

**OXNARD UNION HIGH SCHOOL DISTRICT**

**OF VENTURA COUNTY**

**OXNARD, CALIFORNIA**

**JUNE 30, 2009**

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# OXNARD UNION HIGH SCHOOL DISTRICT

## TABLE OF CONTENTS

JUNE 30, 2009

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### ***FINANCIAL SECTION***

Independent Auditors' Report	2
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements	
Governmental Funds - Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	18
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the District-Wide Statement of Activities	20
Fiduciary Funds - Statement of Net Assets	22
Fiduciary Funds - Statement of Changes in Net Assets	23
Notes to Financial Statements	24

### ***REQUIRED SUPPLEMENTARY INFORMATION***

General Fund - Budgetary Comparison Schedule	53
Cafeteria Fund - Budgetary Comparison Schedule	54
Schedule of Other Postemployment Benefits (OPEB) Funding Progress	55

### ***SUPPLEMENTARY INFORMATION***

Schedule of Expenditures of Federal Awards	57
Local Education Agency Organization Structure	59
Schedule of Average Daily Attendance	60
Schedule of Instructional Time	61
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	62
Schedule of Financial Trends and Analysis	63
Schedule of Charter Schools	64
Combining Statements - Non-Major Governmental Funds	
Combining Balance Sheet	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	66
General Fund Selected Financial Information	67
Note to Supplementary Information	68

### ***SUPPLEMENTARY INFORMATION - UNAUDITED***

Statements of Revenues, Expenditures, and Changes in Fund Balance by Object	
Governmental Funds - Unaudited	71
Non-Major Governmental Funds - Unaudited	72
Special Reserve Fund for Capital Outlay Projects - Sub-Fund Detail - Unaudited	73
Note to Supplementary Information - Unaudited	74

# OXNARD UNION HIGH SCHOOL DISTRICT

## TABLE OF CONTENTS JUNE 30, 2009

---

### ***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>	76
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	78
Report on State Compliance	80

### ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

Summary of Auditors' Results	83
Financial Statement Findings	84
Federal Awards Findings and Questioned Costs	87
State Awards Findings and Questioned Costs	88
Summary Schedule of Prior Audit Findings	89
Management Letter	92

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Oxnard Union High School District  
Oxnard, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxnard Union High School District (the District) as of and for the year ended June 30, 2009, 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.

Except for the following paragraph, 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 2008-09*, 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.

We did not obtain the evidence to support the overpayment of Food Service Revised Meals Claimed because estimated calculations prepared by the District and outside CPA firm were not provided. As discussed in Note 13 to the basic financial statements, the District has received information that reimbursement claims filed for the Child Nutrition Program have been overstated or misclassified meals served during the 2004-2005 through 2007-2008 fiscal years. The California Department of Education's, Nutrition Services Division, is conducting an investigation of the matter. In addition, the District has engaged the services of a certified fraud examiner in an attempt to determine whether or not misstatements occurred. The District will be required to return funds received by the food service program in the Cafeteria Fund during the prior years noted above.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about an estimated food service repayment liability, 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 Oxnard Union High School District, as of June 30, 2009, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 1 and 8 to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 45 for the year ended June 30, 2009.

As discussed in Note 15 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 July 14, 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 14 and budgetary comparison and other postemployment information on pages 53 through 55, 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*, the Combining Statements – Non-Major Governmental Funds and the General Fund Selected Financial Information, 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.

The unaudited supplementary information listed in the table of contents, including the Statements of Revenues, Expenditures, and Changes in Fund Balance by Object is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion.

*Varrink, Tim, Day & Co., LLP*

Rancho Cucamonga, California  
July 14, 2010



**Oxnard Union  
High School District**

309 South K Street • Oxnard, California 93030 • (805) 385-2500 • FAX (805) 483-3069

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This section of Oxnard Union High School District's (the District) (OUHSD) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009, with comparative information from 2008. 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 Oxnard Union High School District and its component units using the integrated approach as prescribed by Government 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. These statements include all assets of the District, as well as all liabilities. 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 two categories of activities: governmental and fiduciary.

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

The *Fiduciary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting

The Primary unit of the government is the Oxnard Union High School District.

***FINANCIAL HIGHLIGHTS OF THE PAST YEAR***

Total General Fund Revenue increased by 1.1% from the previous fiscal year. The following table shows major revenue sources for fiscal year 2008-2009 compared with fiscal year 2007-2008.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2009**

**General Fund Revenue Comparison-Amount**

	2009	2008	Increase (Decrease)
Revenue Limit Sources	\$100,188,968	\$102,710,911	\$ (2,521,943)
Federal Revenues	14,996,522	7,369,676	7,626,846
Other State Revenues	14,788,035	19,411,905	(4,623,870)
Other Local Revenues	11,222,072	10,233,280	988,792
	<u>\$141,195,597</u>	<u>\$139,725,772</u>	<u>\$ 1,469,825</u>

Total General Fund Expenditures decreased by less than one percent from the previous fiscal year. The following table shows expenditures for fiscal year 2008-2009 compared with fiscal year 2007-2008.

**General Fund Expenditure Comparison-Unrestricted and Restricted**

	2009		2008		Change	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Certificated salaries	\$ 67,501,437	49.0%	\$ 66,301,727	48.1%	\$ 1,199,710	1.81%
Classified salaries	18,553,609	13.5%	18,374,804	13.3%	178,805	0.97%
Employee benefits	32,593,020	23.7%	31,305,810	22.7%	1,287,210	4.11%
Books and supplies	5,934,324	4.3%	7,684,809	5.6%	(1,750,485)	-22.78%
Services and other	11,617,620	8.4%	12,239,647	8.9%	(622,027)	-5.08%
Other outgo	187,294	0.1%	(9,018)	0.0%	196,312	-2176.89%
Capital outlay and Debt service	1,307,025	1.0%	1,809,172	1.4%	(502,147)	-27.76%
	<u>\$ 137,694,329</u>	<u>100.0%</u>	<u>\$ 137,706,951</u>	<u>100.0%</u>	<u>\$ (12,622)</u>	<u>-0.01%</u>

***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.

These two statements report the District's *net assets* and changes in them. Net assets are the difference between assets and liabilities, 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.



# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

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The relationship between revenues and expenses is the District's *operating results*. Since the 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 present the District activities as follows:

**Governmental Activities** - Most of the District's services are reported in this category. This includes the education of nine through grade twelve students, adult education 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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

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### *THE DISTRICT AS 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. The assets accumulated on behalf of the Oxnard Union High School Retiree Benefit Trust have been reported separately on the Statement of Fiduciary Net Assets. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Assets*. We exclude these activities from the District's government-wide 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 \$137,002,926 for the fiscal year ended June 30, 2009. Of this amount, \$762,127 was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

**Table 1**

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Current and other assets	\$ 57,564,158	\$ 59,429,393
Capital assets	167,752,300	173,490,159
<b>Total Assets</b>	<u>225,316,458</u>	<u>232,919,552</u>
<b>Liabilities</b>		
Current liabilities	5,188,961	9,626,208
Long-term obligations	83,124,571	70,044,008
<b>Total Liabilities</b>	<u>88,313,532</u>	<u>79,670,216</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	104,250,531	102,929,510
Restricted	31,990,268	22,775,285
Unrestricted	762,127	27,544,541
<b>Total Net Assets</b>	<u>\$137,002,926</u>	<u>\$153,249,336</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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*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 16. Table 2 takes the information from the *Statement of Activities* so you can see our total revenues for the year.

**Table 2**

	Governmental Activities	
	2009	2008
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,790,956	\$ 2,567,676
Operating grants and contributions	35,416,339	35,506,948
Capital grants and contributions	4,962	6,029
General revenues:		
State revenue limit sources	62,229,542	66,519,783
Property taxes	43,701,735	44,807,192
Other general revenues	12,389,834	9,266,669
<b>Total Revenues</b>	<u>155,533,368</u>	<u>158,674,297</u>
<b>Expenses</b>		
Instruction-related	122,762,049	111,277,913
Student support services	20,111,098	18,187,196
Administration	8,459,823	7,407,516
Maintenance and operations	14,092,000	15,040,832
Other	6,354,808	6,494,474
<b>Total Expenses</b>	<u>171,779,778</u>	<u>158,407,931</u>
<b>Change in Net Assets</b>	<u>\$ (16,246,410)</u>	<u>\$ 266,366</u>

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

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### *Governmental Activities*

Most of the District's services are reported in this category. This includes the education of nine through grade twelve students, adult education 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.

In Table 3, we have presented the net cost of each of the District's largest functions - instruction-related, student support services, administration, including information technology, maintenance and operations, and other (student cafeterias, libraries, staff development, community services, student clubs and athletics).

**Table 3**

	Net Cost of Services	
	2009	2008
Instruction-related	\$ 97,239,360	\$ 87,582,931
Student support services	11,746,128	7,455,015
Administration	7,217,246	6,134,741
Maintenance and operations	12,174,923	12,823,842
Other	6,189,864	6,330,749
<b>Total</b>	<b>\$134,567,521</b>	<b>\$120,327,278</b>

### ***THE DISTRICT'S FUNDS***

As the District completed this year, our governmental funds reported a combined fund balance of \$53,354,025, which is an increase of \$93,836 from last year.

This increase is due to increased revenue limit sources in the General and Adult Education funds. In addition, during the prior year, undesignated reserves in the Deferred Maintenance fund balance were used for several large capital projects.

### ***General Fund Budgetary Highlights***

The District is required to adopt its budget by June 30, each year. This was prior to adoption of the State budget on August 27, 2008. Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. These revisions occur at the First Interim and Second Interim reporting periods. The final amendment to the budget was included with the Unaudited Actuals and was adopted on September 9, 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 53.)

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

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### *CAPITAL ASSET AND DEBT ADMINISTRATION*

#### *Capital Assets*

At June 30, 2009, the District had \$167,752,300 in a broad range of capital assets (net of accumulative depreciation), including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$5,737,859, or 3.3%, from last year.

**Table 4**

	Governmental Activities	
	2009	2008
Land	\$ 27,716,042	\$ 27,535,321
Construction in process	2,367,985	2,264,734
Buildings and improvements	135,001,591	141,551,226
Furniture and equipment	2,666,682	2,138,878
Total	<u>\$167,752,300</u>	<u>\$173,490,159</u>

This year's addition of \$2,362,824 included technology infrastructure upgrades and nutrition services improvements including refurbishing the Rio Mesa High School Cafeteria, and construction of a freezer enclosure at Channel Island High School. Three older school buses were replaced. A 1/3 acre parcel of land was purchased to expand Channel Islands High School.

Several capital projects are planned for the and 2009-2010 year including expanding several classrooms to house additional students and equipment for career technical education classes, repair/replacement of bleachers, maintaining exterior building surfaces, and enclosing outdoor freezer and remodeling areas in our cafeterias. We anticipate capital additions to be \$2.7 million for the 2009-2010 year.

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

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### *Long-Term Obligations*

At the end of this year, the District had \$83,124,571 in outstanding debt versus \$72,711,008 last year, an increase of \$10,413,563. Long-term obligations consisted of:

**Table 5**

	Governmental Activities	
	2009	2008
General obligation bonds	\$ 45,995,212	\$ 47,309,382
Bond anticipation notes	11,857,957	-
Certificates of participation	4,225,000	4,530,000
Municipal leases	6,540,000	19,285,000
Municipal lease discount	(24,400)	(166,529)
Accumulated vacation	1,401,521	1,629,155
Supplemental early retirement	32,000	124,000
Net OPEB obligation	13,097,281	-
Total	<u>\$ 83,124,571</u>	<u>\$ 72,711,008</u>

The District's outstanding general obligation debt of \$45,995,212 is significantly below the assessed value cap for voter approved debt.

