,410,894	\$ 12,314,004	\$ 2,096,890

**OAK PARK UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Assets (continued)

The cost of all our governmental activities this year was \$38,062,860 (refer to Table A-3). The amount that our taxpayers ultimately financed for these activities through taxes was only \$13,469,132 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions (\$23,701,216).

	Table A-3	
	Total cost of services	Net cost of services
Instruction	\$ 22,994,540	\$ 15,907,097
Instruction-related services	2,457,933	2,402,759
Pupil services	3,717,243	2,720,642
General administration	2,357,212	2,255,484
Plant services	3,583,206	3,503,863
Ancillary and community services	259,608	239,599
Debt service	2,310,314	2,310,314
Transfers to other agencies	382,804	181,122
Other	-	20,009
Total Expenses	\$ 38,062,860	\$ 29,540,889

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 \$18,682,516, which is less than last year's ending fund balance of \$21,384,367. The District's General Fund had \$1,210,085 less in operating revenues than expenditures for the year ended June 30, 2012.

CURRENT YEAR BUDGET 2011-12

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, 2012**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2011-12 the District had invested \$38,554,199 in capital assets, net of accumulated depreciation.

Table A-4

	Governmental Activities		
	2012	2011	Net Change
CAPITAL ASSETS			
Land	\$ 4,809,841	\$ 4,809,841	\$ -
Construction in progress	6,692,831	3,195,417	3,497,414
Land improvements	1,383,385	1,383,385	-
Buildings & improvements	47,841,405	45,829,558	2,011,847
Furniture & equipment	4,649,643	4,556,055	93,588
Accumulated depreciation	(26,822,906)	(24,768,347)	(2,054,559)
Total Capital Assets	\$ 38,554,199	\$ 35,005,909	\$ 3,548,290

Long-Term Liabilities

At year-end, the District had \$43,193,588 in long-term liabilities, a decrease of 3.1% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

Table A-5

	Governmental Activities		
	2012	2011	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 42,818,550	\$ 44,164,573	\$ (1,346,023)
Early retirement incentive	99,304	158,192	(58,888)
Compensated absences	275,734	245,763	29,971
Total Long-term Liabilities	\$ 43,193,588	\$ 44,568,528	\$ (1,374,940)

**OAK PARK UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2012**

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.

- At the state level, the budget situation continues to reflect challenging economic times. A major key to higher funding for education is the recovery of the economy. There were two tax initiatives on the November 2012 ballot – the Governor's Proposition 30 and a rival tax initiative, Proposition 38. Since the Governor's proposal was approved by voters in November 2012, K-12 spending will remain flat at roughly the 2011-12 level. State categorical program flexibility continues for the 2011-12 and 2012-13 fiscal years with no anticipated changes. School districts are currently authorized to use funding from Tier III categorical programs for any purpose. K-3 class size reduction penalties have been relaxed through 2013-14 and school agencies maintain the flexibility to shorten the school year until 2014-15.
- 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 2012-13 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@oakparkusd.org.

OAK PARK UNIFIED SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 15,397,874
Accounts receivable	11,536,407
Deferred charges	754,887
Capital assets, not depreciated	11,502,672
Capital assets, net of accumulated depreciation	27,051,527
Total Assets	66,243,367
LIABILITIES	
Accrued liabilities	3,841,460
Current loans	4,794,535
Deferred revenue	2,890
Long-term liabilities, current portion	1,949,150
Long-term liabilities, non-current portion	41,244,438
Total Liabilities	51,832,473
NET ASSETS	
Invested in capital assets, net of related debt	7,131,178
Restricted for	
Capital projects	4,561,517
Debt service	2,379,754
Educational programs	61
Unrestricted	338,384
Total Net Assets	\$ 14,410,894

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, 2012

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 22,994,540	\$ -	\$ 2,489,554	\$ 4,597,889	\$ (15,907,097)
Instruction-related services					
Instructional supervision and administration	195,203	-	35,591	-	(159,612)
Instructional library, media, and technology	381,590	-	317	-	(381,273)
School site administration	1,881,140	-	19,266	-	(1,861,874)
Pupil services					
Home-to-school transportation	283,216	-	47,757	-	(235,459)
Food services	789,774	625,691	92,980	-	(71,103)
All other pupil services	2,644,253	-	230,173	-	(2,414,080)
General administration					
Centralized data processing	381,334	-	-	-	(381,334)
All other general administration	1,975,878	-	101,728	-	(1,874,150)
Plant services	3,583,206	-	79,343	-	(3,503,863)
Ancillary services	239,599	-	-	-	(239,599)
Community services	20,009	-	-	-	(20,009)
Interest on long-term debt	2,310,314	-	-	-	(2,310,314)
Other Outgo	382,804	-	201,682	-	(181,122)
Total Governmental Activities	\$ 38,062,860	\$ 625,691	\$ 3,298,391	\$ 4,597,889	(29,540,889)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					8,868,625
Property taxes, levied for debt service					3,700,604
Property taxes, levied for other specific purposes					899,903
Federal and state aid not restricted for specific purposes					15,804,936
Interest and investment earnings					49,546
Miscellaneous					2,314,165
Subtotal, General Revenue					31,637,779
CHANGE IN NET ASSETS					2,096,890
Net Assets - Beginning					12,314,004
Net Assets - Ending					\$ 14,410,894

