

MEASURE R BOND BUILDING FUND
OF
OAK PARK UNIFIED SCHOOL DISTRICT

AUDIT REPORT

For the Year Ended
June 30, 2012



**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
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June 30, 2012**

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FINANCIAL SECTION

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Introduction and Citizens' Oversight Committee Member Listing
June 30, 2012**

The Oak Park Unified School District was established on July 1, 1978, and consists of an area comprising approximately 28 square miles. The District operates three elementary schools, one middle school, one high school, one continuation high school, one independent study school, and one preschool.

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repairing water damage and failing roofs; removing hazardous materials; making schools earthquake safe; replacing outdated fire and security systems; and improving classrooms to modern safety and instructional standards.

The first series of bonds, Election of 2008, Series A, was issued on April 14, 2009 for \$9,998,516 with interest rates ranging from 3.00% to 6.75%. The original issuance consisted of \$9,750,000 of current interest serial bonds and \$248,516 of capital appreciation serial bonds. The principal balance outstanding at June 30, 2012 amounted to \$9,005,630.

Series 2011 A Tax Exempt Bonds was issued on June 8, 2011 for \$9,382,294 with interest rates ranging from 4.70% to 7.47%. The original issuance consisted of \$1,460,798 of capital appreciation serial bonds and \$7,921,495 of convertible capital appreciation term bonds. The capital appreciation bonds will mature at August 1, 2036. Principal and accrued interest of convertible capital appreciation bonds will be payable only at maturity as per the repayment schedule, through the final maturity at August 1, 2038. The principal balance outstanding at June 30, 2012 amounted to \$10,003,781.

Series 2011 B Taxable Qualified School Construction Bonds was issued on June 8, 2011 for \$4,415,000 with an interest rate of 4.86%. The original issuance consisted entirely of a current interest term bond. Principal of the Qualified School Construction Bonds is payable on August 1, 2019. The principal balance outstanding at June 30, 2012 amounted to \$4,415,000.

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Introduction and Citizens' Oversight Committee Member Listing, continued
June 30, 2012**

The Citizens' Oversight Committee had the following members as of June 30, 2012, all of whom were appointed by the District's Board of Education with two year terms of office:

Name	Title	Representation	Education Code Section
Ann Waldman	Chair (COC)	Community -at- Large	15282(a)
Mike Green	Chair (R)	Active in a Senior Citizens' Organization	15282(a)(2)
Barbara Schwartz	Recorder	Parent of Child Enrolled in District and Active in a Parent-Teacher Organization	15282(a)(5)
Jason Wilburn	Member	Parent of Child Enrolled in District	15282(a)(4)
Carl Belichesky	Member	Parent of Child Enrolled in District	15282(a)(4)
Eric Christensen	Member	Parent of Child Enrolled in District	15282(a)(4)
Stephen Yeoh	Member	Parent of Child Enrolled in District and Active in a Parent-Teacher Organization	15282(a)(5)
Daniel Perini	Member	Community -at- Large	15282(a)
Melody Rafelson	Member	Community -at- Large	15282(a)
Sherwin Samuels	Member	Community -at- Large	15282(a)
Vance Taylor	Member	Parent of Child Enrolled in District	15282(a)(4)
Helene Winston	Member	Parent of Child Enrolled in District	15282(a)(4)

INDEPENDENT AUDITORS' REPORT

Christy White, CPA

John Dominguez, CFE

Heather Daud

Eric J. Hart

Michael Ash, CPA

Erin Sacco Pineda, CPA

Governing Board Members and
Measure R Citizens' Oversight Committee
Oak Park Unified School District
Oak Park, California

We have audited the accompanying balance sheet of the Oak Park Unified School District Measure R Bond Building Fund ("Measure R") as of June 30, 2012, and the related statement of revenues, expenditures and changes in fund balance for the fiscal year ended June 30, 2012. These financial statements are the responsibility of the Oak Park Unified School District's (the "District") management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

As discussed in Note 1A, the financial statements present only the individual Measure R, consisting of the net construction proceeds of the Measure R general obligation bonds as issued by the District, through the County of Ventura, and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Measure R as of June 30, 2012, and the results of its operations for the fiscal year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

SAN DIEGO

2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

RANCHO CUCAMONGA

8686 Haven Avenue
Suite 250
Rancho Cucamonga, CA 91730

ALAMEDA

1050 Marina Village Parkway
Suite 201
Alameda, CA 94501

tel: 619.270.8222

fax: 619.260.9085

www.cwacpa.com

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In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2013, on our consideration of Oak Park Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls 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 assessing the results of our audit.