Other obligations include municipal leases, compensated absences payable and postemployment benefits. We present more detailed information regarding our long-term obligations in Note 8 of the financial statements.

### ***SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2008-2009 ARE NOTED BELOW:***

- Maintained the three percent State recommended reserve for economic uncertainties.
- Avoided staff layoffs and continued the summer school program even though the State school deficit reduced revenues by more than \$8 million
- Continued projects to improve the overall appearance and safety at our sites.

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

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### *FACTORS BEARING ON THE DISTRICT'S FUTURE*

Although the District is financially stable, its financial condition is highly dependent upon the economic condition of the State of California. At the time these financial statements were prepared and audited, there are several factors that could significantly affect its future financial condition:

#### Assumptions at Adopted Budget

##### *Revenue*

- Revenue Limit funded COLA of 5.66% (\$378), with 5.357% deficit factor.
- No growth in enrollment.
- 2008-09 P2 ADA projected to be equal to 2007-08 P2 ADA (15,183.27 inclusive of county-educated).
- Statewide decline in ADA slows but continues—projected to be 31,000 (about ½ of 1%).
- No equalization aid.
- Base Revenue Limit \$7,073.82 (before deficit).
- Hourly cap for Core Academic Program assume unchanged at 5% of prior year's CBEDS times 120 hours.
- Supplemental hourly rate reduced from \$4.08 to \$3.81 (No COLA, then reduced by 6.5%). In addition, projected deficit of 43% in the K-12 Core Academic program.
- Defer reimbursement for mandated cost claims, but requirement to provide mandated service continues. SSC continues to recommend reserving mandate reimbursement received in 2007-08 in Ending Fund Balance due to SCO audits disallowing almost \$53 million (81% of amounts reviewed) in audited claims.
- Budget proposes \$150 million for both 2007-08 and 2008-09 for deferred mandate claims. Funds provided pursuant to a settlement stemming from "the Deal".
- Anticipate Unrestricted Lottery revenue at \$121.00 per annual ADA and Restricted lottery (Prop 20) revenue at \$22.50 per ADA.
- SPED does not fund 5.66% COLA, a loss of \$26.34 per ADA. Reversing January proposal to decrease State funding meets the Federal maintenance of effort requirements.
- State aid for SPED growth approx. \$488 per growth ADA.
- Governor proposes \$205 million for Out-of-Home Care funding.
- High school 9th grade class-size reduction program at \$190 per eligible pupil.
- Instructional Materials Block Grant at \$65 (est.) per prior year CBEDS enrollment.
- Categorical programs receive no COLA, no growth and 6.5% decrease from 2007-08 funding levels.
- Transportation receives no COLA, then 6.5% reduction.
- Proposal to increase Mega-Item shift flexibility to 50% out 55% in. However excluding AB825 block grants and EIA from the Mega-Item (in previous years) reduces our options. May proposal revises AB825 flexibility to 20% out/25% in.
- Governor proposes borrowing \$15 billion against future profits from lottery sales to be deposited in the Revenue Stabilization Fund. As a backup plan if this proposal is rejected by voters, Governor proposes one cent increase in sales tax, yielding \$6 billion annually. This tax would expire June 30, 2011.
- May Revision using Public Transportation Account funds for home to school and SPED transportation, shifting GF cost of the program.
- Expect reductions in all Federal programs.
- House bill places moratorium on elimination of funding for transportation and MAA activities. Funding for 2007-08 is not affected.

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2009**

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- Child Nutrition programs reimbursement rate reduced \$.02 per meal.
- Adult Education receives no COLA and 2.5% growth, and then 6.5% cut is applied.
- Adult Education cap "use it or lose it" formula continues to be in effect. Lose ½ of unused ADA from 2006-07 and 2007-08.

### Expenditures

- May Revision drops "10% across the board cuts" strategy.
- The June 30, 2008, Unrestricted General Fund undesignated ending balance is currently forecast to be \$5,016,655 (2nd Interim Report) or 3.6% of \$139,323,961 total budgeted general fund expenditures.
- 2.00% Estimated Salary Increase for 2008-09 Certificated Step. An additional \$200,000 is included for column movement based on estimated historical actual costs.
- No reduction in benefit levels.
- Maintain retiree benefits as they now exist.
- PERS Expense budgeted at 9.0% and PERS Reduction at 4.02%. PERS restoration (buyback) estimated to be 15.80%. Actual PERS board rate announced as 9.428% and the PERS reduction rate at 3.592%. These rates will be adjusted in a future budget revision.
- Increase in health and welfare costs by 11%. About 23% of districts in State without cap on employer contribution (down from 35% in prior year)
- School site allocation to \$50 per CBEDS.
- The contributions to restricted programs to cover projected encroachment are undetermined at this time.
- Unless changes (noted above) are made, all items are "rolled forward" at the level of the second interim report.
- May Revision allows flexibility in Routine Restricted Maintenance account by allowing funding at 2% of total General Fund expenditures. OUHSD budget is balanced including a 3% transfer.

### Facilities

- Deferred maintenance has been budgeted at the full ½ of 1% level. Expect 85-90% State match. May Revision eliminates State contribution and allows flexibility to districts by not requiring a District match. OUHSD budget eliminated state contribution but includes full district match. That match should be allowed as a "carry-forward" to future year Deferred Maintenance forms.

### Miscellaneous

- OUHSD begins recognizing future liability for other postemployment benefits (OPEB)
- IRS audit found broad range of noncompliance by LEAs in administration of 403(b) plans. All LEAs will be audited at some point. Our District (like most in the county) is working with a third party administrator (TDS) to assist us in this endeavor.
- State audit issues include:
  - Verification of compliance with EC 41372 requiring payment of classroom teacher salaries to be at least 50% (for high school district) of the District's current expense of education.
  - School Accountability compliance, including teacher misassignment, facility conditions and sufficient instructional materials.
  - Math and Reading Professional Development compliance.



# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009**

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### ***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 of Business Services at Oxnard Union High School District, 309 South K Street, Oxnard, CA, or e-mail at [randy.winton@ouhsd.k12.ca.us](mailto:randy.winton@ouhsd.k12.ca.us).

# OXNARD UNION HIGH SCHOOL DISTRICT

## STATEMENT OF NET ASSETS JUNE 30, 2009

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	<b>Governmental Activities</b>
	<u>                    </u>
<b>ASSETS</b>	
Deposits and investments	\$ 38,745,648
Receivables	18,458,405
Stores inventories	184,892
Deferred cost on issuance	175,213
Capital assets	
Land and construction in progress	30,084,027
Other capital assets	235,464,720
Less: Accumulated depreciation	<u>(97,796,447)</u>
Capital assets, net of accumulated depreciation	<u>167,752,300</u>
<b>Total Assets</b>	<u><u>225,316,458</u></u>
 <b>LIABILITIES</b>	
Accounts payable	2,035,609
Interest payable	1,154,041
Deferred revenue	1,999,311
Current portion of long-term obligations	2,182,000
Non-current portion of long-term obligations	<u>80,942,571</u>
<b>Total Liabilities</b>	<u><u>88,313,532</u></u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	104,250,531
Restricted for:	
Debt service	2,644,916
Capital projects	17,169,452
Educational programs	8,271,418
Other activities	3,904,482
Unrestricted	<u>762,127</u>
<b>Total Net Assets</b>	<u><u>\$ 137,002,926</u></u>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets
					Governmental Activities
<b>Governmental Activities</b>					
Instruction	\$ 102,487,452	\$ 184,374	\$ 18,969,463	\$ 4,962	\$ (83,328,653)
Instruction-related activities:					
Supervision of instruction	3,044,598	7,031	4,023,876	-	986,309
Instructional library, media and technology	2,119,398	2,168	377,312	-	(1,739,918)
School site administration	15,110,601	45,298	1,908,205	-	(13,157,098)
Pupil services:					
Home-to-school transportation	2,138,291	-	679,593	-	(1,458,698)
Food services	6,372,864	1,357,072	2,419,328	-	(2,596,464)
All other pupil services	11,599,943	27,868	3,881,109	-	(7,690,966)
Administration:					
Data processing	2,015,404	-	-	-	(2,015,404)
All other administration	6,444,419	74,134	1,168,443	-	(5,201,842)
Plant services	14,092,000	90,150	1,826,927	-	(12,174,923)
Ancillary services	2,099,010	-	23,375	-	(2,075,635)
Community services	157,840	-	-	-	(157,840)
Interest on long-term obligations	3,382,886	-	-	-	(3,382,886)
Other outgo	715,072	2,861	138,708	-	(573,503)
<b>Total Governmental Activities</b>	<b>\$ 171,779,778</b>	<b>\$ 1,790,956</b>	<b>\$ 35,416,339</b>	<b>\$ 4,962</b>	<b>(134,567,521)</b>
General revenues and subventions					
Property taxes, levied for general purposes					39,773,185
Property taxes, levied for debt service					3,658,023
Taxes levied for other specific purposes					270,527
Federal and State aid not restricted to specific purposes					62,229,542
Interest and investment earnings					1,497,514
Interagency revenues					374,711
Miscellaneous					10,517,609
<b>Subtotal, General Revenues</b>					<b>118,321,111</b>
<b>Changes in Net Assets</b>					<b>(16,246,410)</b>
Net Assets - Beginning					153,249,336
Net Assets - Ending					<b>\$ 137,002,926</b>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2009**

	<b>General Fund</b>	<b>Cafeteria Fund</b>	<b>Capital Facilities Fund</b>
<b>ASSETS</b>			
Deposits and investments	\$ 13,372,700	\$ 547,732	\$ 9,917,049
Receivables	17,218,344	624,732	55,731
Due from other funds	892,975	868	-
Stores inventories	129,471	55,421	-
<b>Total Assets</b>	<b>\$ 31,613,490</b>	<b>\$ 1,228,753</b>	<b>\$ 9,972,780</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,781,157	\$ 109,718	\$ 63,303
Due to other funds	868	524,592	206,593
Deferred revenue	1,998,347	-	-
<b>Total Liabilities</b>	<b>3,780,372</b>	<b>634,310</b>	<b>269,896</b>
<b>Fund Balances</b>			
Reserved for:			
Revolving fund	10,000	1,950	-
Stores inventories	129,471	55,421	-
Legally restricted balance	8,271,418	-	-
Unreserved:			
Designated	14,477,302	-	-
Undesignated, reported in:			
General Fund	4,944,927	-	-
Special revenue funds	-	537,072	-
Debt service funds	-	-	-
Capital projects funds	-	-	9,702,884
<b>Total Fund Balances</b>	<b>27,833,118</b>	<b>594,443</b>	<b>9,702,884</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 31,613,490</b>	<b>\$ 1,228,753</b>	<b>\$ 9,972,780</b>

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<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 7,299,401	\$ 7,608,766	\$ 38,745,648
38,944	520,654	18,458,405
-	-	893,843
-	-	184,892
<u>\$ 7,338,345</u>	<u>\$ 8,129,420</u>	<u>\$ 58,282,788</u>
\$ -	\$ 81,431	\$ 2,035,609
-	161,790	893,843
-	964	1,999,311
<u>-</u>	<u>244,185</u>	<u>4,928,763</u>
-	-	11,950
-	-	184,892
-	-	8,271,418
-	-	14,477,302
-	-	4,944,927
-	3,958,055	4,495,127
-	3,798,957	3,798,957
7,338,345	128,223	17,169,452
<u>7,338,345</u>	<u>7,885,235</u>	<u>53,354,025</u>
<u>\$ 7,338,345</u>	<u>\$ 8,129,420</u>	<u>\$ 58,282,788</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009**