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

OAK PARK UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 738,906	\$ 12,277,840	\$ 1,459	\$ 2,379,669	\$ 15,397,874
Accounts receivable	6,866,021	27,299	4,597,882	45,205	11,536,407
Due from other funds	107,159	7,395	-	40,744	155,298
Total Assets	\$ 7,712,086	\$ 12,312,534	\$ 4,599,341	\$ 2,465,618	\$ 27,089,579
LIABILITIES					
Accrued liabilities	\$ 2,528,262	\$ 898,433	\$ -	\$ 27,645	\$ 3,454,340
Due to other funds	40,744	18,572	42,578	53,404	155,298
Current loans	4,794,535	-	-	-	4,794,535
Deferred revenue	2,890	-	-	-	2,890
Total Liabilities	7,366,431	917,005	42,578	81,049	8,407,063
FUND BALANCES					
Nonspendable	2,000	-	-	-	2,000
Restricted	-	11,395,529	4,556,763	2,384,569	18,336,861
Assigned	20,052	-	-	-	20,052
Unassigned	323,603	-	-	-	323,603
Total Fund Balances	345,655	11,395,529	4,556,763	2,384,569	18,682,516
Total Liabilities and Fund Balances	\$ 7,712,086	\$ 12,312,534	\$ 4,599,341	\$ 2,465,618	\$ 27,089,579

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 ASSETS
JUNE 30, 2012

Total Fund Balance - Governmental Funds	\$ 18,682,516
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Amounts reported for assets and liabilities for governmental activities in the statement of net assets are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 65,377,105	
Accumulated depreciation	<u>(26,822,906)</u>	38,554,199

Unamortized costs:

In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the governmental-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs included in net long-term debt on the statement of net assets are:

754,887

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 unamatured interest owing at the end of the period was:

(387,120)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 42,818,550	
Early retirement incentive	99,304	
Compensated absences	<u>275,734</u>	(43,193,588)

Total Net Assets - Governmental Activities	<u>\$ 14,410,894</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, 2012

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Revenue limit sources					
State aid	\$ 12,465,569	\$ -	\$ -	\$ -	\$ 12,465,569
Local sources	8,868,625	-	-	-	8,868,625
Transfers	54,205	-	-	-	54,205
Federal sources	1,237,130	-	-	107,350	1,344,480
Other state sources	3,447,099	-	4,597,880	43,943	8,088,922
Other local sources	4,920,591	110,838	9	4,306,511	9,337,949
Total Revenues	30,993,219	110,838	4,597,889	4,457,804	40,159,750
EXPENDITURES					
Current					
Instruction	22,172,563	-	-	-	22,172,563
Instruction-related services					
Instructional supervision and administration	195,203	-	-	-	195,203
Instructional library, media, and technology	175,379	-	-	-	175,379
School site administration	1,774,412	-	-	-	1,774,412
Pupil services					
Home-to-school transportation	77,760	-	-	-	77,760
Food services	-	-	-	789,364	789,364
All other pupil services	2,437,029	-	-	-	2,437,029
General administration					
Centralized data processing	379,590	-	-	-	379,590
All other general administration	1,821,798	-	-	-	1,821,798
Plant services	2,531,392	820,260	-	2,844	3,354,496
Facilities acquisition and maintenance	(3,760)	5,471,402	42,579	-	5,510,221
Ancillary services	239,125	-	-	-	239,125
Community services	20,009	-	-	-	20,009
Transfers to other agencies	261,660	-	-	-	261,660
Debt service					
Principal	-	-	-	2,001,768	2,001,768
Interest and other	121,144	-	-	1,530,080	1,651,224
Total Expenditures	32,203,304	6,291,662	42,579	4,324,056	42,861,601
Excess (Deficiency) of Revenues					
Over Expenditures	(1,210,085)	(6,180,824)	4,555,310	133,748	(2,701,851)
Other Financing Sources (Uses)					
Transfers In	-	-	-	45,744	45,744
Transfers Out	(45,744)	-	-	-	(45,744)
Net Financing Sources (Uses)	(45,744)	-	-	45,744	-
NET CHANGE IN FUND BALANCE	(1,255,829)	(6,180,824)	4,555,310	179,492	(2,701,851)
Fund Balance - Beginning	1,601,484	17,576,353	1,453	2,205,077	21,384,367
Fund Balance - Ending	\$ 345,655	\$ 11,395,529	\$ 4,556,763	\$ 2,384,569	\$ 18,682,516

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, 2012**

Net Change in Fund Balances - Governmental Funds \$ (2,701,851)

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:	\$	5,603,808	
Depreciation expense:		<u>(2,054,559)</u>	3,549,249

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:

2,825,000

Debt issue costs:

In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issue costs are amortized over the life of the debt. The difference between debt issue costs recognized in the current period and issue costs amortized for the period is:

Issue costs incurred during the period:	\$	-	
Issue costs amortized for the period:		<u>(31,843)</u>	(31,843)

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:

(92,646)

**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, 2012**

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.

