

OAK PARK UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2010

OAK PARK UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2010

FINANCIAL SECTION

Independent Auditors' Report	2
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements	
Governmental Funds - Balance Sheet	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	16
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance	17
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
Fiduciary Funds - Statement of Net Assets	20
Fiduciary Funds - Statement of Changes in Net Assets	21
Notes to Financial Statements	22

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Budgetary Comparison Schedule	46
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SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	48
Local Education Agency Organization Structure	49
Schedule of Average Daily Attendance	50
Schedule of Instructional Time	51
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements	52
Schedule of Financial Trends and Analysis	53
Combining Statements - Non-Major Governmental Funds	
Combining Balance Sheet	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	55
Note to Supplementary Information	56

INDEPENDENT AUDITORS' REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	59
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	61
Report on State Compliance	63

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	66
Financial Statement Findings	67
Federal Awards Findings and Questioned Costs	68
State Awards Findings and Questioned Costs	69
Summary Schedule of Prior Audit Findings	70
Management Letter	71

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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 (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2009-2010*, 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 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 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 the Oak Park Unified School District, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes to the basic financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding requirements of the State of California to the K-12 educational community.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 conjunction with this report in considering the results of our audit.

The required supplementary information, such as management's discussion and analysis on pages 4 through 12 and budgetary comparison information on page 46, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards which is required by 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California

December 15, 2010



Business and Administrative Services

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This section of Oak Park Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including infrastructure), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, business-type, and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The Primary unit of the government is the Oak Park Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

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

OAK PARK UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

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

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

In the *Statement of Net Assets* and the *Statement of Activities*, we report the District activities as follows:

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

OAK PARK UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were \$10,514,386 for the fiscal year ended June 30, 2010. Of this amount, \$647,871 was unrestricted. 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. Our analysis below, in summary form, focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

TABLE 1

	Governmental Activities	
	2010	2009
Assets		
Current and other assets	\$ 16,289,722	\$ 22,328,056
Capital assets	30,863,925	28,532,537
Total Assets	<u>47,153,647</u>	<u>50,860,593</u>
Liabilities		
Current liabilities	4,100,640	4,801,968
Long-term obligations	32,538,621	31,500,362
Total Liabilities	<u>36,639,261</u>	<u>36,302,330</u>
Net Assets		
Invested in capital assets, net of related debt	7,932,875	8,701,486
Restricted	1,933,640	5,750,852
Unrestricted	647,871	105,925
Total Net Assets	<u>\$ 10,514,386</u>	<u>\$ 14,558,263</u>

OAK PARK UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

Changes in Net Assets

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

TABLE 2

	Governmental Activities	
	2010	2009
Revenues		
Program revenues:		
Operating grants and contributions	\$ 5,460,769	\$ 4,038,051
Capital grants and contributions	2,327	13,968
General revenues:		
Federal and State aid	11,986,846	12,720,382
Property taxes	13,232,653	15,100,425
Other general revenues	2,715,349	5,216,858
Total Revenues	33,397,944	37,089,684
Expenses		
Instruction-related	24,940,333	24,432,814
Pupil services	3,802,654	3,281,206
Administration	2,232,644	2,069,309
Plant services	3,869,518	4,816,089
Ancillary and Community services	232,441	206,753
Other outgo	2,364,231	1,712,634
Total Expenses	37,441,821	36,518,805
Change in Net Assets	\$ (4,043,877)	\$ 570,879

OAK PARK UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$37,441,821. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$13,232,653 because the cost was paid by other governments, and organizations who subsidized certain programs with grants and contributions (\$5,463,096). We paid for the remaining "public benefit" portion of our governmental activities with \$14,704,522 in State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions: instruction, instruction-related activities, pupil services, administration, plant services, and other outgo; as well as each program's *net* cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

TABLE 3

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Instruction	\$ 22,525,376	\$ 21,850,486	\$ 18,366,273	\$ 18,568,250
Instruction-related activities	2,414,957	2,582,328	2,270,171	2,472,674
Pupil services	3,802,654	3,281,206	2,910,907	2,847,591
Administration	2,232,644	2,069,309	2,083,562	1,932,399
Plant services	3,869,518	4,816,089	3,862,374	4,816,089
Other outgo	2,596,672	1,919,387	2,485,438	1,829,783
Total	\$ 37,441,821	\$ 36,518,805	\$ 31,978,725	\$ 32,466,786

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$12,065,096 million, which is a decrease of \$8,367,008 from last year (Table 4).

TABLE 4

	Fund Balance	
	June 30, 2010	June 30, 2009
General Fund	\$ 355,703	\$ 2,093,980
Building Fund	9,521,833	14,026,086
Bond Interest and Redemption Fund	1,162,136	2,497,153
Non-major Governmental Funds	1,025,424	1,814,885
Total	\$ 12,065,096	\$ 20,432,104

OAK PARK UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 19, 2009. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 46).

- Revenue Limit funding declined from the adopted to final budget as a result of funding cuts imposed by the State budget adopted in August 2009. These cuts included an increase of the deficit factor from 17.97 percent to 18.36 percent, and an additional cut the Revenue Limit of \$253 per Average Daily Attendance. The decline was also driven by lower actual enrollment than projected at the District's budget adoption.
- The variance in Federal sources reflects an adjustment to State Fiscal Stabilization Funds revenues, originally budgeted and received by the District in 2009-2010. The State subsequently provided instruction to the auditor that the revenue should instead be recognized in 2008-2009, when the State recognized receipt of the Federal SFSF funding.
- Other State sources vary to reflect on behalf payments as outlined on page 42 in Note 14, Employee Retirement Systems. The remaining increase in revenues resulted from a timing difference in the recognition of State deferrals. According to its understanding, the District accrued the 2008-2009 State revenue deferrals at the end of 2008-2009. Subsequently, the auditor received instruction from the State that the deferrals should be recognized in 2009-2010, as the State did not recognize the deferral liability until 2009-2010, when the revenues were actually paid by the State and received by the District. This adjustment created "offsetting" entries in 2008-2009 and 2009-2010.
- Expenditure adjustments include the corresponding component of the on behalf payments described above, listed under Employee benefits. Also included are adjustments to Service and Operating Expenses to reflect actual expenditures for repairs and professional services.

OAK PARK UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had \$30,863,925 million in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$2,331,398 or 8.17 percent, from last year (Table 5).

TABLE 5

	Governmental Activities	
	2010	2009
Land and construction in progress	\$ 6,115,884	\$ 4,809,841
Buildings and improvements	22,838,416	21,605,794
Equipment	1,909,625	2,116,902
Total	\$ 30,863,925	\$ 28,532,537

Several capital projects are planned for the 2010-2011 year. In November 2008, Oak Park voters authorized Measure R, a general obligation bond for facility maintenance and improvements. The first issuance of this bond to occurred in March 2009, in the amount of \$10,000,000. Facility improvements anticipated within the 2010-2011 fiscal year are expected to be \$3.5 million. Additionally, the second issuance of the Measure C6 School Safety, Equipment, and Technology Improvement bond to occurred in March 2009 in the amount of \$5,000,000. These funds will be used to continue the 21st Century Classroom technology initiative, and other classroom and instructional equipment.