Christy White Associates

San Diego, California
January 10, 2013

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Balance Sheet
June 30, 2012**

ASSETS	
Cash in county treasury	\$ 10,109,590
Accounts receivable	21,774
Due from other funds	<u>7,153</u>
Total Assets	\$ <u>10,138,517</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 829,969
Due to other funds	<u>18,413</u>
Total Liabilities	<u>848,382</u>
Fund Balance	
Restricted for capital projects	<u>9,290,135</u>
Total Fund Balance	<u>9,290,135</u>
Total Liabilities and Fund Balance	\$ <u>10,138,517</u>

The accompanying notes to financial statements are an integral part of this statement.

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2012**

REVENUES	
Interest income	\$ 79,234
	<hr/>
Total Revenues	79,234
	<hr/>
EXPENDITURES	
Facilities acquisition and maintenance	5,237,894
	<hr/>
Total Expenditures	5,237,894
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OTHER FINANCING SOURCES AND USES	
Proceeds from sale of bonds	11,117
	<hr/>
Total Other Financing Sources and Uses	11,117
	<hr/>
Net Change in Fund Balance	(5,147,543)
Fund Balance, July 1, 2011	14,437,678
	<hr/>
Fund Balance, June 30, 2012	\$ 9,290,135
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The accompanying notes to financial statements are an integral part of this statement.

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Oak Park Unified School District (the District) 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.

On November 4, 2008 the District voters authorized \$29,445,000 in general obligation bonds to finance specific construction and modernize projects, including repairing, renovating, and improving aging facilities; repairing water damage and failing roofs; removing hazardous materials; making schools earthquake safe; replacing outdated fire and security systems; and improving classrooms to modern safety and instructional standards.

An oversight committee to the District's Governing Board and Superintendent, called the Citizens' Oversight Committee (COC), was established pursuant to the requirements of state law and the provisions of the Measure R bond. The COC is required by state law to actively review and report on the proper expenditure of taxpayers' money for school construction. The COC provides oversight and advises the public whether the District is spending the Measure R Bond funds for school capital improvements within the scope of projects outlined in the Measure R Bond project list. In fulfilling its duties, the COC reviews, among other things, the District's annual performance and financial audits of Measure R activity.

The statements presented are for the individual Measure R Bond Building Fund of the District, consisting of the net construction proceeds of Election of 2008, Series A and Election of 2011, Series A and Series B general obligation bonds as issued by the District, through the County of Ventura, and are not intended to be a complete presentation of the District's financial position or results of operations. There are no related parties or component units included in this financial statement presentation.

B. Accounting Policies

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

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2012**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements are presented on the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Available" means the resources will be collectible within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

E. Deposits and Investments

In accordance with Education Code Sections 15357 and 41001, the District maintains a portion of its cash in the Ventura County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2012**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

H. Fund Balance

Under GASB Statement No. 54, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The fund balance in Measure R is considered restricted.

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

NOTE 2 – CASH AND INVESTMENTS

Summary of Cash and Investments

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as cash in county treasury for \$10,109,590.

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. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities up to 30 years.

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2012**

NOTE 2 – CASH AND INVESTMENTS (continued)

Policies and Practices (continued)

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

General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. The table below identifies examples of the investment types permitted in the investment policy:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
Agency Obligations	5 years	None	25%
Local Agency Obligations	5 years	15%	10%
Bankers’ Acceptances	180 days	40%	5%
Commercial Paper	270 days	40%	5%
Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	40%	10-15%
Reverse Repurchase Agreements	92 days	20%	10%
Local Agency Investment Fund (LAIF)	N/A	10%	10%
Corporate Medium-Term Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	15%	10%
Bond Funds	N/A	2.5%	2.5%
Pass-Through Securities	5 years	20%	5%

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Ventura County Investment Pool with a fair value of approximately \$10,126,151 and an amortized book value of \$10,109,590. The weighted average maturity for this pool as of June 30, 2012 was 337 days.

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2012**

NOTE 2 – CASH AND INVESTMENTS (continued)

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. Investments within the Ventura County Investment Pool are rated at AAAs.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable amounting to \$21,774 as of June 30, 2012 consists of interest earned on the District's investment in the County Treasury.