(1,510,630)

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:

(29,971)

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:

58,888

Cost write-off for canceled capital projects:

If a planned capital project is canceled and will not be completed, costs previously capitalized as Work-in-progress must be written off to expense. Costs written off for canceled projects were:

(959)

Amortization of debt issue 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 as interest over the life of the debt. Amortization of premium or discount for the period is:

31,653

Change in Net Assets of Governmental Activities

\$	2,096,890
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OAK PARK UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Trust Funds	Agency Funds
	Private-Purpose	Student Body
	Trust Fund	Fund
ASSETS		
Cash and cash equivalents	\$ 5,313	\$ 424,348
Accounts receivable	7	-
Total Assets	5,320	\$ 424,348
LIABILITIES		
Accrued liabilities	-	\$ 43,662
Due to student groups	-	380,686
Total Liabilities	-	\$ 424,348
NET ASSETS		
Unrestricted	5,320	
Total Net Assets	\$ 5,320	

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

OAK PARK UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	Trust Funds
	Private-Purpose
	Trust Fund
ADDITIONS	
Investment earnings	\$ 28
Other	500
CHANGE IN NET ASSETS	528
Net Assets - Beginning	4,792
Net Assets - Ending	<u>\$ 5,320</u>

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

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 assets 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, 2012

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*).

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.*).

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

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*).

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*).

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

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

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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.

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 assets should be reported as restricted when constraints placed on net asset 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 assets restricted for other activities result from special revenue funds and the restrictions on their net asset use.

All governmental-type activities of the District follow the FASB and AICPA pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

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.

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.

Deferred Revenue

Deferred 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 deferred revenue is removed from the balance sheet and revenue is recognized.

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

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

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, Liabilities, Fund Balance and Net Assets

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash held in the county treasury is recorded at cost, which approximates fair value.

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 assets, 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 fair market values 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	20-50 years
Site Improvements	40 years
Equipment	5-15 years
Vehicles	6-15 years

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, Fund Balance and Net Assets (continued)

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 assets.

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.

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

Deferred Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, Fund Balance and Net Assets (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.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, Fund Balance and Net Assets (continued)

Fund Balance (continued)

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.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2012

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities	Fiduciary Funds
Cash in county	\$ 15,395,874	\$ 5,313
Cash on hand and in banks	-	424,348
Cash in revolving fund	2,000	-
Total cash and cash equivalents	\$ 15,397,874	\$ 429,661

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, 2012

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 \$15,426,417 and an amortized book value of \$15,401,187. The average weighted maturity for this pool is 337 days.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 2 – CASH AND INVESTMENTS (continued)

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, 2012, the pooled investments in the County Treasury were rated AAAs.

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, 2012, the District's bank balance was not exposed to custodial credit risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2012 consisted of the following:

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities	Total Fiduciary
Federal Government						
Categorical aid	\$ 246,061	\$ -	\$ -	\$ 4,705	\$ 250,766	\$ -
State Government						
Apportionment	4,896,173	-	-	-	4,896,173	-
Categorical aid	596,532	-	4,597,880	373	5,194,785	-
Lottery	311,769	-	-	-	311,769	-
Local Government						
Other Local Sources	815,486	27,299	2	40,127	882,914	7
Total	\$ 6,866,021	\$ 27,299	\$ 4,597,882	\$ 45,205	\$ 11,536,407	\$ 7

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance July 01, 2011	Additions	Deletions	Balance June 30, 2012
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,809,841	\$ -	\$ -	\$ 4,809,841
Construction in progress	3,195,417	5,510,220	2,012,806	6,692,831
Total Capital Assets not Being Depreciated	8,005,258	5,510,220	2,012,806	11,502,672
Capital assets being depreciated				
Land improvements	1,383,385	-	-	1,383,385
Buildings & improvements	45,829,558	2,011,847	-	47,841,405
Furniture & equipment	4,556,055	93,588	-	4,649,643
Total Capital Assets Being Depreciated	51,768,998	2,105,435	-	53,874,433
Less Accumulated Depreciation				
Land improvements	119,501	34,587	-	154,088
Buildings & improvements	21,806,242	1,284,926	-	23,091,168
Furniture & equipment	2,842,604	735,046	-	3,577,650
Total Accumulated Depreciation	24,768,347	2,054,559	-	26,822,906
Governmental Activities				
Capital Assets, net	\$ 35,005,909	\$ 5,561,096	\$ 2,012,806	\$ 38,554,199

Depreciation expense has been allocated to governmental functions as follows:

Governmental Activities	
Instruction	\$ 821,824
Instructional library, media, and technology	205,456
School site administration	102,728
Home-to-school transportation	205,456
All other pupil services	205,456
All other general administration	205,456
Plant services	308,183
Total depreciation	\$ 2,054,559

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2012 were as follows:

Due To Other Funds	Due From Other Funds			
	General Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ -	\$ 40,744	\$ 40,744
Building Fund	18,572	-	-	18,572
County School Facilities Fund	35,183	7,395	-	42,578
Non-Major Governmental Funds	53,404	-	-	53,404
Total Due From Other Funds	\$ 107,159	\$ 7,395	\$ 40,744	\$ 155,298