Long-Term Obligations

At the end of this year, the District had \$31,431,755 million in bonds outstanding versus \$33,772,198 million last year, a decrease of \$2,340,443, or 6.93 percent. Those bonds consisted of:

TABLE 6

	Governmental Activities	
	2010	2009
General obligation bonds	\$ 31,431,755	\$ 33,772,198
Premium on bonds	645,001	673,045
Accumulated vacation	199,043	149,719
Early retirement incentive plan	262,822	80,800
Total	\$ 32,538,621	\$ 34,675,762

Other obligations include compensated absences payable and postemployment benefits. We present more detailed information regarding our long-term obligations in Note 10 of the financial statements.

OAK PARK UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2009-2010 ARE NOTED BELOW:

- Implementation and issuance of the Measure R general obligation bond for facility maintenance and improvements. A bond program and construction manager for the program was selected in March 2009, and architects were selected in April 2009. Five "quick-start" projects, including roofing and parking lots, were identified and completed during the summer of 2009. These projects were followed in 2010 with the completion of relocatable classroom building replacement, science land upgrades, District-wide replacement and upgrade of door locks and digital thermostats, as well as additional replacement and repair of school roofs and parking lots.
- Implementation of the second phase of the Measure C6 School Safety, Equipment, and Technology Improvement bond continues, furthering the District's 21st Century Classroom technology initiative.
- The Friends of Oak Park Schools educational foundation continued its financial contribution to the District, funding instructional positions to increase the District's science programs.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2010-2011 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. At the June 2010 adoption, Revenue Limit income was forecast to receive a <0.39 percent> COLA; adjusted by the application of an 18.4 percent deficit factor, and further modified by a 3.85 percent reduction to the District's Base Revenue Limit (BRL). With the adoption of the State budget in October 2010, the funded COLA was established at zero percent, the deficit factor was reduced to 17.963 percent, and the 3.85 percent reduction to the District's (BRL) was eliminated.
2. Interest earnings will remain to 1.5 percent due to an anticipated reduction in market interest rates.
3. At adoption Federal income was assumed to be maintained at 2009-2010 levels, except for the reduction in Title I funding (<40 percent>) and Title IIA (<60 percent>). No Federal ARRA funding was assumed. Federal Education Jobs funding was received in September 2010, and will be recognized in the District's operating budget at First Interim.
4. State restricted funding will remain at 2009-2010 levels, except as modified by COLA as outlined above, maintaining a three-tiered structure, with Tier III retaining flexibility in its use.
5. Measure C parcel tax (\$197 per parcel) continues for eight additional years, commencing in July 1, 2009.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades kindergarten through third	25:1	937
Grades four through eight	31.5:1	1,580
Grades nine through twelve	32.5:1	1,483

OAK PARK UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

Other items specifically addressed in the budget are:

- The District's 2010-2011 adopted budget assumed implementation of seven furlough days for certificated and classified employees and 8 furlough days for administrative employees. Further reductions were assumed by the reduction in force of Elementary Music, Library Services, Kindergarten Aides, and Special Education Aides, and the reduction of school site and athletic stipends. With the adoption of the State budget in October 2010, all furlough days were eliminated and all positions listed above were restored except for Elementary Music.
- Reduction of all school and District-level departmental allocations by ten percent.
- At the June 2010 adoption, the District contribution for Deferred Maintenance was eliminated and the three percent contribution to Routine Restricted Maintenance Revenue Account was reduced to one and one-half percent.

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, 2010

	Governmental Activities
ASSETS	
Deposits and investments	\$ 11,276,677
Receivables	4,575,088
Prepaid expenses	5,000
Deferred charges	432,957
Capital assets	
Land and construction in progress	6,115,884
Other capital assets	48,889,050
Accumulated depreciation	(24,141,009)
Total Capital Assets	30,863,925
Total Assets	47,153,647
LIABILITIES	
Accounts payable	1,771,039
Interest payable	308,971
Deferred revenue	201,095
Current loans	1,819,535
Current portion of long-term obligations	2,816,629
Noncurrent portion of long-term obligations	29,721,992
Total Liabilities	36,639,261
NET ASSETS	
Invested in capital assets, net of related debt	7,932,875
Restricted for:	
Debt service	853,165
Capital projects	811,112
Educational programs	185,388
Other activities	83,975
Unrestricted	647,871
Total Net Assets	\$ 10,514,386

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, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets
				Governmental Activities
Governmental Activities:				
Instruction	\$ 22,525,376	\$ 4,156,776	\$ 2,327	\$ (18,366,273)
Instruction-related activities:				
Supervision of instruction	417,681	88,527	-	(329,154)
Instructional library, media, and technology	184,996	43,654	-	(141,342)
School site administration	1,812,280	12,605	-	(1,799,675)
Pupil services:				
Home-to-school transportation	66,502	35,752	-	(30,750)
Food services	939,057	98,644	-	(840,413)
All other pupil services	2,797,095	757,351	-	(2,039,744)
Administration:				
Data processing	405,887	2,562	-	(403,325)
All other administration	1,826,757	146,520	-	(1,680,237)
Plant services	3,869,518	7,144	-	(3,862,374)
Ancillary services	218,732	-	-	(218,732)
Community services	13,709	-	-	(13,709)
Interest on long-term obligations	2,157,329	-	-	(2,157,329)
Other outgo	206,902	111,234	-	(95,668)
Total Governmental Activities	\$ 37,441,821	\$ 5,460,769	\$ 2,327	(31,978,725)
General revenues and subventions:				
Property taxes, levied for general purposes				9,349,749
Property taxes, levied for debt service				2,964,778
Taxes levied for other specific purposes				918,126
Federal and State aid not restricted to specific purposes				11,986,846
Interest and investment earnings				358,612
Miscellaneous				2,356,737
Subtotal, General Revenues				27,934,848
Change in Net Assets				(4,043,877)
Net Assets - Beginning				14,558,263
Net Assets - Ending				\$ 10,514,386

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

OAK PARK UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2010

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	\$ 207,930	\$ 8,712,749	\$ 1,156,452
Receivables	4,533,454	31,298	5,684
Due from other funds	163,679	1,400,000	-
Prepaid expenditures	5,000	-	-
Total Assets	\$ 4,910,063	\$ 10,144,047	\$ 1,162,136
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,133,730	\$ 622,214	\$ -
Due to other funds	1,400,000	-	-
Other current liabilities	1,819,535	-	-
Deferred revenue	201,095	-	-
Total Liabilities	4,554,360	622,214	-
Fund Balances:			
Reserved for:			
Revolving cash	2,000	-	-
Prepaid expenditures	5,000	-	-
Legally restricted balances	185,388	-	-
Unreserved:			
Designated	-	-	-
Undesignated, reported in:			
General Fund	163,315	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	1,162,136
Capital projects funds	-	9,521,833	-
Total Fund Balance	355,703	9,521,833	1,162,136
Total Liabilities and Fund Balances	\$ 4,910,063	\$ 10,144,047	\$ 1,162,136