NOTE 4 – MEASURE R GENERAL OBLIGATION BONDS

As of June 30, 2012, the principal balance outstanding on the District's Measure R general obligation bonds is indicated as follows:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2011	Issuance/ Accretion	Deletions	Outstanding June 30, 2012
4/14/2009	3.00% - 6.75%	8/1/2033	\$ 9,998,516	9,527,681	\$ 37,949	\$ 560,000	\$ 9,005,630
6/8/2011	4.70% - 7.47%	8/1/2036	9,382,294	9,382,294	621,487	-	10,003,781
6/8/2011	4.86%	8/1/2019	4,415,000	4,415,000	-	-	4,415,000
			\$ 23,795,810	\$ 23,324,975	\$ 659,436	\$ 560,000	\$ 23,424,411

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2012**

NOTE 4 – MEASURE R GENERAL OBLIGATION BONDS (continued)

Election of 2008, Series A

On April 14, 2009, Series A bonds were issued for \$9,998,516, with stated interest rates of 3.00% to 6.75%. The original issuance consisted of \$9,750,000 of current interest serial bonds and \$248,516 of capital appreciation serial bonds. Interest on the current interest bonds is payable on each February 1 and August 1 to maturity, commencing August 1, 2010. Principal of the current interest bonds is payable on August 1 in each of the years and in the amounts as per the repayment schedule. The capital appreciation bonds will not bear current interest, but will increase in value by the accumulation of earned interest from their Denominational Amounts on the date of delivery to their respective Maturity Values at maturity. Interest on the capital appreciation bonds will be compounded on each February 1 and August 1, commencing August 1, 2010, through final maturity at August 1, 2033. The principal balance outstanding at June 30, 2012 amounted to \$9,005,630.

Series 2011 A

Series 2011 A Tax Exempt Bonds was issued on June 8, 2011 for \$9,382,294 with interest rates ranging from 4.70% to 7.47%. The original issuance consisted of \$1,460,798 of capital appreciation serial bonds and \$7,921,495 of convertible capital appreciation term bonds. The capital appreciation bonds will not bear current interest but will increase in value by the accumulation of earned interest from their principal amounts on the date of delivery to their respective values at maturity. Interest on the capital appreciation bonds will be compounded on February 1 and August 1 of each year, commencing August 1, 2011, through the final maturity at August 1, 2036. The convertible capital appreciation bonds will accrete interest from the date of delivery, compounded semiannually on February 1 and August 1 of each year, commencing on August 1, 2011, to the date on which the Convertible Capital Appreciation Bonds convert to current interest bonds and will bear interest from such conversion date on the accreted value thereof as of the conversion date, payable semiannually on February 1 and August 1 of each year, commencing on the February 1 or August 1 immediately succeeding the conversion date. Principal and accrued interest will be payable only at maturity as per the repayment schedule, through the final maturity at August 1, 2038. The principal balance outstanding at June 30, 2012 amounted to \$10,003,781.

Series 2011 B

On June 8, 2011, Series 2011 B Taxable Qualified School Construction Bonds was issued for \$4,415,000 with an interest rate of 4.86%. The original issuance consisted entirely of a current interest term bond. Interest on the Qualified School Construction Bonds is payable commencing on February 1, 2012, and thereafter on each February 1 and August 1 to maturity or redemption prior thereto. Principal of the Qualified School Construction Bonds is payable on August 1, 2019. The principal balance outstanding at June 30, 2012 amounted to \$4,415,000.

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2012**

NOTE 4 – MEASURE R GENERAL OBLIGATION BONDS (continued)

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	\$ 615,000	\$ 615,452	\$ 1,230,452
2014	675,000	592,727	1,267,727
2015	755,000	564,127	1,319,127
2016	890,000	527,841	1,417,841
2017	955,000	483,464	1,438,464
2018 - 2022	4,377,447	3,245,662	7,623,109
2023 - 2027	2,264,770	1,658,077	3,922,847
2028 - 2032	4,925,047	2,020,315	6,945,362
2033 - 2037	5,484,916	6,560,165	12,045,081
2038 - 2040	1,753,630	1,796,370	3,550,000
Accretion	728,601	(728,601)	-
Total	\$ 23,424,411	\$ 17,335,599	\$ 40,760,010