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<b>Total Fund Balance - Governmental Funds</b>		\$ 53,354,025
<b>Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:</b>		
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:	\$ 265,548,747	
Accumulated depreciation is:	<u>(97,796,447)</u>	167,752,300
Net Capital Assets		
Expenditures relating to issuance of debt of next fiscal year were recognized in modified accrual basis, but should not be recognized in accrual basis.		175,213
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.		(1,154,041)
Long-term obligations at year-end consist of:		
Bonds payable	(45,995,212)	
Bond anticipation notes	(11,857,957)	
Certificates of participation	(4,225,000)	
Municipal lease	(6,540,000)	
Discount on municipal lease	24,400	
Compensated absences (vacations)	(1,401,521)	
Supplemental early retirement	(32,000)	
Net OPEB obligation	<u>(13,097,281)</u>	
Total Long-Term Obligations		<u>(83,124,571)</u>
<b>Total Net Assets - Governmental Activities</b>		<u>\$ 137,002,926</u>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>General Fund</b>	<b>Cafeteria Fund</b>	<b>Capital Facilities Fund</b>
<b>REVENUES</b>			
Revenue limit sources	\$ 100,188,968	\$ -	\$ -
Federal sources	14,996,522	2,482,877	-
Other State sources	14,788,035	186,462	-
Other local sources	11,222,072	1,677,669	1,196,913
<b>Total Revenues</b>	<b>141,195,597</b>	<b>4,347,008</b>	<b>1,196,913</b>
<b>EXPENDITURES</b>			
Current			
Instruction	86,744,909	-	-
Instruction related activities:			
Supervision of instruction	2,683,776	-	-
Instructional library, media, and technology	1,920,813	-	-
School site administration	10,306,206	-	-
Pupil services:			
Home-to-school transportation	1,729,402	-	-
Food services	3,029	5,830,058	-
All other pupil services	10,265,228	-	-
Administration:			
Data processing	2,037,367	-	-
All other administration	5,543,828	252,818	17,154
Plant services	13,438,405	270,824	-
Facility acquisition and construction	96,341	374,275	278,974
Ancillary services	2,099,010	-	-
Community services	157,840	-	-
Other outgo	601,902	-	-
Debt service			
Principal	53,288	-	191,712
Interest and other	12,985	-	48,292
<b>Total Expenditures</b>	<b>137,694,329</b>	<b>6,727,975</b>	<b>536,132</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,501,268</b>	<b>(2,380,967)</b>	<b>660,781</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	183,568
Other sources	-	-	-
Transfers out	(202,636)	-	(808,772)
<b>Net Financing Sources (Uses)</b>	<b>(202,636)</b>	<b>-</b>	<b>(625,204)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,298,632</b>	<b>(2,380,967)</b>	<b>35,577</b>
<b>Fund Balance - Beginning</b>	<b>24,534,486</b>	<b>2,975,410</b>	<b>9,667,307</b>
<b>Fund Balance - Ending</b>	<b>\$ 27,833,118</b>	<b>\$ 594,443</b>	<b>\$ 9,702,884</b>

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

<b>Special Reserve Fund For Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 3,806,312	\$ 103,995,280
-	-	17,479,399
-	590,281	15,564,778
298,279	4,098,978	18,493,911
<u>298,279</u>	<u>8,495,571</u>	<u>155,533,368</u>
-	2,109,829	88,854,738
-	62,407	2,746,183
-	-	1,920,813
-	954,759	11,260,965
-	-	1,729,402
-	-	5,833,087
-	243,236	10,508,464
-	-	2,037,367
-	161,790	5,975,590
-	836,185	14,545,414
485,437	40,423	1,275,450
-	-	2,099,010
-	-	157,840
-	-	601,902
12,500,000	1,665,000	14,410,000
483,268	2,683,549	3,228,094
<u>13,468,705</u>	<u>8,757,178</u>	<u>167,184,319</u>
<u>(13,170,426)</u>	<u>(261,607)</u>	<u>(11,650,951)</u>
350,124	477,716	1,011,408
11,744,787	-	11,744,787
-	-	(1,011,408)
<u>12,094,911</u>	<u>477,716</u>	<u>11,744,787</u>
(1,075,515)	216,109	93,836
8,413,860	7,669,126	53,260,189
<u>\$ 7,338,345</u>	<u>\$ 7,885,235</u>	<u>\$ 53,354,025</u>



# OXNARD UNION HIGH SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	93,836
<b>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</b>		
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 depreciation exceeds capital outlay in the period.		
Capital outlays	\$	2,084,682
Depreciation expense		<u>(7,822,541)</u>
		(5,737,859)
In the statement of activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. However, expenditures for these items in the governmental funds are measured by the amount of financial resources used (essentially, the amounts actually paid). In previous years, the District offered early termination benefits, payable in future periods. During the current year, payments of \$92,000 were made towards the existing plan. Vacation earned was less than the amounts used by \$227,634.		
		319,634
Proceeds received from Bond Anticipation Notes is a revenue in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		
		(11,857,957)
The annual amortization of the accrued debt issue costs and discounts is as follows:		
Municipal lease issue costs		(221,991)
Municipal lease discount		<u>(142,129)</u>
		(364,120)
Repayment of bond principal 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.		
		1,360,000
Repayment of certificates of participation principal 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.		
		305,000
Repayment of municipal lease principal 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.		
		12,745,000
The accretion of interest on capital appreciation bonds is not recognized in the governmental funds, but it increases long-term obligations in the Statement of Net Assets and increases interest expense in the Statement of Activities.		
		(45,830)
In the Statement of Activities Other Postemployment Benefit Obligations (OPEB) are measured by an actuarially determined Annual Required Contribution (ARC). In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts contributed toward the OPEB obligation were less than the ARC by \$13,097,281.		
		(13,097,281)

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES (Continued) FOR THE YEAR ENDED JUNE 30, 2009**

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Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, 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 net result of these factors.

	<u>33,167</u>
<b>Change in Net Assets of Governmental Activities</b>	<u><u>\$(16,246,410)</u></u>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

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	<b>Agency Funds</b>	<b>Retiree Benefits Trust</b>
<b>ASSETS</b>		
Deposits and investments	\$ 1,321,063	\$ 27,270,242
Receivables	-	71,829
Prepaid expenditures	-	6,582
<b>Total Assets</b>	<b>\$ 1,321,063</b>	<b>27,348,653</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 311	12,059
Due to student groups	1,320,752	-
<b>Total Liabilities</b>	<b>\$ 1,321,063</b>	<b>12,059</b>
<b>NET ASSETS</b>		
Held in trust for retiree benefits		27,336,594
<b>Total Net Assets</b>		<b>\$ 27,336,594</b>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET ASSETS  
JUNE 30, 2009**

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	<b>Retiree Benefits Trust</b>
<b>ADDITIONS</b>	
District contributions	\$ 360,789
Interest	1,811,054
Realized loss on sale of investments	(2,804,042)
Unrealized loss on investments	(2,011,823)
<b>Total Additions</b>	<u>(2,644,022)</u>
 <b>DEDUCTIONS</b>	
Other expenditures	<u>32,494</u>
 <b>Change in Net Assets</b>	(2,676,516)
<b>Net Assets - Beginning</b>	<u>30,013,110</u>
<b>Net Assets - Ending</b>	<u><u>\$ 27,336,594</u></u>

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial Reporting Entity

The Oxnard Union High School District (the District) was organized 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 9 - 12 as mandated by the State and/or Federal agencies. The District operates six high schools, two alternative education sites, and an adult education program.

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 Oxnard Union High School District, this includes general operations, food service, and student related activities of the District.

#### Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The Oxnard Union High School District, the Ventura County Schools Public Facilities Financing Corporation, and the Golden West Schools Financing Authority (the "Corporations") have a financial and operational relationship which meets the reporting entity definition criteria of the Government Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the District's portion of the Corporations as component units of the District. Accordingly, the District's financial activities of the Corporations have been included in the Capital Facilities Fund, the Special Reserve Fund for Capital Outlay Projects, and the COP Debt Service Fund, in the financial statements of the District.

#### Other Related Entities

**Charter School** The District has an approved charter for Camarillo Academy of Progressive Education pursuant to *Education Code* Section 47605. The charter is not considered a component unit 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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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**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.

**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).

**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).

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

### 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:

**Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues for adult education programs and is to be expended for adult education purposes only.

**Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

**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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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**Special Reserve Fund for Other Than Capital Outlay Projects** The Special Reserve Fund for Other Than Capital Outlay Projects is used primarily to provide for the accumulation of General Fund monies for general operating purposes other than for capital outlay (*Education Code* Section 42840).

**Foundation Special Reserve Fund** The Foundation Special Reserve Fund is used to account for resources received from gifts or bequests pursuant to *Education Code* Section 41031 under which both earnings and principal may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

**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).

**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.).

**Debt Service Funds** The Debt Service funds are established to account for the accumulation of resources for and the payment of principal and interest on long-term obligations.

**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).

**COP Debt Service Fund** The COP Debt Service Fund is used to account for the interest and redemption of principal of Certificates of Participation.

**Fiduciary Funds** Fiduciary Funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is comprised of agency funds and retiree benefits trust funds. 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). The District trust fund is the Oxnard Union High School Retiree Benefits Trust Fund.

### **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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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The government-wide financial statement of activities presents a comparison between direct expenses and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions, and segments using a full cost allocation approach. 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.

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 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 a 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 reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

**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.

**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 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.



# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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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 requirements. 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 combined balance sheet and revenue is recognized.

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

**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 entity-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.

### **Investments**

Investments held at June 30, 2009, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

### **Stores Inventories**

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in first-out basis weighted average basis. The costs of inventory items are recorded as expenditures in the governmental type funds when used.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General 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 financial statement of net assets. The valuation basis for general capital assets are 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 of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 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

Accumulated unpaid vacation benefits 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.

### Accrued Liabilities and Long-Term Obligations

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

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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 fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans 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 applicable 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 and Designations**

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, stores inventories, prepaid expenditures (expenses), and legally restricted grants and entitlements.

Designations of fund balances consist of that portion of the fund balance that has been designated (set aside) by the governing board to provide for specific purposes or uses. Fund balance designations have been established for economic uncertainties and other purposes.

### **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 reports \$31,990,268 of restricted net assets.

### **Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities column of the statement of activities.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For 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.

### Changes in Accounting Principles

In July 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement will require local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB generally are based on pay-as-you-go financing approaches. They fail to measure or recognize the cost of OPEB during the periods when employees render the services or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

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This Statement generally provides for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provisions of this Statement for the fiscal year ended June 30, 2009. The District had an annual required contribution of \$18,509,000 for the year ended June 30, 2009, and made a contribution of \$5,411,719 resulting in an OPEB obligation of \$13,097,281.

### **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.

In April 2009, the GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for State and local governments into the GASB authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of State and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. GASB Statement No. 55 is effective immediately.

In April 2009, the GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. GASB Statement No. 56 is effective immediately.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

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### NOTE 2 - DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2009, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 38,745,648
Fiduciary funds	1,321,063
Total Deposits and Investments	<u>\$ 40,066,711</u>

Deposits and investments as of June 30, 2009, consist of the following:

Cash on hand and in banks	\$ 1,885,286
Cash in revolving	11,950
Investments	38,169,475
Total Deposits and Investments	<u>\$ 40,066,711</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.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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**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 primarily in the county pool.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### 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	Maturity Date
County Pool	\$38,085,033	248 days*
Mutual funds	37,382	Not Applicable
U.S. Agency Securities	137,921	1/7/2012
Local Agency Bonds	390,569	7/1/2017 - 11/1/2019
Total	\$ 38,650,905	

\*Weighted average days to maturity.