The General Fund owed the Non-Major Cafeteria Fund for operational support.	\$ 40,744
The Non-Major Cafeteria Fund owed the General Fund for temporary cash flow loan.	53,404
The Building Fund owed the General Fund for Measure R staff support.	18,572
The County School Facilities Fund owed the General Fund for Oak Park High School modernization.	35,183
The County School Facilities Fund owed the Building Fund for Oak Park High School modernization.	7,395
Total	\$ 155,298

B. Operating Transfers

Interfund transfers for the year ended June 30, 2012 consisted of the following:

Interfund Transfers Out	Interfund Transfers In
	Non-Major Governmental Funds
General Fund	\$ 45,744
Total Interfund Transfers	\$ 45,744

The General Fund transferred to the Non-Major Cafeteria Fund for operational support.	\$ 45,744
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OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2012 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Total Governmental Activities	Total Fiduciary
Payroll	\$ 1,396,455	\$ -	\$ 3,492	\$ -	\$ 1,399,947	\$ -
Construction	-	898,433	-	-	898,433	-
Vendors payable	1,131,807	-	24,153	-	1,155,960	43,662
Unmatured interest	-	-	-	387,120	387,120	-
Total	\$ 2,528,262	\$ 898,433	\$ 27,645	\$ 387,120	\$ 3,841,460	\$ 43,662

NOTE 7 – DEFERRED REVENUE

Deferred revenue at June 30, 2012, consisted of \$2,890 within the General Fund related to monies received from Federal sources.

NOTE 8 – TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On April 1, 2011, the District issued \$3,580,000 of Tax and Revenue Anticipation Notes (TRANS) bearing interest at 2.50 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on September 30, 2011. By August 31, 2011, the District had paid off the notes.

On July 1, 2011, the District issued \$5,770,000 of TRANS bearing interest at 2.00 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on January 31, 2012. By December 31, 2011, the District had paid off the notes.

On March 29, 2012, the District issued \$4,790,000 of TRANS. The notes have an interest rate of 1.50 percent and mature on December 31, 2012. The repayment period is such that the District must have 55 percent of total principal deposited by July 31, 2012 and 45 percent deposited by August 30, 2012 with a final maturity of September 30, 2012. The notes were issued to supplement cash flow. The balance due on the notes of \$4,794,535 as of June 30, 2012 is shown as Current Loans on the financial statements.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 9 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2012 consisted of the following:

	Balance July 01, 2011	Additions	Deductions	Balance June 30, 2012	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 43,418,791	\$ 1,510,630	\$ 2,825,000	\$ 42,104,421	\$ 1,903,734
Unamortized premium	745,782	-	31,653	714,129	-
Total general obligation bonds	44,164,573	1,510,630	2,856,653	42,818,550	1,903,734
Early retirement incentive	158,192	-	58,888	99,304	45,416
Compensated absences	245,763	29,971	-	275,734	-
Total	\$ 44,568,528	\$ 1,540,601	\$ 2,915,541	\$ 43,193,588	\$ 1,949,150

A. General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2011	Additions	Deductions	Bonds Outstanding June 30, 2012
Election 1977, Series 2000	May 26, 2000	May 1, 2017	5.70% - 6.15%	\$5,999,943	\$ 10,124,828	\$ 631,264	\$ 1,600,000	\$ 9,156,092
2002A Refunding	May 26, 2000	May 1, 2012	4.40% - 5.30%	8,665,000	415,000	-	415,000	-
Election 2006, Series 2007	September 20, 2007	August 1, 2028	3.75% - 5.25%	5,011,137	4,222,221	12,813	250,000	3,985,034
Election 2006, Series 2009B	April 14, 2009	August 1, 2033	3.00% - 6.75%	4,999,686	5,331,767	207,117	-	5,538,884
Election 2008, Series 2009A	April 14, 2009	August 1, 2033	3.00% - 6.75%	9,998,516	9,527,681	37,949	560,000	9,005,630
Election 2008, Series 2011A	June 8, 2011	August 1, 2038	4.70% - 7.47%	9,382,294	9,382,294	621,487	-	10,003,781
Election 2008, Series 2011B	June 8, 2011	August 1, 2019	4.86%	4,415,000	4,415,000	-	-	4,415,000
					\$ 43,418,791	\$ 1,510,630	\$ 2,825,000	\$ 42,104,421

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, 2012 amounted to \$9,156,092.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 9 – LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

Series 2000A Refunding Bonds

On May 26, 2000, the District issued \$8,665,000 of Series 2000A general obligation refunding bonds. The bonds were issued to advance refund all of the outstanding Election of 1977, Series 1992 bonds and the Election of 1977, Series 1995 bonds. The original issuance had interest rates ranging from 4.40% to 5.30% and consisted entirely of current interest serial bonds. Interest on the bonds accrues from the date of issuance and is payable semi-annually on May 1 and November 1 of each year, commencing November 1, 2000. Principal payments are made annually, commencing May 1, 2001 through the final maturity at May 1, 2012. By June 30, 2012, the bonds had been completely paid.