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

Non Major Governmental Funds	Total Governmental Funds
\$ 1,199,546	\$ 11,276,677
4,652	4,575,088
-	1,563,679
-	5,000
<u>\$ 1,204,198</u>	<u>\$ 17,420,444</u>

\$ 15,095	\$ 1,771,039
163,679	1,563,679
-	1,819,535
-	201,095
<u>178,774</u>	<u>5,355,348</u>

-	2,000
-	5,000
-	185,388

937,011	937,011
---------	---------

-	163,315
83,975	83,975
-	1,162,136
4,438	9,526,271
<u>1,025,424</u>	<u>12,065,096</u>
<u>\$ 1,204,198</u>	<u>\$ 17,420,444</u>

OAK PARK UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2010

Total Fund Balance - Governmental Funds \$12,065,096
**Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:**

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is:	\$55,004,934	
Accumulated depreciation is:	<u>(24,141,009)</u>	
Net Capital Assets		30,863,925

Expenditures relating to issuance of debt of next fiscal year were recognized on
modified accrual basis, but are not recognized on the accrual basis. 432,957

In governmental funds, unmatured interest on long-term obligations is
recognized in the period when it is due. On the government-wide
financial statements, unmatured interest on long-term obligations is
recognized when it is incurred. (308,971)

Long-term obligations, including bonds payable, are not due and
payable in the current period and, therefore, are not reported
as liabilities in the funds.

Long-term obligations at year-end consist of:

Bonds payable	(31,431,755)	
Premium on bond	(645,001)	
Compensated absences (vacations)	(199,043)	
Early retirement incentive	<u>(262,822)</u>	
Total Long-Term Obligations		<u>(32,538,621)</u>
Total Net Assets - Governmental Activities		<u><u>\$10,514,386</u></u>

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 BALANCE FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Revenue limit sources	\$ 18,418,537	\$ -	\$ -
Federal sources	2,064,913	-	-
Other State sources	4,186,309	-	29,691
Other local sources	4,229,127	237,098	2,993,348
Total Revenues	28,898,886	237,098	3,023,039
EXPENDITURES			
Current			
Instruction	21,356,587	-	-
Instruction-related activities:			
Supervision of instruction	246,336	-	-
Instructional library, media and technology	184,996	-	-
School site administration	1,726,607	-	-
Pupil services:			
Home-to-school transportation	66,502	-	-
Food services	-	-	-
All other pupil services	2,625,749	-	-
Administration:			
Data processing	405,887	-	-
All other administration	1,655,412	-	-
Plant services	2,303,410	1,003,201	-
Facility acquisition and construction	57,651	4,204,398	-
Ancillary services	218,732	-	-
Community services	13,709	-	-
Debt service			
Principal	-	-	3,140,000
Interest and other	22,362	-	1,218,056
Total Expenditures	30,883,940	5,207,599	4,358,056
Excess (Deficiency) of Revenues Over Expenditures	(1,985,054)	(4,970,501)	(1,335,017)
Other Financing Sources (Uses)			
Transfers in	473,679	-	-
Other sources	-	466,248	-
Transfers out	(20,000)	-	-
Other uses	(206,902)	-	-
Net Financing Sources (Uses)	246,777	466,248	-
NET CHANGE IN FUND BALANCES	(1,738,277)	(4,504,253)	(1,335,017)
Fund Balance - Beginning	2,093,980	14,026,086	2,497,153
Fund Balance - Ending	\$ 355,703	\$ 9,521,833	\$ 1,162,136

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 18,418,537
93,394	2,158,307
5,672	4,221,672
673,607	8,133,180
<u>772,673</u>	<u>32,931,696</u>
-	21,356,587
-	246,336
-	184,996
-	1,726,607
-	66,502
767,712	767,712
-	2,625,749
-	405,887
-	1,655,412
305,891	3,612,502
34,852	4,296,901
-	218,732
-	13,709
-	3,140,000
-	1,240,418
<u>1,108,455</u>	<u>41,558,050</u>
<u>(335,782)</u>	<u>(8,626,354)</u>
20,000	493,679
-	466,248
(473,679)	(493,679)
-	(206,902)
<u>(453,679)</u>	<u>259,346</u>
(789,461)	(8,367,008)
1,814,885	20,432,104
<u>\$ 1,025,424</u>	<u>\$ 12,065,096</u>

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, 2010

Total Net Change in Fund Balances - Governmental Funds \$(8,367,008)

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

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

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

Capital outlays	\$ 4,044,836	
Depreciation expense	<u>(1,713,448)</u>	
		2,331,388

The District agreed to pay an early retirement incentive to eligible employees over a period of years. During the 2009-2010 fiscal year, the District's liability increased by \$210,350 and the amount paid was \$28,328.

(182,022)

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

Vacation earned was more than the amounts used by \$49,324.

(49,324)

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

General obligation bond	3,140,000
-------------------------	-----------

Governmental funds report the effect on premiums, discounts, issuance costs, and deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is net effect of there related items.

Premium on issuance	28,044	
Deferred cost on issuance	<u>(18,824)</u>	
Combined adjustment		9,220

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, (Continued) FOR THE YEAR ENDED JUNE 30, 2010

Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accretion of principal on the District's capital appreciation general obligation bonds was \$799,557. Second, the interest on the other outstanding debt increased by \$126,574.

Change in Net Assets of Governmental Activities

\$ (926,131)
\$ (4,043,877)

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

OAK PARK UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF NET ASSETS JUNE 30, 2010

	<u>Scholarship Trust</u>	<u>Agency Funds</u>
ASSETS		
Deposits and investments	\$ 16,058	\$ 433,136
Receivables	72	-
Total Assets	<u>16,130</u>	<u>\$ 433,136</u>
LIABILITIES		
Due to student groups	-	433,136
Total Liabilities	<u>-</u>	<u>\$ 433,136</u>
NET ASSETS		
Unreserved	<u>16,130</u>	
Total Net Assets	<u>\$ 16,130</u>	

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, 2010

	Scholarship Trust
ADDITIONS	
Private donations	\$ 500
Interest	454
Total	<u>954</u>
DEDUCTIONS	
Other expenditures	11,026
Total Deductions	<u>11,026</u>
Change in Net Assets	(10,072)
Net Assets - Beginning	26,202
Net Assets - Ending	<u>\$ 16,130</u>

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

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Oak Park Unified School District (the District) was established on July 1, 1978, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates three elementary schools, one middle school, one high school, one continuation high school, one independent study school, and one preschool.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of a district. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

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

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities:

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Cafeteria Fund The Cafeteria Fund is used to account separately for federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board, except for State apportionments which, as a result of Senate Bill 4 of the 2009-2010 Third Extraordinary Session (SBX3 4), may be used for any educational purpose.

Special Reserve Fund for Other Than Capital Outlay Projects The Special Reserve Fund for Other Than Capital Outlay Projects is used to provide for the accumulation of General Fund monies for general operating purposes.

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

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

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Basis of Accounting - Measurement Focus

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

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

Net 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.

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

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Fiduciary Funds Fiduciary Funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 45 or 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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 before the eligibility requirements are met 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.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances.