NOTE 5 – CONSTRUCTION COMMITMENTS

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

NOTE 6 – EXPEDITURES BY OBJECT/SITE

Disbursements	District Wide	District Office	Brookside Elementary	Oak Hills Elementary	Red Oak Elementary	Medea Creek Middle School	Oak Park High School	Oak View High School	Total
Architect fees	\$ -	\$ -	\$ 38,702	\$ 1,866	\$ 1,766	\$ 3,802	\$ 68,478	\$ 4,386	\$ 119,000
Building and improvement	(1,930)	33,681	676,579	514,368	554,220	493,939	1,636,907	88,354	3,996,118
Site improvement	(2,287,313)	-	237,001	266,596	9,420	93,394	1,199,664	491	(480,747)
Tests, inspections, and planning	-	-	43,588	26,705	11,962	45,137	191,366	11,697	330,455
Equipment	-	1,770	10,385	-	-	-	-	-	12,155
Professional/Consulting services	771,901	4,882	5,037	1,560	1,654	(533)	126,880	940	912,321
Noncapitalized equipment	(1,752)	-	-	5,734	-	6,652	54,726	5,734	71,094
Rentals, Leases, Repairs and Non-capitalized improvements	(90,613)	(14,668)	28,667	46,827	-	86,531	158,846	5,965	221,555
Salaries and benefits	45,770	-	-	-	7,937	-	-	-	53,707
Material and supplies	(12,286)	-	3,794	198	5,189	3,793	1,371	177	2,236
Transfers for excess costs	(216,400)	-	-	-	142,800	-	73,600	-	-
Total project expenditures	\$ (1,792,623)	\$ 25,665	\$ 1,043,753	\$ 863,854	\$ 734,948	\$ 732,715	\$ 3,511,838	\$ 117,744	\$ 5,237,894

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Notes to Financial Statements, continued
June 30, 2012**

NOTE 7 – INTERFUND ACTIVITIES

The Measure R Building Fund owed the General Fund \$18,413 for Measure R staff support. The County School Facilities Fund owed \$7,153 to the Measure R Building Fund for Oak Park High School modernization.

OTHER INDEPENDENT AUDITORS' REPORTS

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

Christy White, CPA

John Dominguez, CFE

Heather Daud

Eric J. Hart

Michael Ash, CPA

Erin Sacco Pineda, CPA

Governing Board Members and
Measure R Citizens' Oversight Committee
Oak Park Unified School District
Oak Park, California

We have audited the financial statements of the Oak Park Unified School District Measure R Bond Building Fund ("Measure R") of Oak Park Unified School District as of and for the year ended June 30, 2012, and have issued our report thereon dated January 10, 2013. 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.

SAN DIEGO

2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

Internal Control Over Financial Reporting

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

RANCHO CUCAMONGA

8686 Haven Avenue
Suite 250
Rancho Cucamonga, CA 91730

ALAMEDA

1050 Marina Village Parkway
Suite 201
Alameda, CA 94501

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

tel: 619.270.8222

fax: 619.260.9085

www.cwacpa.com

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Our consideration of internal control over financial reporting 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 financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Measure R'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*.

This report is intended solely for the information and use of the District's Governing Board, Measure R's Bond Oversight Committee, management, others within the entity, and the taxpayers of Oak Park Unified School District and is not intended to be and should not be used by anyone other than these specified parties.

Christy White Associates

San Diego, California
January 10, 2013

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Christy White, CPA

John Dominguez, CFE

Heather Daud

Eric J. Hart

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Governing Board Members and
Measure R Citizens' Oversight Committee
Oak Park Unified School District
Oak Park, California

We have audited the financial statements of the Measure R Bond Building Fund of the Oak Park Unified School District (the "District") as of and for the year ended June 30, 2012 and have issued our report thereon dated January 10, 2013. Our audit was made in accordance with generally accepted auditing standards in the United States and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In connection with our audit, we also performed an audit for compliance as required in the performance requirements for the Measure R General Obligation Bonds for the year ended June 30, 2012. The objective of the examination of compliance applicable to the District is to determine with reasonable assurance that:

- The proceeds of the sale of the Measure R Bonds were only used for the purposes set forth in the Measure R ballot language and not for any other purpose, such as teacher and administrative salaries.

In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

Internal Control Evaluation

Procedures Performed:

Inquiries were made of management regarding internal controls to:

- Prevent fraud or waste regarding Measure R projects, including budgetary controls
- Ensure adequate separation of duties exists in the fiscal services department for Measure R funds
- Prevent material misstatements in the financial statements
- Ensure expenditures are allocated to the proper fund(s)
- To follow applicable regulations, including regulations related to bidding and contract management

Internal Control Evaluation (continued)
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Procedures Performed: (continued)

We then performed substantive tests of financial statement balances to determine whether the controls designed by management were operating effectively, and to provide reasonable assurance that the year ended June 30, 2012 financial statement balances for the Measure R Bond Building Fund are not materially misstated.