### 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 investments in the county pool, mutual funds, and U.S. Treasury Bonds, are not required to be rated, nor have they been rated as of June 30, 2009.

### 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, 2009, of the District's bank balance of \$1,525,455, \$872,800 was 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.

### Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in the certificates of participation and municipal lease trustee accounts the District has a custodial credit risk exposure for the entire balance because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities.



**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 3 - RECEIVABLES**

Receivables at June 30, 2009, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund For Capital Outlay Projects
Federal Government				
Categorical aid	\$ 5,480,208	\$ 384,632	\$ -	\$ -
State Government				
Apportionment	5,942,659	-	-	-
Categorical aid	3,328,096	11,127	-	-
Lottery	480,522	-	-	-
Local Government				
Interest	149,144	4,462	55,731	38,939
Other Local Sources	1,837,715	224,511	-	5
Total	<u>\$ 17,218,344</u>	<u>\$ 624,732</u>	<u>\$ 55,731</u>	<u>\$ 38,944</u>

	Non-Major Governmental Funds	Total	Fiduciary Funds
Federal Government			
Categorical aid	\$ -	\$ 5,864,840	\$ -
State Government			
Apportionment	474,187	6,416,846	-
Categorical aid	-	3,339,223	-
Lottery	-	480,522	-
Local Government			
Interest	40,476	288,752	71,829
Other Local Sources	5,991	2,068,222	-
Total	<u>\$ 520,654</u>	<u>\$ 18,458,405</u>	<u>\$ 71,829</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 27,535,321	\$ 180,721	\$ -	\$ 27,716,042
Construction in Progress	2,264,734	381,393	278,142	2,367,985
Total Capital Assets Not Being Depreciated	<u>29,800,055</u>	<u>562,114</u>	<u>278,142</u>	<u>30,084,027</u>
Capital Assets Being Depreciated:				
Land Improvements	33,260,172	51,000	-	33,311,172
Buildings and Improvements	194,528,620	850,138	-	195,378,758
Furniture and Equipment	5,875,218	899,572	-	6,774,790
Total Capital Assets Being Depreciated	<u>233,664,010</u>	<u>1,800,710</u>	<u>-</u>	<u>235,464,720</u>
Total Capital Assets	<u>263,464,065</u>	<u>2,362,824</u>	<u>278,142</u>	<u>265,548,747</u>
Less Accumulated Depreciation:				
Land Improvements	20,945,396	1,883,317	-	22,828,713
Buildings and Improvements	65,292,170	5,567,456	-	70,859,626
Furniture and Equipment	3,736,340	371,768	-	4,108,108
Total Accumulated Depreciation	<u>89,973,906</u>	<u>7,822,541</u>	<u>-</u>	<u>97,796,447</u>
Governmental Activities Capital Assets, Net	<u>\$ 173,490,159</u>	<u>\$ (5,459,717)</u>	<u>\$ 278,142</u>	<u>\$ 167,752,300</u>

Depreciation expense was charged to governmental functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 4,380,623
School site administration	2,737,890
Home-to-school transportation	234,676
Food services	312,901
Plant services	156,451
Total Depreciation Expenses All Activities	<u>\$ 7,822,541</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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**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, 2009, between major and non-major governmental funds are as follows:

Due To	Due From				Total
	General Fund	Cafeteria Fund	Capital Facilities Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 524,592	\$ 206,593	\$ 161,790	\$ 892,975
Cafeteria Fund	868	-	-	-	868
Total	\$ 868	\$ 524,592	\$ 206,593	\$ 161,790	\$ 893,843

The balance of \$524,592 is due to the General Fund from the Cafeteria Fund for payroll and operating expenses.

The balance of \$206,593 is due to the General Fund from the Capital Facilities Fund for indirect costs, special education encroachment, and transportation costs.

The balance of \$161,790 is due to the General Fund from the Adult Education (Non-Major) Fund for indirect costs.

All remaining balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Operating Transfers**

Interfund transfers for the year ended June 30, 2009, consisted of the following:

Transfer To	Transfer From		
	General Fund	Capital Facilities Fund	Total
Capital Facilities Fund	\$ 183,568	\$ -	\$ 183,568
Special Reserve Fund for Capital Outlay Projects	-	350,124	350,124
Non-Major Governmental Funds	19,068	458,648	477,716
Total	<u>\$ 202,636</u>	<u>\$ 808,772</u>	<u>\$ 1,011,408</u>

The General Fund transferred to the Capital Facilities Fund for debt service payments.	\$ 183,568
The General Fund transferred to the Adult Education (Non-Major) Fund for related expenditures.	19,068
The Capital Facilities Fund transferred to the Special Reserve Fund for Capital Outlay Projects for municipal lease debt service.	350,124
The Capital Facilities Fund transferred to the COP Debt Service Fund (Non-Major) for certificates of participation debt service.	458,648
Total	<u>\$ 1,011,408</u>

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, 2009, consisted of the following:

	General Fund	Cafeteria Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total	Fiduciary Funds
Vendor payables	\$ 1,500,698	\$ 107,571	\$ 63,303	\$ 42,236	\$ 1,713,808	\$ 12,370
State apportionment	25,447	-	-	-	25,447	-
Salaries and benefits	255,012	2,147	-	12,899	270,058	-
Construction	-	-	-	26,296	26,296	-
Total	<u>\$ 1,781,157</u>	<u>\$ 109,718</u>	<u>\$ 63,303</u>	<u>\$ 81,431</u>	<u>\$ 2,035,609</u>	<u>\$ 12,370</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 7 - DEFERRED REVENUE**

Deferred revenue at June 30, 2009, consists of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 1,892,746	\$ 964	\$ 1,893,710
State categorical aid	22,232	-	22,232
Other local	83,369	-	83,369
Total	<u>\$ 1,998,347</u>	<u>\$ 964</u>	<u>\$ 1,999,311</u>

**NOTE 8 - LONG-TERM OBLIGATIONS**

**Summary**

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

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009	Due in One Year
General obligation bonds	\$47,309,382	\$ 45,830	\$ 1,360,000	\$45,995,212	\$ 1,430,000
Bond anticipation notes	-	11,857,957	-	11,857,957	-
Certificates of participation	4,530,000	-	305,000	4,225,000	310,000
Municipal leases	19,285,000	-	12,745,000	6,540,000	410,000
Municipal lease discount	(166,529)	-	(142,129)	(24,400)	-
Accumulated vacation - net	1,629,155	-	227,634	1,401,521	-
Supplemental early retirement	124,000	-	92,000	32,000	32,000
Net OPEB obligation	-	18,509,000	5,411,719	13,097,281	-
	<u>\$72,711,008</u>	<u>\$30,412,787</u>	<u>\$19,999,224</u>	<u>\$83,124,571</u>	<u>\$ 2,182,000</u>

- Payments for bonds associated with General Obligation Bonds are made in the Bond Interest and Redemption Fund.
- Payments for bonds associated with Bond Anticipation Notes are made in the Special Reserve Fund for Capital Outlay Projects.
- Payments on Certificates of Participation are made in the COP Debt Service Fund.
- Payments for Municipal Lease obligations are made in the Special Reserve Fund for Capital Outlay Projects.
- Payments for accumulated vacations are typically liquidated in the General Fund and the Non-Major Governmental Funds.
- Payments for supplemental early retirement are made in the General Fund.
- Payments for Net OPEB obligation are typically liquidated in the General Fund and the Non-Major Governmental Funds.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**General Obligation Refunding Bonds**

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2008	Principal Accretion	Redeemed	Bonds Outstanding June 30, 2009
April 1999	8/1/2027	4.6% - 5.8%	\$ 10,199,913	\$ 8,149,382	\$ 45,830	\$ 290,000	\$ 7,905,212
May 2001	8/1/2030	4.0% - 6.2%	31,705,000	26,785,000	-	665,000	26,120,000
May 2003	8/1/2027	2.0% - 4.5%	14,180,000	12,375,000	-	405,000	11,970,000
			<u>\$ 56,084,913</u>	<u>\$ 47,309,382</u>	<u>\$ 45,830</u>	<u>\$ 1,360,000</u>	<u>\$ 45,995,212</u>

**1999 Series A**

Series A of the 1999 Revenue General Obligation Refunding Bonds were issued in April 1999. These bonds were issued to refund the 1997 General Obligation Bonds, Series B. The Taxable General Obligation Refunding Bonds, 1999 Series A were issued for \$10,199,913, with interest rates ranging from 4.6 percent to 5.8 percent. The refunding bonds mature at various dates with the final maturity of August 1, 2027. The remaining balance for Series A of the 1999 General Obligation Bonds is \$7,905,212.

**2001 Series A**

Series A of the 2001 General Obligations Refunding Bond were issued May 17, 2001. These bonds were issued to refund the 1997 General Obligation Bonds Series C, D, and E. The Taxable General Obligation Refunding Bonds, 2001 Series A were issued for \$31,705,000, with interest rates ranging from 4.0 percent to 6.2 percent. The refunding bonds mature at various dates with the final maturity of August 1, 2030. The remaining balance for Series A of the 2001 General Obligation Bonds is \$26,120,000.

**2003 Series A**

Series A of the 2003 General Obligation Refunding Bonds were issued in May 2003. These bonds were issued to refund the 1997 General Obligation Bonds, Series A. The Taxable General Obligation Refunding Bonds, 2003 Series A were issued for \$14,180,000, with interest rates ranging from 2.0 percent to 4.5 percent. The refunding bonds mature at various dates with the final maturity of August 1, 2027. The remaining balance for Series A of the 2003 General Obligation Bonds is \$11,970,000.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

The future debt service requirements for the three General Obligation Bonds are as follows:

Fiscal Year	Principal	Interest to Maturity	Principal Accretion	Total
2010	\$ 1,430,000	\$ 2,441,082	\$ -	\$ 3,871,082
2011	1,495,000	2,376,721	-	3,871,721
2012	1,590,000	2,306,995	-	3,896,995
2013	1,665,000	2,230,708	-	3,895,708
2014	1,755,000	2,149,318	-	3,904,318
2015-2019	10,335,000	9,295,734	-	19,630,734
2020-2024	13,635,000	6,151,674	-	19,786,674
2025-2029	13,205,212	2,236,289	1,359,788	16,801,289
2030-2031	885,000	54,870	-	939,870
Total	<u>\$ 45,995,212</u>	<u>\$ 29,243,391</u>	<u>\$ 1,359,788</u>	<u>\$ 76,598,391</u>

**Bond Anticipation Notes**

In September 2008, the District issued the 2008 General Obligation Bond Anticipation Notes, Series A and Series B in the amounts of \$9,266,916 and \$2,468,313, respectively. The notes mature in the 2010-2011 fiscal year with an interest rate of 2.40 percent. The notes were issued to refund the Lease Revenue Bonds, Series A and Series B with the expectation that the notes will be refunded through the issuance of General Obligation Bonds which were approved by the voters of the District at an election held on November 2, 2004, which approved the issuance of up to \$135,000,000 principal amount of General Obligation Bonds. The balance of the 2008 General Obligation Bond Anticipation Notes outstanding at June 30, 2009, was \$11,857,957.

Fiscal Year	Principal	Principal Accretion	Total
2010	\$ -	\$ 286,307	\$ 286,307
2011	11,857,957	145,736	12,003,693
Total	<u>\$ 11,857,957</u>	<u>\$ 432,043</u>	<u>\$ 12,290,000</u>

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

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### Certificates of Participation

During the 2000-2001 fiscal year, the District issued Certificates of Participation in the amount of \$1,860,000, to refund the outstanding balance of the 1993-1994 Certificates of Participation. The 2000 certificates mature during the 2019-2020 fiscal year with interest rates ranging from 6.40 percent to 7.50 percent. The balance of the 1993-1994 certificates outstanding at June 30, 2009, was \$1,260,000.