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Investments

Investments held at June 30, 2010, 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 investment pools are determined by the program sponsor.

Capital Assets and Depreciation

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

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 40 years; furniture and equipment, 5 to 15 years, and vehicles; 6 to 15 years.

Interfund Balances

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

Compensated Absences

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

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

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS **JUNE 30, 2010**

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 governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term 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 governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

Fund Balance Reserves

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for revolving cash accounts, and legally restricted grants and entitlements.

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. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The government-wide financial statements report \$1,933,640 of restricted net assets, of which \$269,363 is restricted by enabling legislation.

Interfund Activity

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

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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.

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 1st of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

Property Tax

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

New Accounting Pronouncements

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. Early implementation is encouraged.

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2010, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 11,276,677
Fiduciary funds	449,194
Total Deposits and Investments	<u>\$ 11,725,871</u>

Deposits and investments as of June 30, 2010, consist of the following:

Cash on hand and in banks	\$ 436,137
Cash in revolving	2,000
Investments	11,287,734
Total Deposits and Investments	<u>\$ 11,725,871</u>

Policies and Practices

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

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

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Fair Value	Weighted Average Maturity
County Pool	\$ 11,332,885	344 Days

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County Pool is not required to be rated, nor has it been rated as of June 30, 2010.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2010, the District had no bank balance exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2010, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total	Fiduciary Funds
Federal Government						
Categorical aid	\$ 1,026,535	\$ -	\$ -	\$ -	\$ 1,026,535	\$ -
State Government						
Apportionment	2,037,685	-	-	-	2,037,685	-
Categorical aid	725,670	-	-	-	725,670	-
Lottery	191,686	-	-	-	191,686	-
Local Government						
Interest	5,258	31,298	5,684	4,652	46,892	72
Other Local Sources	546,620	-	-	-	546,620	-
Total	<u>\$ 4,533,454</u>	<u>\$ 31,298</u>	<u>\$ 5,684</u>	<u>\$ 4,652</u>	<u>\$ 4,575,088</u>	<u>\$ 72</u>

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 4,809,841	\$ -	\$ -	\$ 4,809,841
Construction in Progress	-	1,306,043	-	1,306,043
Total Capital Assets Not Being Depreciated	4,809,841	1,306,043	-	6,115,884
Capital Assets Being Depreciated:				
Land Improvements	199,402	1,183,983	-	1,383,385
Buildings and Improvements	42,008,640	1,092,464	-	43,101,104
Equipment and Vehicles	3,942,215	462,346	-	4,404,561
Total Capital Assets Being Depreciated	46,150,257	2,738,793	-	48,889,050
Total Capital Assets	50,960,098	4,044,836	-	55,004,934
Less Accumulated Depreciation:				
Land Improvements	84,766	4,985	-	89,751
Buildings and Improvements	20,517,482	1,038,840	-	21,556,322
Equipment and Vehicles	1,825,313	669,623	-	2,494,936
Total Accumulated Depreciation	22,427,561	1,713,448	-	24,141,009
Governmental Activities Capital Assets, Net	\$ 28,532,537	\$ 2,331,388	\$ -	\$ 30,863,925

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

Governmental Activities	
Instruction	\$ 685,378
Instructional library, media, and technology	171,345
School site administration	85,673
Food services	171,345
All other pupil services	171,346
All other administration	171,345
Plant services	257,016
Total Depreciation Expenses Governmental Activities	<u>\$ 1,713,448</u>

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2010, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

Due To	Due From		
	General Fund	Non Major Governmental Funds	Total
General Fund	\$ -	\$ 163,679	\$ 163,679
Building Fund	1,400,000	-	1,400,000
Total	<u>\$ 1,400,000</u>	<u>\$ 163,679</u>	<u>\$ 1,563,679</u>

A balance due to the Building Fund from the General Fund for a temporary loan for cash flow purposes.

\$ 1,400,000

A balance due to the General Fund from the Non-Major Deferred Maintenance Fund.

163,679

\$ 1,563,679

Operating Transfers

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Transfer To	Transfer From		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 473,679	\$ 473,679
Non-Major Governmental Funds	20,000	-	20,000
Total	<u>\$ 20,000</u>	<u>\$ 473,679</u>	<u>\$ 493,679</u>

The Non-Major Deferred Maintenance Fund transferred to the General Fund for the funds ending balance in accordance with ABX4 Flexibility.

\$ 163,679

The General Fund transferred to the Non-Major Cafeteria Fund for cash flow purposes.

20,000

The Non-Major Special Reserve Fund for Other Than Capital Outlay Projects transferred to the General Fund for cash flow purposes.

90,000

The Non-Major County School Facilities Fund transferred to the General Fund to reimburse for capital outlay expenditures.

220,000

Total

\$ 493,679

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2010, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	\$ 1,070,083	\$ 135,784	\$ 15,095	\$ 1,220,962
Salaries and benefits	63,647	-	-	63,647
Construction	-	486,430	-	486,430
Total	<u>\$ 1,133,730</u>	<u>\$ 622,214</u>	<u>\$ 15,095</u>	<u>\$ 1,771,039</u>

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2010, consists of the following:

	General Fund
Other local	<u>\$ 201,095</u>

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 1, 2009, the District issued \$1,615,000 Tax and Revenue Anticipation Notes bearing interest at 2.50 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on May 1, 2010. By May 31, 2010, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes.

NOTE 9 - CURRENT LOAN

On April 27, 2010, the District issued \$1,819,535 in Pooled Tax and Revenue Anticipation Notes for the purpose of cash flow. The Tax and Revenue Anticipation Notes mature on December 30, 2010, and a yield interest of 2.50 percent. As of June 30, 2010, Tax and Revenue Anticipations Notes of \$1,819,535 were still outstanding.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Due in One Year
General obligation bonds	\$ 33,772,198	\$ 799,557	\$ 3,140,000	\$ 31,431,755	\$ 2,711,999
Premium on bonds	673,045	-	28,044	645,001	-
Accumulated vacation - net	149,719	49,324	-	199,043	-
Early retirement incentive plan	80,800	210,350	28,328	262,822	104,630
	<u>\$ 34,675,762</u>	<u>\$ 1,059,231</u>	<u>\$ 3,196,372</u>	<u>\$ 32,538,621</u>	<u>\$ 2,816,629</u>

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2009	Issued	Interest Accretion	Redeemed	Bonds Outstanding June 30, 2010
1/1/94	7/1/09	4.50-6.75%	\$ 4,500,000	\$ 750,000	\$ -	\$ -	\$ 750,000	\$ -
5/26/00	5/1/17	5.70-6.15%	5,999,943	10,434,461	-	630,575	-	11,065,036
5/26/00	5/1/12	4.40-5.30%	8,665,000	2,855,000	-	-	2,050,000	805,000
9/20/07	8/1/28	3.60-4.60%	5,011,137	4,734,535	-	10,916	280,000	4,465,451
4/14/09	8/1/33	4.71-6.75%	9,998,516	9,998,516	-	22,190	-	10,020,706
4/14/09	8/1/33	3.00-6.75%	4,999,686	4,999,686	-	135,876	60,000	5,075,562
				<u>\$33,772,198</u>	<u>\$ -</u>	<u>\$ 799,557</u>	<u>\$ 3,140,000</u>	<u>\$31,431,755</u>

1994 General Obligations Bonds

On January 1, 1994, the District issued \$4,500,000 Election of 1977, Series 2004 General Obligation bonds to finance the construction of new schools. The bonds matured on July 1, 2009, with an interest rate of 4.5 percent to 6.75 percent. At June 30, 2010, the Series 1994 General Obligation Bonds were paid.