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 two 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, 2012 amounted to \$3,985,034.
- 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, 2012 amounted to \$5,538,884.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

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 three 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, 2012 amounted to \$9,005,630.
- 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 7.10%. 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, 2012 amounted to \$10,003,781.
- 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, 2012 amounted to \$4,415,000.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 9 – LONG-TERM DEBT (continued)

B. Debt Service Requirements to Maturity – Bonds

The bonds mature through 2039 as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,903,734	\$ 2,047,243	\$ 3,950,977
2014	1,958,008	2,107,744	4,065,752
2015	2,049,476	2,163,876	4,213,352
2016	2,200,979	2,210,587	4,411,566
2017	2,030,089	1,782,794	3,812,883
2018 - 2022	6,972,447	3,868,106	10,840,553
2023 - 2027	3,984,360	3,022,565	7,006,925
2028 - 2032	7,114,678	6,507,956	13,622,634
2033 - 2037	5,991,519	8,908,562	14,900,081
2038 - 2039	1,753,630	1,796,370	3,550,000
Accretion	6,145,501	(6,145,501)	-
Total	\$ 42,104,421	\$ 28,270,302	\$ 70,374,723

C. Early Retirement Incentive

The District adopted a Retirement Incentive Plan (the Plan) in May 2006. The District adopted an additional Retirement Incentive Plan on May 2010. Eligible employees, who retired prior to August 1, 2006 and August 2010, are provided an annual cash payment according to the Plan's provisions. 13 employees met the Plan's requirements and chose to participate in the Plan.

The remaining liability at June 30, 2012 amounted to:

<u>Year Ended June 30,</u>	<u>Lease Payment</u>
2013	\$ 45,416
2014	33,680
2015	20,208
Total	<u>\$ 99,304</u>

D. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2012 amounted to \$275,734. This amount is included as part of long-term liabilities in the government-wide financial statements.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 10 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2012:

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Total non-spendable	2,000	-	-	-	2,000
Restricted					
Capital projects	-	11,395,529	4,556,763	4,754	15,957,046
Debt service	-	-	-	2,379,754	2,379,754
All others	-	-	-	61	61
Total restricted	-	11,395,529	4,556,763	2,384,569	18,336,861
Assigned					
TURF Replacement	20,000	-	-	-	20,000
Deferred Maintenance	52	-	-	-	52
Total assigned	20,052	-	-	-	20,052
Unassigned					
Reserve for economic uncertainties	323,603	-	-	-	323,603
Total unassigned	323,603	-	-	-	323,603
Total	\$ 345,655	\$ 11,395,529	\$ 4,556,763	\$ 2,384,569	\$ 18,682,516

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, 2012

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer 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).

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.

Funding Policy

Active plan members are required to contribute 8.0% of their salary 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 2012 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2011-12	\$ 1,317,102	100%
2010-11	\$ 1,278,117	100%
2009-10	\$ 1,285,982	100%

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 \$681,221 to CalSTRS (4.267% of salaries subject to CalSTRS in 2011-12).

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS (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.

Funding Policy

Active plan members are required to contribute 7.0% of their salary, 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 the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012 was 10.923% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2011-12	\$ 347,755	100%
2010-11	\$ 310,744	100%
2009-10	\$ 291,000	100%

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2012

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, 2012.

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, 2012.

C. Construction Commitments

As of June 30, 2012, the District had commitments with respect to unfinished capital projects of \$2,615,420.

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 14 – SUBSEQUENT EVENT

The District issued \$6,700,000 of Tax Revenue Anticipation Notes (TRANs) dated July 31, 2012. The notes mature on May 1, 2013 and yield a 3.50 percent interest rate. The notes were sold to supplement cash flow. Repayment requirements are that amounts be deposited with the Fiscal Agent during the period December 1, 2012 through and including April 30, 2013 until 100% of total principal and interest have been deposited.

REQUIRED SUPPLEMENTARY INFORMATION

**OAK PARK UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual *	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
Revenue limit sources				
State aid	\$ 13,169,855	\$ 11,913,375	\$ 12,465,569	\$ 552,194
Local sources	8,635,370	8,897,939	8,868,625	(29,314)
Transfers	49,996	49,215	54,205	4,990
Federal sources	1,123,369	1,294,644	1,237,130	(57,514)
Other State sources	2,746,813	2,822,785	2,765,878	(56,907)
Other local sources	4,124,330	4,366,232	4,916,989	550,757
Total Revenues	29,849,733	29,344,190	30,308,396	964,206
EXPENDITURES				
Certificated salaries	15,911,902	15,386,292	16,293,792	(907,500)
Classified salaries	3,977,614	3,961,408	4,370,265	(408,857)
Employee benefits	6,229,705	6,266,253	6,410,081	(143,828)
Books and supplies	788,868	769,344	850,770	(81,426)
Services and other operating expenditures	3,031,627	3,272,077	3,338,459	(66,382)
Capital outlay	-	-	(3,760)	3,760
Other outgo				
Excluding transfers of indirect costs	274,000	317,000	261,660	55,340
Total Expenditures	30,213,716	29,972,374	31,521,267	(1,548,893)
Excess (Deficiency) of Revenues				
Over Expenditures	(363,983)	(628,184)	(1,212,871)	(584,687)
Other Financing Sources (Uses)				
Transfers In	-	5,000	606,185	601,185
Transfers Out	-	(5,000)	(45,744)	(40,744)
Net Financing Sources (Uses)	-	-	560,441	560,441
NET CHANGE IN FUND BALANCE	(363,983)	(628,184)	(652,430)	(24,246)
Fund Balance - Beginning	502,097	654,430	654,430	-
Fund Balance - Ending	\$ 138,114	\$ 26,246	\$ 2,000	\$ (24,246)

* 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 \$681,221 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.