In April 2003, the District issued the 2003 Refunding Certificates of Participation in the amount of \$3,970,000. The 2003 certificates mature in the 2019-2020 fiscal year with interest rates ranging from 2.0 percent to 4.3 percent. The balance of the 2003 Refunding Certificates of Participation outstanding at June 30, 2009, was \$2,965,000.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 310,000	\$ 174,468	\$ 484,468
2011	330,000	163,184	493,184
2012	330,000	150,730	480,730
2013	350,000	136,715	486,715
2014	370,000	121,020	491,020
2015-2019	2,065,000	347,337	2,412,337
2020	470,000	10,560	480,560
Total	<u>\$ 4,225,000</u>	<u>\$ 1,104,014</u>	<u>\$ 5,329,014</u>

### Municipal Leases

During the 2003-2004 fiscal year, the District entered into a lease agreement to finance the construction of the swimming pool at Rio Mesa High School. The lease carries an interest rate of four percent. The lease will be fully paid in September 2013. The balance outstanding for the 2004 municipal lease is \$1,370,000.

During the 2004-2005 fiscal year, the District entered into a lease agreement to finance the purchase of a parcel of land for the future construction of a high school in the Camarillo area. The lease carries an interest rate of 4.5 percent. The lease will be fully paid in 2028. The balance outstanding for the 2005 municipal lease is \$5,170,000.

The 2005 municipal lease was issued at a discount of \$30,500. The discount will be amortized over the term of the lease in the government-wide statements and has a balance of \$24,400 remaining.



**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

The debt service requirements for the leases are as follows:

Fiscal Year	Principal	Interest	Total
2010	\$ 410,000	\$ 261,119	\$ 671,119
2011	435,000	246,019	681,019
2012	450,000	229,906	679,906
2013	470,000	213,019	683,019
2014	490,000	195,129	685,129
2015-2019	1,125,000	831,155	1,956,155
2020-2024	1,410,000	581,072	1,991,072
2025-2029	1,750,000	243,000	1,993,000
Total	<u>\$ 6,540,000</u>	<u>\$ 2,800,419</u>	<u>\$ 9,340,419</u>

**Accumulated Unpaid Employee Vacation**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2009, amounted to \$1,401,521. Accumulated vacation will be paid by the fund for which the employee worked.

**Early Retirement Program**

During the 2002-2003 and 2003-2004 fiscal years, the District offered an early retirement incentive to certificated employees. Depending on the retiree's age and years of service to the District, the retiree will receive a predetermined amount annually for up to six years. Twenty-four employees opted to participate. The Plan is funded by the General Fund on a pay-as-you-go basis.

The District's early retirement program payments are summarized below:

Fiscal Year	Retirement Payment
2010	<u>\$ 32,000</u>

**Other Postemployment Benefit (OPEB) Obligation**

The District implemented GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009. The District's annual required contribution for the year ended June 30, 2009, was \$18,509,000 and contributions made by the District during the year were \$5,411,719, which resulted in a net OPEB obligation of \$13,097,281. See Note 10 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**NOTE 9 - FUND BALANCES**

Fund balances with reservations and designations are composed of the following elements:

	General Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
<b>Reserved</b>						
Revolving cash	\$ 10,000	\$ 1,950	\$ -	\$ -	\$ -	\$ 11,950
Stores inventories	129,471	55,421	-	-	-	184,892
Restricted programs	8,271,418	-	-	-	-	8,271,418
<b>Total Reserved</b>	<b>8,410,889</b>	<b>57,371</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,468,260</b>
<b>Unreserved</b>						
<b>Designated</b>						
Economic uncertainties	4,043,177	-	-	-	-	4,043,177
Other designation	10,434,125	-	-	-	-	10,434,125
<b>Total Designated</b>	<b>14,477,302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,477,302</b>
<b>Undesignated</b>	<b>4,944,927</b>	<b>537,072</b>	<b>9,702,884</b>	<b>7,338,345</b>	<b>7,885,235</b>	<b>30,408,463</b>
<b>Total Unreserved</b>	<b>19,422,229</b>	<b>537,072</b>	<b>9,702,884</b>	<b>7,338,345</b>	<b>7,885,235</b>	<b>44,885,765</b>
<b>Total</b>	<b>\$27,833,118</b>	<b>\$ 594,443</b>	<b>\$ 9,702,884</b>	<b>\$ 7,338,345</b>	<b>\$ 7,885,235</b>	<b>\$53,354,025</b>

**NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION**

**Plan Description**

The Oxnard Union High School District Retiree Health Benefits Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Oxnard Union High School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 491 retirees and beneficiaries currently receiving benefits and 848 active plan members. The Plan is presented in these financial statements as the Retiree Benefits Trust Fund. Separate financial statements are prepared for the Trust.

**Contribution Information**

The contribution requirements of Plan members and the District are established and may be amended by the District and the Oxnard Federation of Teachers (OFT), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2008-2009, the District contributed \$5,411,719 to the Plan, of which \$5,050,930 was used for current premiums.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

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**Annual OPEB Cost and Net OPEB Obligation**

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 18,509,000
Contributions made	(5,411,719)
Increase in net OPEB obligation	<u>13,097,281</u>
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 13,097,281</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 was as follows:

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 18,509,000	29.2%	\$ 13,097,281

**Funded Status and Funding Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation, only the current year information is presented.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

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In the July 1, 2008, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a six percent investment rate of return. Healthcare cost trend rates were assumed at 9.5 percent for the 2009-2010 year reflecting a decrease from the levels of increases in recent years to a level of 5 percent annually after 10 years. The remaining amortization period at July 1, 2008, was 30 years. The actuarial value of assets was determined to be \$32,621,000 in this actuarial valuation. The allocation of OPEB cost is based on years of service.

### **NOTE 11 - RISK MANAGEMENT**

#### **Description**

The District's risk management activities are recorded in the General Fund. Employee health programs are administered by the General Fund through payments made to Coastal Schools Employee Benefits Organization, a public entity risk pool. The Oxnard Union High School District also participates in the Ventura County Schools Self-Funding Authority public entity risk pool (JPA) for the workers' compensation, property and liability programs. Refer to Note 14 for additional information regarding the JPAs.

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.

#### **Employee Medical Benefits**

The District has contracted with the Coastal Schools Employee Benefits Organization (CSEBO) to provide employee health benefits. CSEBO is a shared risk pool comprised of members in Ventura County. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

### **NOTE 12 - 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 State Teachers' Retirement System (CalSTRS) and classified employees are members of the Public Employees' Retirement System (CalPERS).

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### 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 adjustments, 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.

#### 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 2008-2009 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, 2009, 2008, and 2007, were \$5,537,185, \$5,477,434, and \$5,117,360, respectively, and equal 100 percent of the required contributions for each year.

### CalPERS

#### Plan Description

The District contributes to the School Employer Pool under the 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 7.0 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 the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2008-2009 was 9.428 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, 2009, 2008, and 2007, were \$1,899,487, \$1,840,269, and \$1,701,699, respectively, and equal 100 percent of the required contributions for each year.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### 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 Social Security as its alternative plan. The District's and employee's contributions are in accordance with Federal laws.

### 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 \$3,124,414 (4.517 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 included in the budget amounts 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*.

## NOTE 13 - 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.

The District has received information that reimbursement claims filed for the child nutrition program may have overstated or misclassified meals served in prior years. The California Department of Education, Nutrition Services Division, is conducting an investigation of the matter. In addition, the District has engaged the services of a certified fraud examiner in an attempt to determine whether or not misstatements occurred. Estimates have been used to derive free and reduced meal counts for Federal and State reporting purposes at some or all of six comprehensive high schools at the District. The California Department of Education (CDE) and the U.S. Department of Agriculture (USDA) require positive verification of every meal claimed for reimbursement. A separate audit of the free and reduced meal counts for fiscal years 2005-2006 through 2008-2009 is currently underway. The District has obtained a preliminary estimate prepared by an independent accounting firm. The preliminary review by the CDE Nutritional Division has verbally communicated a \$5 to \$6 million range of estimated disallowed revenues. This documentation has been provided to the CDE and the USDA for review and assisting in final calculation. As of July 14, 2010, a repayment amount and scheduled terms have not been determined.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2009.

The Ventura County Self Funding Authority (VCSSFA) has advanced the District \$476,000 to pay costs related to the investigation of a workers' compensation claim that involved allegations of fraud in the Nutrition Services Department. VCSSFA limits advances for investigations to the \$500,000 maximum amount recoverable through insurance. The District would have to repay VCSSFA for any advances not recovered through insurance.

### NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITY

The District is a member of the Ventura County Schools Self-funding Authority (VCSSFA) and the Coastal Schools Employee Benefits Organization (CSEBO) public entity risk pools. The District pays an annual premium to each entity for its workers' compensation and property liability coverage and for its health and welfare benefits, respectively. The District also belongs to the Ventura County Fast Action School Transit Authority (VCFASTA) joint powers authority (JPA). Payments for courier services are paid to the VCFASTA. The relationships between the District, the pools and the JPA are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2009, the District made payments of \$3,858,111, \$19,182,937, and \$3,105 to VCSSFA, CSEBO, and VCFASTA, respectively.

### NOTE 15 - 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 4 of the 2009-2010 Third Extraordinary Session (SBX3 4) (Chapter 12, Statutes of 2009), 14 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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

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### NOTE 16 - SUBSEQUENT EVENTS

#### **Tax and Revenue Anticipation Notes**

The District issued \$2,145,000 of Tax and Revenue Anticipation Notes dated July 6, 2009. The notes mature on July 1, 2010, and yield 2.47 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 2010, until 100 percent of principal and interest due is on account in May 2010.

#### **Assembly Bill of the Fourth Extraordinary Session (ABX4 3)**

On July 28, 2009, the Governor of California signed a package of bills amending the 2008-09 and 2009-10 California State budgets. The budget amendments were designed to address the State's budget gap of \$24 billion that had developed as a result of the deepening recession since the State's last budget actions in February 2009.

The July budget package reduced, on a State-wide basis, \$1.6 billion in 2008-09 Proposition 98 funding through a reversion of undistributed categorical program balances. The budget language identified 51 specific programs and required the amounts associated with these programs that were "unallocated, unexpended, or not liquidated as of June 30, 2009," to revert to the State's General Fund. The July budget package also provided an appropriation in 2009-10 to backfill \$1.5 billion of these cuts to repay the 2008-09 reversion of the undistributed categorical program balances.

In accordance with the requirements of Governmental Accounting Standards Board Statement No. 33, the District has not recorded the revenue and related receivable associated with the District's portion of the unallocated, unexpended or unliquidated categorical program balances identified in the July 2009 State Budget package.