2000 Capital Appreciation Bonds

On May 26, 2000, the District issued \$5,999,943 Election of 1977, Series 2000 Capital Appreciation Bonds to repair and construct school facilities within the District. The bonds mature on May 1, 2017, and yield an interest rate of 5.7 percent to 6.15 percent. At June 30, 2010, principal balance outstanding was \$5,999,943 with accreted interest of \$5,065,093 for a total of \$11,065,036.

The bond matures through 2017 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Current Interest to Maturity	Total
2011	\$ 1,521,999	\$ 171,174	\$ 1,693,173
2012	1,427,113	252,194	1,679,307
2013	1,818,442	449,279	2,267,721
2014	1,760,374	570,680	2,331,054
2015	829,432	541,092	1,370,524
2016-2017	3,707,676	1,311,800	5,019,476
Total	<u>\$ 11,065,036</u>	<u>\$ 3,296,219</u>	<u>\$ 14,361,255</u>

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

2000A Refunding Bonds

On May 26, 2000, the District issued \$8,665,000 Election of 1977, Series 2000A Refunding Bonds to advance refund the previously issued Series 1992 General Obligations Bonds. The bonds mature on May 1, 2012, and yield an interest rate of 4.4 percent to 5.3 percent. At June 30, 2010, Series 2000A Refunding Bonds totaling \$805,000 were still outstanding.

The bond matures through 2012 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest</u>	<u>Total</u>
2011	\$ 390,000	\$ 42,470	\$ 432,470
2012	415,000	21,995	436,995
Total	<u>\$ 805,000</u>	<u>\$ 64,465</u>	<u>\$ 869,465</u>

2007 Current Interest and Capital Appreciation Bonds

On September 20, 2007, the District issued \$4,865,000 Series 2007 Current Interest Bonds and \$146,137 Series 2007 Capital Appreciation Bonds to finance specific vehicle and equipment purchases approved by the voters of the District. The Current Interest Bonds mature on August 1, 2028, and yield an interest rate of 3.6 percent to 4.6 percent. At June 30, 2010, the principal balance outstanding was \$4,441,137 with accreted interest of \$24,314 for a total of \$4,465,451.

The bond matures through 2029 as follows:

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest to Date</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2011	\$ 260,000	\$ 180,400	\$ 440,400
2012	250,000	170,000	420,000
2013	300,000	160,625	460,625
2014	280,000	148,625	428,625
2015	285,000	137,425	422,425
2016-2020	1,535,000	489,013	2,024,013
2021-2025	550,000	241,956	791,956
2026-2029	1,005,451	409,550	1,415,001
Total	<u>\$ 4,465,451</u>	<u>\$ 1,937,594</u>	<u>\$ 6,403,045</u>

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

2009 Current Interest and Capital Appreciation Bonds

On April 14, 2009, the District issued \$9,750,000 Election of 2008, Series A Current Interest Bonds and \$248,516 Election of 2008, Series A Capital Appreciation Bonds to finance specific vehicle and equipment purchases approved by the voters of the District. The Current Interest Bonds mature on August 1, 2033, and yield an interest rate of 4.71 percent to 6.75 percent. At June 30, 2010, the principal balance outstanding was \$9,998,516 with accreted interest of \$22,190 for a total of \$10,020,706.

The bond matures through 2034 as follows:

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest to Date</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2011	\$ 540,000	\$ 443,240	\$ 983,240
2012	560,000	427,040	987,040
2013	615,000	410,240	1,025,240
2014	675,000	391,790	1,066,790
2015	755,000	364,790	1,119,790
2016-2020	241,343	1,906,854	2,148,197
2021-2025	1,324,713	1,731,717	3,056,430
2026-2030	2,800,000	1,096,481	3,896,481
2031-2034	2,509,650	1,196,898	3,706,548
Total	<u>\$ 10,020,706</u>	<u>\$ 7,969,050</u>	<u>\$ 17,989,756</u>

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

2009 Current Interest and Capital Appreciation Bonds

On April 14, 2009, the District issued \$2,310,000 Election of 2006, Series B Current Interest Bonds and \$2,689,686 Election of 2006, Series B Capital Appreciation Bonds to finance specific vehicle and equipment purchases approved by the voters of the District. The Current Interest Bonds mature on August 1, 2033, and yield an interest rate of 3.00 - 6.75 percent. At June 30, 2010, the principal balance outstanding was \$4,939,686 with accreted interest of \$135,876 for a total of \$5,075,562.

The bond matures through 2034 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Current Interest to Maturity	Total
2011	\$ -	\$ 100,900	\$ 100,900
2012	-	100,900	100,900
2013	-	100,900	100,900
2014	45,000	100,900	145,900
2015	80,000	99,100	179,100
2016-2020	1,035,000	415,700	1,450,700
2021-2025	1,486,351	638,712	2,125,063
2026-2030	1,242,139	2,706,192	3,948,331
2031-2034	1,187,072	4,238,159	5,425,231
Total	<u>\$ 5,075,562</u>	<u>\$ 8,501,463</u>	<u>\$ 13,577,025</u>

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2010, amounted to \$199,043. Accumulated vacation will be paid by the fund for which the employee worked.

Retirement Incentive Plan

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 to the District as of June 30, 2010, is:

Fiscal Year	Total
2011	\$ 104,630
2012	58,888
2013	45,416
2014	33,680
2015	20,208
Total	<u>\$ 262,822</u>

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 11 - FUND BALANCES

Fund balance with reservations/designations is composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total	Fiduciary Funds
Reserved						
Revolving cash	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000	\$ -
Prepaid expenditures	5,000	-	-	-	5,000	-
Restricted programs	185,388	-	-	-	185,388	-
Total Reserved	192,388	-	-	-	192,388	-
Unreserved						
Designated						
Economic uncertainties	-	-	-	937,011	937,011	-
Total Designated	-	-	-	937,011	937,011	-
Undesignated	163,315	9,521,833	1,162,136	88,413	10,935,697	16,130
Total Unreserved	163,315	9,521,833	1,162,136	1,025,424	11,872,708	16,130
Total	\$ 355,703	\$ 9,521,833	\$ 1,162,136	\$ 1,025,424	\$ 12,065,096	\$ 16,130

NOTE 12 - EXPENDITURES (BUDGET VERSUS ACTUAL)

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	\$ 30,114,705	\$ 30,199,022 *	\$ 84,317

* On behalf payment has been excluded.