See accompanying note to required supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012

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.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2012, the District incurred no excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	\$ 15,386,292	\$ 16,293,792	\$ 907,500
Classified salaries	\$ 3,961,408	\$ 4,370,265	\$ 408,857
Employee benefits	\$ 6,266,253	\$ 6,410,081	\$ 143,828
Books and supplies	\$ 769,344	\$ 850,770	\$ 81,426
Services and other operating expenditures	\$ 3,272,077	\$ 3,338,459	\$ 66,382

SUPPLEMENTARY INFORMATION

OAK PARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

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 School Support	84.010	14416	\$ 105,685
Title II, Part A, Improving Teacher Quality	84.367A	14341	49,473
Title II, Part D, Enhancing Education Through Technology, Formula Grants	84.318	14334	1,019
Title III Cluster			
Title III, Immigrant Education Program	84.365	15146	4,360
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	10,021
Subtotal Title III Cluster			<u>14,381</u>
Foreign Language Assistance Program	84.293B	*	168,879
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	697,750
Part B, Preschool Grants	84.173	13430	13,140
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	26,352
Subtotal Special Education Cluster			<u>737,242</u>
Education Jobs Fund	84.410	25152	160,451
Total U. S. Department of Education			<u>1,237,130</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	23668	16,753
National School Lunch Program	10.555	13391	69,276
Commodities	10.555	13392	21,321
Total U. S. Department of Agriculture			<u>107,350</u>
Total Federal Expenditures			<u>\$ 1,344,480</u>

* - PCS Number not available or not applicable

OAK PARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2012

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	263	265
First through third	745	747
Fourth through sixth	872	873
Seventh through eighth	711	711
Special education	8	7
Total Elementary	2,599	2,603
SECONDARY		
Regular classes	1,440	1,438
Continuation education	35	37
Home and hospital	1	1
Special education	9	9
Total Secondary	1,485	1,485
Average Daily Attendance Total	4,084	4,088

See accompanying note to supplementary information.

**OAK PARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2012**

Grade Level	1982-83		1986-87		2011-12 Actual Minutes	Number of Days	Status
	Actual Minutes	Actual Minutes Reduced	Minutes Requirement	Minutes Requirement Reduced			
Kindergarten	31,680	29,568	36,000	33,600	39,600	180	Complied
Grade 1	48,830	45,575	50,400	47,040	51,390	180	Complied
Grade 2	48,830	45,575	50,400	47,040	51,390	180	Complied
Grade 3	48,830	45,575	50,400	47,040	51,390	180	Complied
Grade 4	52,350	48,860	54,000	50,400	54,840	180	Complied
Grade 5	52,350	48,860	54,000	50,400	54,840	180	Complied
Grade 6	52,350	48,860	54,000	50,400	58,500	180	Complied
Grade 7	56,685	52,906	54,000	50,400	58,500	180	Complied
Grade 8	56,685	52,906	54,000	50,400	58,500	180	Complied
Grade 9	56,685	52,906	64,800	60,480	65,110	180	Complied
Grade 10	56,685	52,906	64,800	60,480	65,110	180	Complied
Grade 11	56,685	52,906	64,800	60,480	65,110	180	Complied
Grade 12	56,685	52,906	64,800	60,480	65,110	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, 2012

	2013 (Budget)	2012	2011	2010
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 29,158,396	\$ 30,914,581	\$ 30,043,686	\$ 29,462,565
Expenditures And Other Financing Uses	29,109,996	31,567,011	29,744,959	31,110,842
Net change in Fund Balance	\$ 48,400	\$ (652,430)	\$ 298,727	\$ (1,648,277)
Ending Fund Balance	\$ 50,400	\$ 2,000	\$ 654,430	\$ 1,372,179
Available Reserves*	\$ 336,345	\$ 323,603	\$ 1,471,425	\$ 1,100,326
Available Reserves As A Percentage Of Outgo	1.16%	1.03%	4.95%	3.54%
Long-term Debt	\$ 41,244,438	\$ 43,193,588	\$ 43,781,798	\$ 32,105,664
Average Daily Attendance At P-2	4,347	4,084	3,902	3,690

The General Fund balance has decreased by \$1,370,179 over the past two years. The fiscal year 2012-13 budget projects an increase of \$48,400. 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). See Finding #2012-1 for a discussion related to the District's available reserves.

The District has incurred operating deficits in two of the past three years but anticipates incurring an operating surplus during the 2012-13 fiscal year. Total long term obligations have increased by \$11,087,924 over the past two years.

Average daily attendance has increased by 394 ADA over the past two years. Additional increase of 263 ADA is anticipated during the 2012-13 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 \$681,221.