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***REQUIRED SUPPLEMENTARY INFORMATION***

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# OXNARD UNION HIGH SCHOOL DISTRICT

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances -
	(GAAP Basis)			Positive
	Original	Final		(Negative) Final to Actual
<b>REVENUES</b>				
Revenue limit sources	\$ 102,382,411	\$ 96,079,234	\$ 100,188,968	\$ 4,109,734
Federal sources	7,182,239	8,364,415	14,996,522	6,632,107
Other State sources	15,067,105	15,308,929	14,788,035	(520,894)
Other local sources	8,839,906	8,823,734	11,222,072	2,398,338
<b>Total Revenues</b> <sup>1</sup>	<b>133,471,661</b>	<b>128,576,312</b>	<b>141,195,597</b>	<b>12,619,285</b>
<b>EXPENDITURES</b>				
Current				
Instruction	82,021,633	87,929,720	86,744,909	1,184,811
Instruction-related activities:				
Supervision of instruction	2,675,897	2,825,128	2,683,776	141,352
Instructional library, media, and technology	1,915,174	2,021,982	1,920,813	101,169
School site administration	10,275,948	10,849,026	10,306,206	542,820
Pupil services:				
Home-to-school transportation	1,728,235	1,783,190	1,729,402	53,788
Food services	3,027	3,123	3,029	94
All other pupil services	10,258,299	10,584,500	10,265,228	319,272
General administration:				
Data processing	1,818,839	2,052,499	2,037,367	15,132
All other general administration	4,944,054	5,579,202	5,543,828	35,374
Plant services	14,295,977	13,853,050	13,438,405	414,645
Facility acquisition and construction	102,489	99,314	96,341	2,973
Ancillary services	1,846,878	1,866,181	2,099,010	(232,829)
Community services	187,534	187,512	157,840	29,672
Other outgo	495,000	495,000	601,902	(106,902)
Debt service				
Principal	53,288	53,288	53,288	-
Interest	12,985	12,985	12,985	-
<b>Total Expenditures</b> <sup>1</sup>	<b>132,635,257</b>	<b>140,195,700</b>	<b>137,694,329</b>	<b>2,501,371</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>836,404</b>	<b>(11,619,388)</b>	<b>3,501,268</b>	<b>15,120,656</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	31,403	-	-	-
Transfers out	(890,011)	(200,658)	(202,636)	(1,978)
<b>Net Financing Sources (Uses)</b>	<b>(858,608)</b>	<b>(200,658)</b>	<b>(202,636)</b>	<b>(1,978)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(22,204)</b>	<b>(11,820,046)</b>	<b>3,298,632</b>	<b>15,118,678</b>
<b>Fund Balance - Beginning</b>	<b>24,534,486</b>	<b>24,534,486</b>	<b>24,534,486</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 24,512,282</b>	<b>\$ 12,714,440</b>	<b>\$ 27,833,118</b>	<b>\$ 15,118,678</b>

<sup>1</sup> On behalf payments of \$3,124,414 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**CAFETERIA FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual (GAAP Basis)	Variances -
	(GAAP Basis)			Positive
	Original	Final		(Negative) Final to Actual
<b>REVENUES</b>				
Federal sources	\$ 3,266,105	\$ 3,266,105	\$ 2,482,877	\$ (783,228)
Other State sources	314,024	314,024	186,462	(127,562)
Other local sources	2,505,543	2,505,543	1,677,669	(827,874)
<b>Total Revenues<sup>1</sup></b>	<b>6,085,672</b>	<b>6,085,672</b>	<b>4,347,008</b>	<b>(1,738,664)</b>
<b>EXPENDITURES</b>				
Current				
Pupil services:				
Food services	5,233,375	6,809,854	5,830,058	979,796
General administration:				
All other general administration	248,791	297,200	252,818	44,382
Plant services	220,372	288,404	270,824	17,580
Facility acquisition and construction	304,550	398,570	374,275	24,295
<b>Total Expenditures<sup>1</sup></b>	<b>6,007,088</b>	<b>7,794,028</b>	<b>6,727,975</b>	<b>1,066,053</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>78,584</b>	<b>(1,708,356)</b>	<b>(2,380,967)</b>	<b>(672,611)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(31,403)	-	-	-
<b>Net Financing Sources (Uses)</b>	<b>(31,403)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>47,181</b>	<b>(1,708,356)</b>	<b>(2,380,967)</b>	<b>(672,611)</b>
<b>Fund Balance - Beginning</b>	<b>2,975,410</b>	<b>2,975,410</b>	<b>2,975,410</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 3,022,591</b>	<b>\$ 1,267,054</b>	<b>\$ 594,443</b>	<b>\$ (672,611)</b>

<sup>1</sup> The fair market value of commodities received from the Federal government and used in the cafeteria program in the amount of \$279,823, is included in the actual revenues and expenditures, but has not been included in the budgeted amounts.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING  
PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age Normal (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ([b - a] / c)</b>
July 1, 2008	\$ 32,621,000	\$ 209,375,000	\$ 176,754,000	15.6%	\$ 89,145,000	198.3%

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*SUPPLEMENTARY INFORMATION*

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**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through California Department of Education (CDE):			
Elementary and Secondary Education Act as amended by the No Child Left Behind Act (2001)			
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	\$ 2,137,135
Title I, Part C - Migrant Education, Regular Program	84.011	14326	1,070,062
Title I - Migrant Education, Summer Program	84.011	10005	177,931
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	346,981
Title II, Part D - Enhancing Education Through Technology, Formula Grants	84.318	14334	17,638
Title III - Immigrant Education	84.365	14346	64,808
Title III - Limited English Proficiency	84.365	10084	313,314
Title IV, Part A - Safe and Drug-Free Schools and Communities, Formula Grants	84.186	14347	45,443
Title V, Part A - Innovative Education Strategies, Formula Entitlements	84.298A	14354	14,078
Advanced Placement Test Fee Program	84.330	14831	62,105
Transition Partnership Program -Workability II	84.158	10006	159,504
School-To-Work	84.278	10009	1,082
Subtotal			<u>4,410,081</u>
Passed through the Ventura County Superintendent of Schools:			
Individuals with Disabilities Education Act (IDEA):			
Basic Local Assistance Entitlement, Part B	84.027	13379	2,536,594
Vocational and Applied Technology Education Act Secondary II C, Section 131 (Carl D. Perkins)	84.048	13924	371,769
Total U.S. Department of Education			<u>2,908,363</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13524	1,528,116
Especially Needy Breakfast Program	10.553	13526	648,100
Seamless Summer Program	10.559	13004	26,837
Food Distribution	10.555	13389	279,823
Subtotal			<u>2,482,876</u>

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through California Department of Health Services:			
Medical Billing Option	93.778	10013	\$ 151,192
Child Development: Quality Improvement Activities	93.575	13979	20
Medicaid Administrative Activities	93.778	10060	<u>275,575</u>
Total U.S Department of Health and Human Services			<u>426,787</u>
<b>U.S. DEPARTMENT OF LABOR/EMPLOYMENT TRAINING ADMINISTRATION</b>			
California Health Science Educator Institute	17.260	2854	164
<b>U.S. DEPARTMENT OF DEFENSE</b>			
Junior Reserve Officer Training Corps - Air Force	12.000	[1]	95,509
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed through the City of Oxnard:			
Public Safety Partnership and Community Policing Grants	16.710	[2]	2,842
Total Federal Programs			<u>\$ 10,326,622</u>

[1] Direct Award

[2] Pass-Through Identifying Number not available

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2009

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### ORGANIZATION

The Oxnard Union High School District was established in 1901 and consists of an area comprising approximately 300 square miles. The District operates six high schools, two alternative education sites, and an adult education program. There were no boundary changes during the year.

### GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Steve W. Stocks	President	2012
Robert Q. Valles	Vice President	2010
Socorro Lopez Hanson	Clerk	2010
Ken Benefield	Member	2010
Richard D. Jaquez	Member	2012

### ADMINISTRATION

Bob Carter, Ed.D.	Interim Superintendent
Randy Winton	Assistant Superintendent, Business Services
Rocky Valles, Ed. D.	Assistant Superintendent, Human Resources
Martha Mutz	Assistant Superintendent, Educational Services

See accompanying note to supplementary information.



**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

	Second Period Report	Annual Report
<b>HIGH SCHOOL</b>		
Regular classes	14,128	13,844
Continuation education	327	321
Opportunity schools	45	47
Home and hospital	13	20
Special education	640	648
Total Secondary	15,153	14,880
<b>CLASSES FOR ADULTS</b>		
Concurrently enrolled	9	12
Not concurrently enrolled	1,559	1,812
Total Class for Adults	1,568	1,824
Grand Total	16,721	16,704
		Hours of Attendance
<b>SUMMER SCHOOL</b>		
High school		375,526

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Grade Level</u>	1982-83	1986-87	2008-09	Number of Days		<u>Status</u>
	<u>Actual Minutes</u>	<u>Minutes Requirement</u>	<u>Actual Minutes</u>	<u>Traditional Calendar</u>	<u>Multitrack Calendar</u>	
Grades 9 - 12	59,712	64,800				
Grade 9			65,175	180	N/A	Complied
Grade 10			65,175	180	N/A	Complied
Grade 11			65,175	180	N/A	Complied
Grade 12			65,175	180	N/A	Complied

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>
<b>FUND BALANCE</b>		
Balance, June 30, 2009, Unaudited Actuals	\$ 29,959,288	\$ 8,463,035
Increase in:		
Accounts receivable	818,434	-
Decrease in:		
Cash with fiscal agent	-	(205,000)
Investments	-	(919,690)
Accounts receivable <sup>1</sup>	(2,944,604)	-
Balance, June 30, 2009, Audited Financial Statement	<u>\$ 27,833,118</u>	<u>\$ 7,338,345</u>

<sup>1</sup> The adjustment is the ABX4 3 categorical un-appropriated State categorical as described in Note 16.

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

	(Budget) 2010 <sup>1</sup>	2009	2008	2007
<b>GENERAL FUND</b>				
Revenues	\$ 121,432,745	\$ 141,195,597	\$ 139,725,772	\$ 136,140,896
Other sources and transfers in	-	-	-	196,723
Total Revenues and Other Sources	121,432,745	141,195,597	139,725,772	136,337,619
Expenditures	121,510,129	137,694,329	136,847,986	128,699,807
Other uses and transfers out	4,604,535	202,636	858,965	857,219
Total Expenditures and Other Uses	126,114,664	137,896,965	137,706,951	129,557,026
INCREASE (DECREASE) IN FUND BALANCE	\$ (4,681,919)	\$ 3,298,632	\$ 2,018,821	\$ 6,780,593
ENDING FUND BALANCE	\$ 23,151,199	\$ 27,833,118	\$ 24,534,486	\$ 22,515,665
AVAILABLE RESERVES <sup>2</sup>	\$ 17,328,708	\$ 9,636,120	\$ 13,116,108	\$ 10,759,262
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO <sup>3</sup>	13.7%	7.1%	9.7%	8.5%
LONG-TERM OBLIGATIONS	N/A	\$ 83,124,571	\$ 72,711,008	\$ 74,732,167
AVERAGE DAILY ATTENDANCE AT P-2 <sup>4</sup>	15,051	15,153	15,117	14,937

The General Fund balance has increased by \$5,317,453 over the past two years. The fiscal year 2009-2010 budget projects a further decrease of \$4,681,919 (16.8 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 surpluses in each of the past three years, but anticipates incurring an operating deficit during the 2009-2010 fiscal year. Total long-term obligations have increased by \$8,392,404 over the past two years.

Average daily attendance has increased by 216 over the past two years. Decline of 102 ADA is anticipated during fiscal year 2009-2010.

<sup>1</sup> Budget 2010 is included for analytical purposes only and has not been subjected to audit.

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

<sup>3</sup> On behalf payments of \$3,124,414, \$2,998,974, and \$2,806,831 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2009, 2008, and 2007.

<sup>4</sup> Excludes adult education ADA.