NOTE 13 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2010, the District was a member of the Ventura County Schools' Self-Funding Authority (VCSSFA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Workers' Compensation

The District's risk management activities are recorded in the General Fund. The District also participates in the Ventura County Schools Self-Funding Authority public entity risk pool for the workers' compensation, property and liability programs. Refer to Note 16 for additional information regarding the public entity risk pools. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. For insured programs, there have been no significant reductions in insurance coverage.

Insurance Program / Company Name	Type of Coverage	Limits
Ventura County Schools' Self-Funding Authority	Workers' Compensation	Statutory
	Excess Liability	\$15 Million
	Property	\$250 Million
	Boiler and Machinery	\$50 Million
	Earthquake and Flood	\$2 Million
	Public Employee Dishonesty	\$.5 Million
	Professional Liability	\$4 Million

NOTE 14 - 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).

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living, 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, California 95826.

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Funding Policy

Active plan members are required to contribute 8.0 percent 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 2009-2010 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2010, 2009, and 2008, were \$1,285,982, \$1,291,360, and \$1,305,432, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under 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 survivor 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, California 95811.

Funding Policy

Active plan members are required to contribute seven percent 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 2009-2010 was 9.709 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2010, 2009, and 2008, were \$291,000, \$276,668, and \$282,001, respectively, and equal 100 percent of the required contributions for each year.

Social Security

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$684,938 (4.267 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the *General Fund - Budgetary Comparison Schedule*.

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

Litigation

The District is not currently a party to any legal proceedings.

NOTE 16 - 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.

During the year ended June 30, 2010, the District made payments of \$153,162 and \$2,301 to VCSSFA and VCFAST, respectively.

NOTE 17 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

The District issued \$3,185,000 of Tax and Revenue Anticipation Notes dated July 1, 2010. The notes mature on June 1, 2011, and yield 2.50 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning February 2011, until 100 percent of principal and interest due is on account in June 2011.

OAK PARK UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 18 - FISCAL ISSUES RELATING TO BUDGET REDUCTIONS

The State of California continues to suffer the effects of a recessionary economy. California school districts are reliant on the State of California to appropriate the funding necessary to continue the level of educational services expected by the State constituency. With the implementation of education trailer bill Senate Bill 16 of the 2009-2010 Fourth Extraordinary Session (SBX4 16) (Chapter 23, Statutes of 2009), 25 percent of current year appropriations have now been deferred to a subsequent period, creating significant cash flow management issues for districts in addition to requiring substantial budget reductions, ultimately impacting the ability of California school districts to meet their goals for educational services.

REQUIRED SUPPLEMENTARY INFORMATION

OAK PARK UNIFIED SCHOOL DISTRICT

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts (GAAP Basis)		Actual (GAAP Basis)	Variances - Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Revenue limit sources	\$ 19,509,022	\$ 18,418,537	\$ 18,418,537	\$ -
Federal sources	2,112,430	2,351,544	2,064,913	(286,631)
Other State sources	2,865,391	3,065,428	4,186,309	1,120,881
Other local sources	3,700,784	4,208,653	4,229,127	20,474
Total Revenues ¹	28,187,627	28,044,162	28,898,886	854,724
EXPENDITURES				
Current				
Certificated salaries	15,399,162	16,052,119	16,051,987	132
Classified salaries	3,875,403	4,196,451	4,189,342	7,109
Employee benefits	5,592,054	5,786,267	6,470,976	(684,709)
Books and supplies	542,266	819,065	816,205	2,860
Services and operating expenditures	2,855,002	3,188,095	3,292,603	(104,508)
Other outgo	299,000	-	-	-
Capital outlay	-	72,708	62,827	9,881
Total Expenditures ¹	28,562,887	30,114,705	30,883,940	(769,235)
Excess (Deficiency) of Revenues Over Expenditures	(375,260)	(2,070,543)	(1,985,054)	85,489
Other Financing Sources (Uses)				
Transfers in	285,000	473,679	473,679	-
Transfers out	-	(20,000)	(20,000)	-
Other uses	-	(206,902)	(206,902)	-
Net Financing Sources (Uses)	285,000	246,777	246,777	-
NET CHANGE IN FUND BALANCES	(90,260)	(1,823,766)	(1,738,277)	85,489
Fund Balance - Beginning	2,093,980	2,093,980	2,093,980	-
Fund Balance - Ending	\$ 2,003,720	\$ 270,214	\$ 355,703	\$ 85,489

¹ On behalf payments of \$684,938 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

SUPPLEMENTARY INFORMATION

OAK PARK UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
No Child Left Behind Act (NCLB)			
Title I, Part A Cluster:			
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	\$ 186,648
ARRA Title I, Part A - Basic Grants Low Income and Neglected	84.389	15005	79,262
Total Title I, Part A Cluster			<u>265,910</u>
Title II, Part A - Improving Teacher Quality	84.367	14341	65,417
Title II, Part D - Enhancing Education Through Technology	84.318	14334	874
Title III, Limited English Proficient Student program	84.330	14831	8,658
Title IV, Part A - Safe and Drug Free Schools	84.186	14347	9,775
Foreign Language Acquisition	84.293B	[1]	5,547
ARRA - State Fiscal Stabilization Fund	84.394	25008	1,530,489
Individuals with Disabilities Education Act (IDEA)			
Special Education Cluster:			
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	615,656
ARRA IDEA Basic Local Assistance, Part B, Section 611	84.391	15003	685,736
IDEA Preschool Grants, Part B, Section 619	84.173	13430	14,844
ARRA IDEA Preschool Grants, Part B, Section 619	84.392	15000	20,601
IDEA Preschool Local Entitlement, Part B, Section 611	84.027A	13682	30,413
ARRA IDEA Preschool Local Entitlement, Part B, Section 611	84.391	15002	33,855
Total IDEA Special Education Cluster			<u>1,401,105</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13524	58,218
Basic School Breakfast Program	10.553	13390	16,659
Food Distribution	10.555	13534	18,517
Total Child Nutrition Cluster			<u>93,394</u>
Total Federal Programs			<u>\$ 3,381,169</u>

See accompanying note to supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2010

ORGANIZATION

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

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mary Rees	President	November 2010
Barbara Laifman	Vice President	November 2012
Marie Panec	Clerk	November 2010
Jan Iceland	Member	November 2012
Cindy Vinson	Member	November 2010

ADMINISTRATION

Anthony W. Knight, Ed.D.	Superintendent
Cliff Moore	Assistant Superintendent, Human Resources
Martin Klauss	Assistant Superintendent, Business and Administrative Services

See accompanying note to supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2010

		Final Report	
		Second Period Report	Annual Report
ELEMENTARY			
Kindergarten		233	236
First through third		605	609
Fourth through sixth		784	786
Seventh and eighth		669	669
Special education		10	9
Total Elementary		2,301	2,309
SECONDARY			
Regular classes		1,317	1,310
Continuation education		46	47
Home and hospital		1	1
Special education		25	24
Total Secondary		1,389	1,382
Total K-12		3,690	3,691

See accompanying note to supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2010

Grade Level	1982-83	Reduced 1982-83	1986-87	Reduced 1986-87	2009-10	Number of Days		Status
	Actual Minutes	Actual Minutes	Minutes Requirement	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	31,680	30,800	36,000	35,000	40,830	180	-	Complied
Grades 1 - 3	48,830	47,474	50,400	49,000				
Grade 1					51,585	180	-	Complied
Grade 2					51,585	180	-	Complied
Grade 3					51,585	180	-	Complied
Grades 4 - 6	52,350	50,896	54,000	52,500				
Grade 4					54,910	180	-	Complied
Grade 5					54,910	180	-	Complied
Grade 6					58,500	180	-	Complied
Grades 7 - 8	56,685	55,110	54,000	52,500				
Grade 7					58,500	180	-	Complied
Grade 8					58,500	180	-	Complied
Grades 9 - 12	56,685	55,110	64,800	63,000				
Grade 9					65,490	180	-	Complied
Grade 10					65,490	180	-	Complied
Grade 11					65,490	180	-	Complied
Grade 12					65,490	180	-	Complied

See accompanying note to supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2010.