**OAK PARK UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2012, annual financial and budget report fund balance	\$ 2,000	\$ 52	\$ 343,603
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	343,655	(52)	(343,603)
Net adjustments and reclassifications	343,655	(52)	(343,603)
June 30, 2012, audited financial statement fund balance	<u>\$ 345,655</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.

**OAK PARK UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2012**

	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,087	\$ 2,300	\$ 2,444	\$ 2,373,838	\$ 2,379,669
Accounts receivable	39,279	5	5	5,916	45,205
Due from other funds	40,744	-	-	-	40,744
Total Assets	\$ 81,110	\$ 2,305	\$ 2,449	\$ 2,379,754	\$ 2,465,618
LIABILITIES					
Accrued liabilities	\$ 27,645	\$ -	\$ -	\$ -	\$ 27,645
Due to other funds	53,404	-	-	-	53,404
Total Liabilities	81,049	-	-	-	81,049
FUND BALANCES					
Restricted	61	2,305	2,449	2,379,754	2,384,569
Total Fund Balances	61	2,305	2,449	2,379,754	2,384,569
Total Liabilities and Fund Balance	\$ 81,110	\$ 2,305	\$ 2,449	\$ 2,379,754	\$ 2,465,618

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, 2012

	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
REVENUES					
Federal sources	\$ 107,350	\$ -	\$ -	\$ -	\$ 107,350
Other State sources	6,718	-	-	37,225	43,943
Other local sources	626,662	15	16	3,679,818	4,306,511
Total Revenues	740,730	15	16	3,717,043	4,457,804
EXPENDITURES					
Current					
Pupil services					
Food services	789,364	-	-	-	789,364
Plant services	2,844	-	-	-	2,844
Debt service					
Principal	-	-	-	2,001,768	2,001,768
Interest and other	-	-	-	1,530,080	1,530,080
Total Expenditures	792,208	-	-	3,531,848	4,324,056
Excess (Deficiency) of Revenues					
Over Expenditures	(51,478)	15	16	185,195	133,748
Other Financing Sources (Uses)					
Transfers In	45,744	-	-	-	45,744
Net Financing Sources (Uses)	45,744	-	-	-	45,744
NET CHANGE IN FUND BALANCE	(5,734)	15	16	185,195	179,492
Fund Balance - Beginning	5,795	2,290	2,433	2,194,559	2,205,077
Fund Balance - Ending	\$ 61	\$ 2,305	\$ 2,449	\$ 2,379,754	\$ 2,384,569

See accompanying note to supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2012

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections 46200 through 46206*.

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by *Education Code Section 46201*. For 2011-12, the instructional day and minute requirements have been reduced pursuant to *Education Code Sections 46201.2 and 46201.3*.

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. (Located in the front of the audit report)

**OTHER INDEPENDENT
AUDITORS' REPORTS**

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

Christy White, CPA

Eric J. Hart

Michael Ash, CPA

Erin Sacco Pineda, CPA

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State Board of Accountancy*

Governing Board
Oak Park Unified School District
Oak Park, California

We have audited 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2012. 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.

Internal Control over Financial Reporting

Management of Oak Park Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Oak Park Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oak Park Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Oak Park Unified School District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Audit Findings and Questioned Costs as item #2012-01 that we consider to be significant deficiencies in internal control over financial reporting. 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.

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*.

Oak Park Unified School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Oak Park Unified School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the governing board, management, others within the entity, the California Department of Education, the California State Controller's Office, the California Department of Finance, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Christy White Associates

San Diego, California

December 5, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Christy White, CPA

Eric J. Hart

Michael Ash, CPA

Erin Sacco Pineda, CPA

Governing Board
Oak Park Unified School District
Oak Park, California

Compliance

We have audited Oak Park Unified School District's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Oak Park Unified School District's management. Our responsibility is to express an opinion on Oak Park Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination of Oak Park Unified School District's compliance with those requirements.

In our opinion, Oak Park Unified School District complied, in all material respects, with the 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, 2012.

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Internal Control over Compliance

Management of Oak Park Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Oak Park Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

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 that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses* as defined above.

This report is intended solely for the information and use of the governing board, management, others within the entity, the California Department of Education, the California State Controller's Office, the California Department of Finance, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Christy White Associates

San Diego, California
December 5, 2012

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
 Oak Park Unified School District
 Oak Park, California

We have audited Oak Park Unified School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2011-12*, issued by the California Education Audit Appeals Panel as regulations for the year ended June 30, 2012. Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Oak Park Unified School District's management. Our responsibility is to express an opinion on Oak Park Unified School District's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2011-12*, 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 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. Our audit does not provide a legal determination on Oak Park Unified School District's compliance with the state laws and regulations referred to above.

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 IN AUDIT GUIDE	PROCEDURES PERFORMED
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	No, see below
Instructional Time for:		
School Districts	6	Yes
County offices of education	3	Not Applicable
Instructional Materials, general requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes

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PROGRAM NAME	PROCEDURES IN AUDIT GUIDE	PROCEDURES PERFORMED
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes
Juvenile Court Schools	8	Not Applicable
Exclusion of Pupils - Pertussis Immunization	2	Yes
Class Size Reduction (including in charter schools):		
General requirements	7	Yes
Option One	3	Yes
Option Two	4	Not Applicable
Districts or charter schools with only one school serving K - 3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Not Applicable
After school	5	Not Applicable
Before school	6	Not Applicable
Contemporaneous Records of Attendance; for charter schools	3	Not Applicable
Mode of Instruction; for charter schools	1	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	3	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	4	Not Applicable

We did not perform testing for Continuation Education because the ADA was below the required threshold for testing.