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2009**

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<u>Name of Charter School</u>	<u>Included in Audit Report</u>
Camarillo Academy of Progressive Education	No

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2009**

	<b>Adult Education Fund</b>	<b>Child Development Fund</b>	<b>Deferred Maintenance Fund</b>
<b>ASSETS</b>			
Deposits and investments	\$ 1,698,497	\$ 36	\$ 1,294,856
Receivables	491,727	-	8,591
<b>Total Assets</b>	<b>\$ 2,190,224</b>	<b>\$ 36</b>	<b>\$ 1,303,447</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 55,135	\$ -	\$ 26,296
Due to other funds	161,790	-	-
Deferred revenue	928	36	-
<b>Total Liabilities</b>	<b>217,853</b>	<b>36</b>	<b>26,296</b>
<b>Fund Balances</b>			
Unreserved:			
Undesignated, reported in:			
Special revenue funds	1,972,371	-	1,277,151
Debt service funds	-	-	-
Capital projects funds	-	-	-
<b>Total Fund Balances</b>	<b>1,972,371</b>	<b>-</b>	<b>1,277,151</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,190,224</b>	<b>\$ 36</b>	<b>\$ 1,303,447</b>

See accompanying note to supplementary information.

<b>Special Reserve Fund for Other Than Capital Outlay Projects</b>	<b>Foundation Special Reserve Fund</b>	<b>County School Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>COP Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ 644,304	\$ 60,160	\$ 127,445	\$ 3,220,845	\$ 562,623	\$ 7,608,766
3,712	357	778	15,489	-	520,654
<u>\$ 648,016</u>	<u>\$ 60,517</u>	<u>\$ 128,223</u>	<u>\$ 3,236,334</u>	<u>\$ 562,623</u>	<u>\$ 8,129,420</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,431
-	-	-	-	-	161,790
-	-	-	-	-	964
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,185</u>
648,016	60,517	-	-	-	3,958,055
-	-	-	3,236,334	562,623	3,798,957
-	-	128,223	-	-	128,223
<u>648,016</u>	<u>60,517</u>	<u>128,223</u>	<u>3,236,334</u>	<u>562,623</u>	<u>7,885,235</u>
<u>\$ 648,016</u>	<u>\$ 60,517</u>	<u>\$ 128,223</u>	<u>\$ 3,236,334</u>	<u>\$ 562,623</u>	<u>\$ 8,129,420</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Adult Education Fund</b>	<b>Child Development Fund</b>	<b>Deferred Maintenance Fund</b>	<b>Special Reserve Fund for Other Than Capital Outlay Projects</b>
<b>REVENUES</b>				
Revenue limit sources	\$ 3,806,312	\$ -	\$ -	\$ -
Other State sources	-	-	558,317	-
Other local sources	302,746	-	37,100	21,825
<b>Total Revenues</b>	<b>4,109,058</b>	<b>-</b>	<b>595,417</b>	<b>21,825</b>
<b>EXPENDITURES</b>				
Current				
Instruction	2,109,829	-	-	-
Instruction-related activities:				
Supervision of instruction	62,407	-	-	-
School site administration	950,259	-	-	-
Pupil services:				
All other pupil services	243,236	-	-	-
Administration:				
All other administration	161,790	-	-	-
Plant services	379,770	-	456,415	-
Facility acquisition and construction	-	-	18,000	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
<b>Total Expenditures</b>	<b>3,907,291</b>	<b>-</b>	<b>474,415</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>201,767</b>	<b>-</b>	<b>121,002</b>	<b>21,825</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	19,068	-	-	-
<b>Net Financing Sources (Uses)</b>	<b>19,068</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>220,835</b>	<b>-</b>	<b>121,002</b>	<b>21,825</b>
<b>Fund Balance - Beginning</b>	<b>1,751,536</b>	<b>-</b>	<b>1,156,149</b>	<b>626,191</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,972,371</b>	<b>\$ -</b>	<b>\$ 1,277,151</b>	<b>\$ 648,016</b>

See accompanying note to supplementary information.



<b>Foundation Special Reserve Fund</b>	<b>County School Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>COP Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 3,806,312
-	-	31,964	-	590,281
2,737	4,962	3,716,934	12,674	4,098,978
2,737	4,962	3,748,898	12,674	8,495,571
-	-	-	-	2,109,829
-	-	-	-	62,407
4,500	-	-	-	954,759
-	-	-	-	243,236
-	-	-	-	161,790
-	-	-	-	836,185
-	22,423	-	-	40,423
-	-	1,360,000	305,000	1,665,000
-	-	2,499,210	184,339	2,683,549
4,500	22,423	3,859,210	489,339	8,757,178
(1,763)	(17,461)	(110,312)	(476,665)	(261,607)
-	-	-	458,648	477,716
-	-	-	458,648	477,716
(1,763)	(17,461)	(110,312)	(18,017)	216,109
62,280	145,684	3,346,646	580,640	7,669,126
\$ 60,517	\$ 128,223	\$ 3,236,334	\$ 562,623	\$ 7,885,235

**OXNARD UNION HIGH SCHOOL DISTRICT**

**GENERAL FUND SELECTED FINANCIAL INFORMATION  
THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES, AND  
CHANGES OF FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

(Amounts in thousands)

	Actual Results for the Years					
	2008-2009		2007-2008		2006-2007	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
<b>REVENUES</b>						
Federal revenue	\$ 14,997	10.6	\$ 7,370	5.3	\$ 8,142	6.0
State and local revenue included in revenue limit	100,189	71.0	102,711	73.5	98,039	72.0
Other State revenue	14,788	10.4	19,412	13.9	19,014	14.0
Other local revenue	4,475	3.2	3,625	2.6	4,512	3.3
Tuition and transfers in	6,746	4.8	6,608	4.7	6,434	4.7
<b>Total Revenues</b>	<b>141,195</b>	<b>100.0</b>	<b>139,726</b>	<b>100.0</b>	<b>136,141</b>	<b>100.0</b>
<b>EXPENDITURES</b>						
Salaries and Benefits						
Certificated salaries	67,501	47.8	66,302	47.5	62,070	45.6
Classified salaries	18,554	13.1	18,375	13.2	17,333	12.7
Employee benefits	32,593	23.1	31,306	22.4	31,018	22.8
<b>Total Salaries and Benefits</b>	<b>118,648</b>	<b>84.0</b>	<b>115,983</b>	<b>83.1</b>	<b>110,421</b>	<b>81.1</b>
Books and supplies	5,934	4.2	7,685	5.5	6,698	4.9
Contracts and operating expenses	11,618	8.2	12,240	8.8	10,803	7.9
Capital outlay	1,241	0.9	884	0.6	1,237	0.9
Tuition and transfers out	253	0.2	56	0.0	(459)	(0.3)
<b>Total Expenditures</b>	<b>137,694</b>	<b>97.5</b>	<b>136,848</b>	<b>98.0</b>	<b>128,700</b>	<b>94.5</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,501</b>	<b>2.5</b>	<b>2,878</b>	<b>2.0</b>	<b>7,441</b>	<b>5.5</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	0.0	-	0.0	197	0.1
Other sources	-	0.0	-	0.0	-	0.0
Operating transfers out	(203)	(0.1)	(859)	(0.6)	(857)	(0.6)
<b>Total Financing Sources (Uses)</b>	<b>(203)</b>	<b>(0.1)</b>	<b>(859)</b>	<b>(0.6)</b>	<b>(660)</b>	<b>(0.5)</b>
<b>INCREASE IN FUND BALANCE</b>	<b>3,298</b>	<b>2.3</b>	<b>2,019</b>	<b>1.4</b>	<b>6,781</b>	<b>5.0</b>
<b>FUND BALANCE, BEGINNING</b>	<b>24,535</b>		<b>22,516</b>		<b>15,735</b>	
<b>FUND BALANCE, ENDING</b>	<b>\$ 27,833</b>		<b>\$ 24,535</b>		<b>\$ 22,516</b>	

See accompanying note to supplementary information.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2009

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### 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.

Description	CFDA Number	Amount
Total Federal Revenues Statement of Revenues, Expenditures and Changes in Fund Balance:		\$ 17,479,399
ARRA-State Fiscal Stabilization Fund	84.394	(7,058,182)
Medi-Cal Billing Option	93.778	(94,595)
Total Schedule of Expenditures of Federal Awards		<u>\$ 10,326,622</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.

#### 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.

#### 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.

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2009**

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### **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.

### **Schedule of Charter Schools**

This schedule lists all Charter Schools chartered by the Oxnard Union High School District, and displays information for each Charter School on whether or not the Charter School is included in the Oxnard Union High School District audit.

### **Non-Major Governmental Funds - 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.

### **General Fund Selected Financial Information**

This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the General Fund for the past three years.

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***SUPPLEMENTARY INFORMATION - UNAUDITED***

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**OXNARD UNION HIGH SCHOOL DISTRICT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE BY OBJECT - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>General Fund</b>	<b>Cafeteria Fund</b>	<b>Capital Facilities Fund</b>
<b>REVENUES</b>			
Revenue limit sources	\$ 100,188,968	\$ -	\$ -
Federal sources	14,996,522	2,482,877	-
Other State sources	14,788,035	186,462	-
Other local sources	11,222,072	1,677,669	1,196,913
<b>Total Revenues</b>	<b>141,195,597</b>	<b>4,347,008</b>	<b>1,196,913</b>
<b>EXPENDITURES</b>			
Current Expenditures			
Certificated salaries	67,501,437	-	-
Classified salaries	18,553,609	2,105,267	-
Employee benefits	32,593,020	1,049,817	-
Books and supplies	5,934,324	2,271,579	-
Services and operating expenditures	11,617,620	576,181	41,149
Other outgo	187,294	252,818	-
Capital outlay	1,240,752	472,313	256,554
Debt service - principal	53,288	-	191,712
Debt service - interest and other	12,985	-	46,717
<b>Total Expenditures</b>	<b>137,694,329</b>	<b>6,727,975</b>	<b>536,132</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,501,268</b>	<b>(2,380,967)</b>	<b>660,781</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	183,568
Other sources	-	-	-
Operating transfers out	(202,636)	-	(808,772)
<b>Total Financing Sources (Uses)</b>	<b>(202,636)</b>	<b>-</b>	<b>(625,204)</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>3,298,632</b>	<b>(2,380,967)</b>	<b>35,577</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>24,534,486</b>	<b>2,975,410</b>	<b>9,667,307</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 27,833,118</b>	<b>\$ 594,443</b>	<b>\$ 9,702,884</b>

See accompanying note to supplementary information - unaudited.

<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 3,806,312	\$ 103,995,280
-	-	17,479,399
-	590,281	15,564,778
298,279	4,098,978	18,493,911
<u>298,279</u>	<u>8,495,571</u>	<u>155,533,368</u>
-	1,668,681	69,170,118
-	484,490	21,143,366
-	632,025	34,274,862
-	205,068	8,410,971
-	1,238,575	13,473,525
-	161,790	601,902
485,437	18,000	2,473,056
12,500,000	1,665,000	14,410,000
483,268	2,683,549	3,226,519
<u>13,468,705</u>	<u>8,757,178</u>	<u>167,184,319</u>
<u>(13,170,426)</u>	<u>(261,607)</u>	<u>(11,650,951)</u>
350,124	477,716	1,011,408
11,744,787	-	11,744,787
-	-	(1,011,408)
<u>12,094,911</u>	<u>477,716</u>	<u>11,744,787</u>
(1,075,515)	216,109	93,836
8,413,860	7,669,126	53,260,189
<u>\$ 7,338,345</u>	<u>\$ 7,885,235</u>	<u>\$ 53,354,025</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE BY OBJECT - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Adult Education Fund</b>	<b>Child Development Fund</b>	<b>Deferred Maintenance Fund</b>	<b>Special Reserve Fund for Other Than Capital Outlay Projects</b>
<b>REVENUES</b>				
Revenue limit sources	\$ 3,806,312	\$ -	\$ -	\$ -
Other State sources	-	-	558,317	-
Other local sources	302,746	-	37,100	21,825
<b>Total Revenues</b>	<b>4,109,058</b>	<b>-</b>	<b>595,417</b>	<b>21,825</b>
<b>EXPENDITURES</b>				
Current Expenditures				
Certificated salaries	1,668,681	-	-	-
Classified salaries	484,490	-	-	-
Employee benefits	632,025	-	-	-
Books and supplies	197,025	-	8,043	-
Services and operating expenditures	763,280	-	448,372	-
Other outgo	161,790	-	-	-
Capital outlay	-	-	18,000	-
Debt service - principal	-	-	-	-
Debt service - interest and other	-	-	-	-
<b>Total Expenditures</b>	<b>3,907,291</b>	<b>-</b>	<b>474,415</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>201,767</b>	<b>-</b>	<b>121,002</b>	<b>21,825</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	19,068	-	-	-
<b>Total Financing Sources (Uses)</b>	<b>19,068</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)</b>				
<b>EXPENDITURES AND OTHER USES</b>	<b>220,835</b>	<b>-</b>	<b>121,002</b>	<b>21,825</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>1,751,536</b>	<b>-</b>	<b>1,156,149</b>	<b>626,191</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,972,371</b>	<b>\$ -</b>	<b>\$ 1,277,151</b>	<b>\$ 648,016</b>

See accompanying note to supplementary information - unaudited.