See accompanying note to supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2010

	(Budget) 2011 ¹	2010	2009	2008
GENERAL FUND				
Revenues	\$ 27,094,294	\$ 28,898,886	\$ 30,364,615	\$ 30,415,649
Other sources and transfer in	-	473,679	680,323	696,076
Total Revenues and Other Sources	27,094,294	29,372,565	31,044,938	31,111,725
Expenditures	27,355,922	30,883,940	30,099,849	31,376,117
Other uses and transfers out	-	226,902	311,244	460,893
Total Expenditures and Other Uses	27,355,922	31,110,842	30,411,093	31,837,010
INCREASE (DECREASE) IN FUND BALANCE	\$ (261,628)	\$ (1,738,277)	\$ 633,845	\$ (725,285)
ENDING FUND BALANCE	\$ 94,075	\$ 355,703	\$ 2,093,980	\$ 1,460,135
AVAILABLE RESERVES ²	\$ 29,525	\$ 1,100,326	\$ 1,445,597	\$ 2,117,028
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ³	0.11%	3.62%	4.87%	6.80%
LONG-TERM OBLIGATIONS	N/A	\$ 32,538,621	\$ 34,675,762	\$ 22,677,114
K-12 AVERAGE DAILY ATTENDANCE AT P-2	3,880	3,690	3,529	3,603

The General Fund balance has decreased by \$1,104,432 over the past two years. The fiscal year 2010-2011 budget projects a further decrease of \$261,628 (74 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2010-2011 fiscal year. Total long-term obligations have increased by \$9,861,507 over the past two years.

Average daily attendance has increased by 87 over the past two years. Additional growth of 190 ADA is anticipated during fiscal year 2010-2011.

¹ Budget 2011 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund and Special Reserve Fund for Other Than Capital Outlay Projects.

³ On behalf payments of \$684,938, \$718,588, and \$714,744 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2010, 2009, and 2008.

See accompanying note to supplementary information.

OAK PARK UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2010

	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Fund
ASSETS			
Deposits and investments	\$ 4,527	\$ 257,153	\$ 933,448
Receivables	163	906	3,563
Total Assets	\$ 4,690	\$ 258,059	\$ 937,011
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 180	\$ 14,915	\$ -
Due to other funds	-	163,679	-
Total Liabilities	180	178,594	-
Fund Balances:			
Reserved for:			
Unreserved:			
Designated	-	-	937,011
Undesignated, reported in:			
Special revenue funds	4,510	79,465	-
Capital projects funds	-	-	-
Total Fund Balance	4,510	79,465	937,011
Total Liabilities and Fund Balances	\$ 4,690	\$ 258,059	\$ 937,011

See accompanying note to supplementary information.

Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
\$ 586	\$ 1,431	\$ 2,401	\$ 1,199,546
2	9	9	4,652
<u>\$ 588</u>	<u>\$ 1,440</u>	<u>\$ 2,410</u>	<u>\$ 1,204,198</u>
\$ -	\$ -	\$ -	\$ 15,095
-	-	-	163,679
<u>-</u>	<u>-</u>	<u>-</u>	<u>178,774</u>
-	-	-	937,011
-	-	-	83,975
588	1,440	2,410	4,438
<u>588</u>	<u>1,440</u>	<u>2,410</u>	<u>1,025,424</u>
<u>\$ 588</u>	<u>\$ 1,440</u>	<u>\$ 2,410</u>	<u>\$ 1,204,198</u>

OAK PARK UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2010

	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
REVENUES			
Federal sources	\$ 93,394	\$ -	\$ -
Other State sources	5,672	-	-
Other local sources	641,488	9,228	17,358
Total Revenues	740,554	9,228	17,358
EXPENDITURES			
Current			
Pupil services:			
Food services	767,712	-	-
Plant services	353	305,416	-
Facility acquisition and construction	-	17,774	-
Total Expenditures	768,065	323,190	-
Excess (Deficiency) of Revenues Over Expenditures	(27,511)	(313,962)	17,358
Other Financing Uses			
Transfers in	20,000	-	-
Transfers out	-	(163,679)	(90,000)
Net Financing Sources (Uses)	20,000	(163,679)	(90,000)
NET CHANGE IN FUND BALANCES	(7,511)	(477,641)	(72,642)
Fund Balance - Beginning	12,021	557,106	1,009,653
Fund Balance - Ending	\$ 4,510	\$ 79,465	\$ 937,011

See accompanying note to supplementary information.

Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 93,394
-	-	-	5,672
3,135	2,327	71	673,607
3,135	2,327	71	772,673
-	-	-	767,712
-	-	122	305,891
7,450	7,000	2,628	34,852
7,450	7,000	2,750	1,108,455
(4,315)	(4,673)	(2,679)	(335,782)
-	-	-	20,000
-	(220,000)	-	(473,679)
-	(220,000)	-	(453,679)
(4,315)	(224,673)	(2,679)	(789,461)
4,903	226,113	5,089	1,814,885
\$ 588	\$ 1,440	\$ 2,410	\$ 1,025,424

OAK PARK UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2010

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.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2010. The unspent balances are reported as legally restricted ending balances within the General Fund.

Description	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures and Changes in Fund Balance:		\$ 2,158,307
ARRA - State Fiscal Stabilization Fund	84.394	1,250,712
Title II, Part A - Improving Teacher Quality	84.367	(27,850)
Total Schedule of Expenditures of Federal Awards		<u>\$ 3,381,169</u>

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

OAK PARK UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2010

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. Senate Bill 2 of the 2009-2010 Fourth Extraordinary Session (SBX4 2) allows for an equivalent five-day reduction to the required number of instructional minutes for the fiscal years 2009-2010 through 2012-2013.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

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***

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, 2010, which collectively comprise Oak Park Unified School District's basic financial statements and have issued our report thereon dated December 15, 2010. 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

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 opinions 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.

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*.

We noted certain matters that we reported to management of Oak Park Unified School District in a separate letter dated December 15, 2010.