Results of Procedures Performed:

The results of our audits tests show that internal control procedures appear to be working to meet the financial and compliance objectives required by generally accepted accounting standards and applicable laws and regulations. An unqualified opinion was expressed on the financial statements.

Facilities Site Walk

Procedures Performed:

We performed a site walk to verify that Measure R funds expended for the year ended June 30, 2012 were for valid facilities acquisition and construction purposes. CWA toured three District construction sites where construction work had commenced: Brookside Elementary (administration office modernization, ADA compliance upgrades, and thermoplastic roof installation), Oak View High (modular bathroom installation and asphalt foundation) and Oak Park High (administration office modernization, technology expansions, bathroom modernization, and classroom modernization).

Results of Procedures Performed:

Results of the site walks indicate that the major 2011-12 Measure R repair and maintenance construction projects at Brookside Elementary, Oak View High and Oak Park High were successfully completed.

Test of Expenditures

Procedures Performed:

The following performance tests of expenditures and transfers were performed:

We tested approximately \$3,564,022 (66%) of the 2011-12 expenditures (29 separate payments) for validity, allowability and accuracy. Expenditures sampled in our test included payments made to contractors, consultants and other vendors.

Results of Procedures Performed:

We found the expenditures and transfers tested to be in compliance with the terms of the Measure R ballot measure, Facilities Plan, and applicable state laws and regulations without exception.

Test of Contracts and Bid Procedures

Procedures Performed:

For the fiscal year ended June 30, 2012, CWA performed testing of 4 contracts to determine compliance with District policy and Public Contract Code provisions related to contracting and bidding including:

- Project: Building 300 Modernization (Brookside Elementary)
Original Contract Award Amount: \$603,000
- Project: Exterior Paving & Concrete Walkway Repairs (Brookside Elementary)
Original Contract Award Amount: \$161,000
- Project: Bathroom Modernization Buildings M & N (Oak Park High School)
Original Contract Award Amount: \$149,900
- Project: Administration Building "E" Modernization (Oak Park High School)
Original Contract Award Amount: \$423,600

Results of Procedures Performed:

We found that contracts tested followed proper bidding procedures, and were awarded in all cases to the lowest responsible bidder.

Our audit of compliance was made for the purposes set forth in the second and third paragraphs of this report would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied, in all material respects, with the compliance requirements for the Measure R General Obligation Bond as listed and tested above.

This report is intended solely for the information and use of the Measure R Citizens' Bond Oversight Committee, the District's Governing Board, management, and the taxpayers of Oak Park Unified School District and is not intended to be and should not be used by anyone other than these specified parties.

Christy White Associates

San Diego, California
January 10, 2013

**SCHEDULE OF FINDINGS AND
RECOMMENDATIONS**

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2012**

There were no findings or recommendations related to the audit of the Measure R Bond Building Fund for the fiscal year ended June 30, 2012.

**MEASURE R BOND BUILDING FUND
OAK PARK UNIFIED SCHOOL DISTRICT
Schedule of Prior Year Findings and Recommendations
For the Fiscal Year Ended June 30, 2012**

FINDING #2011-1: ACCOUNTS PAYABLE

Criteria: In accordance with Generally Accepted Accounting Principles (GAAP), the accounts payable balance at year end must reflect liabilities for all goods and services received by the Measure R Bond Building Fund that are unpaid as of the balance sheet date.

Condition: The accounts payable balance of the Measure R Bond Building Fund at year end does not reflect liabilities for all goods and services received by the District that were unpaid as of the balance sheet date.

Cause: The accrual was missed due to insufficient communication between the building program and the business office regarding work performed on or shortly before the balance sheet cutoff date.

Effect: The accounts payable balance of the Measure R Bond Building Fund is understated by \$187,500 related to construction work that was complete but for which payment had not been issued as of June 30, 2011.

Perspective: Four (4) of seventeen (17) selections made from a listing of warrants paid out subsequent to June 30, 2011.

Recommendation: The District should create increase communications between the building program and the business office with a focus on work performed on or around the balance sheet cutoff date to reduce the likelihood of similar missed accruals.

Management's Response: The District is currently working closely with the bond project manager to increase communications to ensure invoices are processed accurately and on time. Particular attention will be given to work performed near fiscal year-end so that accruals will not be missed in the future.

Current Status: Implemented