In our opinion, Oak Park Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2012.

This report is intended solely for the information and use of the governing board, management, others within the entity, the California Department of Education, the California State Controller's Office, the California Department of Finance, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Christy White Associates

San Diego, California
December 5, 2012

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**OAK PARK UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	No
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
84.027, 84.027A, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for state programs:	Unqualified

OAK PARK UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

FINDING #2012-01: FUND BALANCE RESERVE (30000)

Criteria: For a district this size, the State has recommended a reserve for economic uncertainty level of three percent. Current State budget law allows districts the flexibility to reduce the reserve level up to one-third (i.e. 1%) of the minimum required level through fiscal year 2014-15.

Condition: The District ended the 2011-12 fiscal year with General Fund available reserves amounting to 1.03% of total expenditures and other outgo, which is below the State's recommended fund balance reserve level of 3%, however, due to current budget laws, the District is in compliance. Our concern is that low reserve levels exacerbate potential cash flow shortfalls and necessitate even more careful budget management to avoid potential going concern issues. We do understand the District has a plan to restore reserves over the current and subsequent years and the plan appears to be adequate.

Cause: State budgetary concerns and deferrals of State apportionment.

Effect: Low reserve levels exacerbate potential cash flow shortfalls and necessitate even more careful budget management to avoid potential going concern issues.

Recommendation: We recommend the district restore the General Fund available reserves to a minimum of 3% in or before fiscal year 2014-15.

Perspective: Review of the General Fund available reserves.

District Response: State budget cuts and deficits to Revenue Limit funding have depleted District reserves as Oak Park has worked to maintain programs, smaller class sizes and excellent educational opportunities for all of the District's children. State legislation currently allows district reserves to drop as low as 1% as long as progress is made to restore reserves in 2012-13 and reserves are fully restored by the end of the 2013-14 school year.

Oak Park District Administration and the Board of Education have developed and implemented a budget recovery plan, carefully and thoughtfully monitoring spending throughout these difficult budget years. This plan will allow the district to end 2012-13 making progress toward restoring reserves and to fully restore the required 3% reserve by the end of 2013-14.

The structural deficit has been eliminated over the past two years; negotiations have been settled as "status quo" with no increases for salaries or health benefits. District API scores at every site are among the highest in the state and the District of Choice program has helped maintain funding levels.

The current projection for 2013-14 reserve levels is 3.4%, and the Board is committed to building and maintaining reserves beyond this required minimum to ensure the financial well being of the District.

OAK PARK UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012.

OAK PARK UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

FIVE DIGIT CODE

10000
40000
41000
60000
61000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
CalSTRS
Miscellaneous
Classroom Teacher Salaries
Instructional Materials
Teacher Misassignments
School Accountability Report Card

There were no state award findings of questioned costs for the year ended June 30, 2012.

OAK PARK UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

FINDING #2011-1 INDEPENDENT STUDY – BROOKSIDE ELEMENTARY SCHOOL (40000)

Condition: In testing short-term independent study contracts, we found that one contract had amounts of apportionment credit per teacher determination that did not reconcile to the apportionment credit in the attendance system and one contract that did not contain the proper dates to verify the contract was signed prior to the contract beginning.

Criteria: California Education Code Section 51747.5 (b) states that “school districts...may claim apportionment credit for independent study only to the extent of the time value of pupil or student work products, as personally judged in each instance by a certificated teacher.”

Cause: Insufficient controls over monitoring Independent Study credit claimed.

Effect: Noncompliance with state requirements and possible loss of ADA.

Questioned Cost: \$190.96 – comprised 6 apportionment days, or 0.03 ADA, at a base revenue limit of \$6,365.26.

Recommendation: We recommend that the District revise their Second Period and Annual attendance reports and implement appropriate internal control procedures to ensure all independent study apportionment is being properly reported.

District Response: The District has revised and resubmitted its Second Period and Annual attendance reports to the State, and is reviewing and modifying its internal control procedures to ensure all independent study apportionment is properly reported.

Current Status: Implemented.

OAK PARK UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*
FOR THE YEAR ENDED JUNE 30, 2012

FINDING #2011-2 SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Condition: In testing the School Accountability Report Cards (SARC), as posted online through the District website, we found that the information contained on the SARC for Oak Park High School did not match the information that was recorded on the Facilities Inspection Tool (FIT).

Criteria: California Education Code Section 14502.1 states that the SARC must contain, but is not limited to, this information.

Cause: Insufficient controls over monitoring the SARC preparation.

Effect: Noncompliance with state requirements.

Questioned Cost: None

Recommendation: We recommend that the District implement appropriate internal control procedures to ensure that information reported on the SARC is accurate and consistent with the FIT.

District Response: The District has amended its internal control procedures to require that District staff review and proofread the draft SARC prepared by its consultant prior to its publication to ensure that information reported is accurate and consistent with the FIT.

Current Status: Implemented.