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

Vavrinek, Trine, Day & Co., LLP
Rancho Cucamonga, California
December 15, 2010



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

Governing Board
Oak Park Unified School District
Oak Park, California

Compliance

We have audited the compliance of Oak Park Unified School District with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2010. Oak Park Unified School District's major Federal programs are identified in the summary of auditors' 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 compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The 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 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily 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, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trinc, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2010



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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, 2010, and have issued our report thereon dated December 15, 2010. 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 Educational Agencies 2009-2010*, 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 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 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.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Oak Park Unified School District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Oak Park Unified School District's compliance with the State laws and regulations applicable to the following items:

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten continuance	3	Yes
Independent study	23	Yes
Continuation education	10	No, see below
Instructional Time:		
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
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

	Procedures in Audit Guide	Procedures Performed
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not Applicable
District 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	4	Not Applicable
Before school	5	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	1	Not Applicable
Mode of instruction	1	Not Applicable
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	3	Not Applicable

We did not perform testing for Continuation education since the ADA was below the level required for testing.

Based on our audit, we found that for the items tested, the Oak Park Unified School District complied with the State laws and regulations referred to above. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Oak Park Unified School District had not complied with the laws and regulations. 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.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California

December 15, 2010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OAK PARK UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 2010

FINANCIAL STATEMENTS

Type of auditors' report issued:

Internal control over financial reporting:

Material weaknesses identified?

Significant deficiencies identified?

Noncompliance material to financial statements noted?

Unqualified

No

None Reported

No

FEDERAL AWARDS

Internal control over major programs:

Material weaknesses identified?

Significant deficiencies identified?

Type of auditors' report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with
Section .510(a) of OMB Circular A-133?

Identification of major programs:

No

None Reported

Unqualified

No

CFDA Numbers

84.010, 84.389 ARRA

84.027, 84.173, 84.027A

84.391 ARRA ,84.392 ARRA

84.394 ARRA

Name of Federal Program or Cluster

Title I, Part A Cluster (Including ARRA)

(IDEA) Special Education Cluster

(Including ARRA)

ARRA - State Fiscal Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

Auditee qualified as low-risk auditee?

\$ 300,000

Yes

STATE AWARDS

Internal control over State programs:

Material weaknesses identified?

Significant deficiencies identified?

Type of auditors' report issued on compliance for State programs:

No

None Reported

Unqualified

OAK PARK UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

None reported.

OAK PARK UNIFIED SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

None reported.

OAK PARK UNIFIED SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

None reported.

OAK PARK UNIFIED SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

There were no audit findings reported in the prior year's schedule of financial statement findings.



Governing Board
Oak Park Unified School District
Oak Park, California

In planning and performing our audit of the financial statements of Oak Park Unified School District (the District), for the year ended June 30, 2010, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

During our audit we followed up on the prior year findings and recommendations as noted below. This letter does not affect our report dated December 15, 2010, on the government-wide financial statements of Oak Park Unified School District.

2009-2010 Observations and Recommendations

PAYROLL

Observation

Due to a weakness in the payroll and personnel system, payroll department personnel who are given access to process payroll in the payroll module of Escape may also be able to enter employee pay rates in the personnel module of Escape. There is no mitigating control or independent review to ensure that changes are properly authorized. As a result, errors and/or irregularities could occur without being detected.

Recommendation

In order to remedy this problem, the District should either assign the task of establishing pay rates in the personnel module to the personnel department alone, and ensure that the system security procedures are in place to prevent payroll employees from changing pay rates in the system; or develop a detailed monitoring process to ensure that all changes to pay rates are authorized. The payroll system generates a report noting any changes made to employee information, including pay rates. An employee independent of the payroll department should review this report, noting any changes posted to the system.

FOOD SERVICE BANK ACCOUNT

Observation

The District deposits cash collections from the food service program into a dedicated bank account. Periodically, the bank account is cleared and the collections are deposited in the Ventura County Treasury. This bank account has not been reconciled to the account's check register.

Recommendation

The bank account reconciliation process allows the user to verify the accuracy of both the District's and the bank's records. A District staff member should compare the District's record of deposits to those posted on the bank statement. Any discrepancies noted should be researched. In addition, the staff member should confirm that only authorized withdrawals, in the form of checks made payable to the District and deposited in the County Treasury, have been made. The reconciliation should be performed by someone other than the person responsible for making deposits and clearing the account.

2008-2009 Observations and Recommendations

INTERNAL CONTROLS

Disbursements

Observation

During our review of the disbursement cycle, we noted that accounting clerks have access to create vendors within the Escape system, and to process payments to these vendors. Although the Director of Fiscal Services reviews all payments processed by the accounting clerks, it is not clear how she verifies that the process was initiated by an authorized individual.

The current situation increases the risk that expenditures can be submitted for payment and approved by the same individual and that disbursements could be made to fictitious vendors without being detected.

Recommendation

The District should segregate the duties related to processing payments and creating vendors within Escape. Access to the system should be limited based on each individual's duties within the internal control system.

A transaction initiation and approval history is a key internal control component for disbursements. Having such a record or log available allows management to clearly identify who initiated a transaction, who submitted the payment for approval, and who approved the payment.

Current Status

Implemented.

PAYROLL

Observation

Due to a weakness in the payroll and personnel system, payroll department personnel who are given access to process payroll in the payroll module of Escape may also be able to enter employee pay rates in the personnel module of Escape. There is no mitigating control or independent review to ensure that changes are properly authorized. As a result, errors and/or irregularities could occur without being detected.

Recommendation

In order to remedy this problem, the District should either assign the task of establishing pay rates in the personnel module to the personnel department alone, and ensure that the system security procedures are in place to prevent payroll employees from changing pay rates in the system; or develop a detailed monitoring process to ensure that all changes to pay rates are authorized. The payroll system generates a report noting any changes made to employee information, including pay rates. An employee independent of the payroll department should review this report, noting any changes posted to the system.

Current Status

Not implemented.

FOOD SERVICE BANK ACCOUNT

Observation

The District deposits cash collections from the food service program into a dedicated bank account. Periodically, the bank account is cleared and the collections are deposited in the Ventura County Treasury. This bank account has not been reconciled to the account's check register.

Recommendation

The bank account reconciliation process allows the user to verify the accuracy of both the District's and the bank's records. The District staff member should compare the District's record of deposits to those posted on the bank statement. Any discrepancies noted should be researched. In addition, the staff member should confirm that only authorized withdrawals, in the form of checks made payable to the District and deposited in the County Treasury, have been made. The reconciliation should be performed by someone other than the person responsible for making deposits and clearing the account.

Current Status

Not implemented.

FINANCIAL CONDITION/SPECIAL EDUCATION ENCROACHMENT

Observation

As noted in prior year audits, significant increases in special education costs over the past several years could adversely affect the District's financial condition and its ability to meet future financial obligations. Special education expenditures exceeded dedicated revenues by approximately \$1,600,000 in 2008-2009. This encroachment on unrestricted General Fund sources has decreased by approximately \$600,000 from the prior year.

Recommendation

We recommend that the District continue to explore ways to reduce the overall costs of the program, as well as maximize the revenue received from Federal, State, and local sources.

Governing Board
Oak Park Unified School District

Current Status

Implemented.

Varrinek, Trine, Day & Co., LLP
Rancho Cucamonga, California
December 15, 2010