<b>Foundation Special Reserve Fund</b>	<b>County School Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>COP Debt Service Fund</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 3,806,312
-	-	31,964	-	590,281
2,737	4,962	3,716,934	12,674	4,098,978
<u>2,737</u>	<u>4,962</u>	<u>3,748,898</u>	<u>12,674</u>	<u>8,495,571</u>
-	-	-	-	1,668,681
-	-	-	-	484,490
-	-	-	-	632,025
-	-	-	-	205,068
4,500	22,423	-	-	1,238,575
-	-	-	-	161,790
-	-	-	-	18,000
-	-	1,360,000	305,000	1,665,000
-	-	2,499,210	184,339	2,683,549
<u>4,500</u>	<u>22,423</u>	<u>3,859,210</u>	<u>489,339</u>	<u>8,757,178</u>
<u>(1,763)</u>	<u>(17,461)</u>	<u>(110,312)</u>	<u>(476,665)</u>	<u>(261,607)</u>
-	-	-	458,648	477,716
-	-	-	458,648	477,716
(1,763)	(17,461)	(110,312)	(18,017)	216,109
62,280	145,684	3,346,646	580,640	7,669,126
<u>\$ 60,517</u>	<u>\$ 128,223</u>	<u>\$ 3,236,334</u>	<u>\$ 562,623</u>	<u>\$ 7,885,235</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS**

**- SUB-FUND DETAIL**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES OF FUND BALANCE BY OBJECT - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2009**

	Certificates of Participation	ACHS Growth	PHS Startup	RMHS Pool
<b>REVENUES</b>				
Other local sources	\$ 43,498	\$ 23,416	\$ 99,585	\$ 1,496
<b>EXPENDITURES</b>				
Capital outlay	-	2,571	-	-
Debt service - principal	-	155,000	-	-
Debt service - interest and other	-	215,969	-	-
<b>Total Expenditures</b>	-	373,540	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPEDITURES</b>	43,498	(350,124)	99,585	1,496
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	350,124	-	-
Other sources	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total Financing Sources (Uses)</b>	-	350,124	-	-
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	43,498	-	99,585	1,496
<b>FUND BALANCE, BEGINNING OF YEAR</b>	1,503,584	456,231	3,539,113	224,570
<b>FUND BALANCE, END OF YEAR</b>	\$ 1,547,082	\$ 456,231	\$ 3,638,698	\$ 226,066

See accompanying note to supplementary information - unaudited.

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<b>Lease Revenue Bonds</b>	<b>Bonds Anticipation Notes</b>	<b>Total Special Reserve Fund for Capital Outlay Projects</b>
\$ 91,634	\$ 38,650	\$ 298,279
277,501	205,365	485,437
-	12,345,000	12,500,000
-	267,299	483,268
<u>277,501</u>	<u>12,817,664</u>	<u>13,468,705</u>
<u>(185,867)</u>	<u>(12,779,014)</u>	<u>(13,170,426)</u>
-	1,077,582	1,427,706
43,355	11,701,432	11,744,787
<u>(1,077,582)</u>	<u>-</u>	<u>(1,077,582)</u>
<u>(1,034,227)</u>	<u>12,779,014</u>	<u>12,094,911</u>
(1,220,094)	-	(1,075,515)
2,690,362	-	8,413,860
<u>\$ 1,470,268</u>	<u>\$ -</u>	<u>\$ 7,338,345</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTE TO SUPPLEMENTARY INFORMATION - UNAUDITED  
JUNE 30, 2009**

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**NOTE 1 - PURPOSE OF SCHEDULES**

**Statements of Revenue, Expenditures, and Changes in Fund Balance by Object - Unaudited**

These statements present the revenues and expenditures for the major funds, the non-major funds, and the Special Reserve Fund for Capital Outlay Projects sub-funds categorized by object.

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***INDEPENDENT AUDITORS' REPORTS***

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**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  
Oxnard Union High School District  
Oxnard, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard Union High School District as of and for the year ended June 30, 2009, which collectively comprise Oxnard Union High School District's basic financial statements and have issued our report thereon dated July 14, 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 Oxnard Union High 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 Oxnard Union High School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Oxnard Union High School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings 2009-1, 2009-2, 2009-3, and 2009-4, and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oxnard Union High 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2009-1 through 2009-4.

We noted certain matters that we reported to management of Oxnard Union High School District in a separate letter dated July 14, 2010.

Oxnard Union High School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Oxnard Union High School District's response and, accordingly, express no opinion on it.

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.

*Varrink, Tin, Day & Co., LLP*

Rancho Cucamonga, California

July 14, 2010





## Internal Control Over Compliance

The management of Oxnard Union High 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 Oxnard Union High School District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Oxnard Union High School District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control.

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 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.

Vannink, Tim, Day & Co., LLP

Rancho Cucamonga, California  
July 14, 2010



	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Not Applicable
Option one classes	3	Not Applicable
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 performed testing of procedure (a) only for Instructional Materials general requirements, as additional procedures were determined to not be required.

Based on our audit, we found that for the items tested, the Oxnard Union High School District complied with the State laws and regulations referred to above. Further, based on our audit, for items not tested, the Oxnard Union High School District had not complied with the laws and regulations which are described in the accompanying schedule of State Awards Findings and Questioned Costs as item 2009-5. Our audit does not provide a legal determination on Oxnard Union High 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.

*Vannink, Tim, Day & Co., LLP*

Rancho Cucamonga, California  
July 14, 2010

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**OXNARD UNION HIGH SCHOOL DISTRICT**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Qualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>Yes</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Unqualified for all major programs except for the Child Nutrition Cluster, which was qualified.	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.367</u>	<u>Title II Part A - Improving Teacher Quality</u>
<u>84.365</u>	<u>Title III - Immigrant Education and Limited English Proficiency</u>
<u>84.027</u>	<u>IDEA-Basic Local Assistance Entitlement, Part B</u>
<u>10.553, 10.555, and 10.559</u>	<u>Child Nutrition Cluster</u>
<u>93.778</u>	<u>Medicaid Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 309,800</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for State programs:	<u>Qualified</u>

# OXNARD UNION HIGH SCHOOL DISTRICT

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
30000	Internal Control
60000	Miscellaneous

### 2009-1 60000 MATERIAL WEAKNESS

#### ***BUDGET MONITORING/DEFICIT SPENDING-CAFETERIA FUND***

##### **Finding**

The cafeteria fund has incurred operating deficits in two of the past three years. The cafeteria fund balance decreased during the year from \$2,975,410 to \$594,443. The practice of deficit spending is lowering the cafeteria fund balance to levels that could lead to the cafeteria fund encroaching on the general fund to maintain daily operations. The participation has continued to decrease significantly causing a drop in the overall Federal, State, Paid meals, and a-la-carte revenues.

##### **Recommendation**

The District should continue to implement a plan to bring the cafeteria fund's budget into balance and at a minimum maintain an adequate reserve while continually monitoring both cash flows and deficit spending trends. The District should evaluate the current year budget and monitor the budget to ensure the cafeteria's spending does not exceed budgeted amounts.

##### **District Response**

With a contract that started on July 1, 2009, the District hired a large international consulting firm with extensive experience in managing and advising nutrition programs in public schools. The consulting firm will transition OUHSD from a food service operation that relied mostly on "scratch cooking" to an operation that serves more healthy and safe heat-and-serve meals. It will reverse a steep multiyear trend of declining student participation in all of its meal programs. For example: One closed-campus high school with more than 3,000 students, more than half of whom are eligible for free and reduced meals, the number of breakfast and lunch meals served in one day had fallen to about 600.

The District hired a second consultant with extensive experience in California school nutrition programs to monitor district progress toward a properly functioning nutrition services department.

# OXNARD UNION HIGH SCHOOL DISTRICT

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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### 2009-2 30000 SIGNIFICANT DEFICIENCY

#### *BEVERAGE SALES MONITORING/RECONCILIATION*

##### **Finding**

During site cafeteria visits, there did not appear to be a control in place to monitor beverages sold during the day. This could allow for an employee to either take beverages without paying or give beverages to students and pocket the cash. Since there is no reconciliation being performed between items sold in the system and a beginning and ending inventory count to correspond to those items sold this increases the likelihood of fraudulent activity occurring.

##### **Recommendation**

The cafeteria should implement procedures to account for and reconcile beverages sold during the day to reduce the likelihood of fraudulent activity.

##### **District Response**

The District will perform a weekly reconciliation of beverage sales to beverage inventory to reduce the likelihood of fraudulent activity.

### 2009-3 30000 SIGNIFICANT DEFICIENCY

#### *SAFEGUARDING OF CASH COLLECTIONS*

##### **Finding**

There appears to be inadequate safeguarding of cash collections because the manager's office and cabinet where funds are collected is not locked during business hours and other employees/students have reasonable access to the office and cabinet.

##### **Recommendation**

Due to the potential for abuse with cash collections, cash should be maintained in an adequately secured area or locked box.

##### **District Response**

The District will repair the locks on the manager's office doors and ensure they are closed and locked when cash is present.

# OXNARD UNION HIGH SCHOOL DISTRICT

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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### 2009-4 30000 SIGNIFICANT DEFICIENCY

#### *RISK MANAGEMENT – EXCESS WORKERS' COMPENSATION SURPLUS*

##### **Finding**

The use of excess workers' compensation surplus was not in accordance with the guidelines established in 1996 "Request for Surplus Workers' Compensation Monies". The Risk Management department requested release of funds on April 8, 2009, but did not provide posting instruction to the accounting department for the returned contribution of \$400,000 (dated April 15, 2009) as an abatement or reduction of worker compensation rate in 2008-2009. Subsequently, the monies have been maintained in the unrestricted General Fund reserves and were not expended as of June 30, 2009. The outstanding balance for remaining unreleased surplus funds is approximately \$273,000 as of June 30, 2009.

##### **Recommendation**

Any excess surplus funds for workers' compensation contributions returned by the Ventura County Schools' Self-Funding Authority (VCSSFA) that were generated by voluntarily paying higher contribution for "programs to assist in further reduction of claims " should be used to adjust the current year's contribution rates charged to abate each of the Federal, State and District programs.

##### **District Response**

The District has contacted the VCSSFA and will request a temporary reduction beginning with the 2009-2010 (until fully deleted) funding rate and will appropriately reduce the expenditures corresponding to Federal, State and District programs for excess surplus funds generated by voluntarily paying higher contribution.



**OXNARD UNION HIGH SCHOOL DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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None reported.

# OXNARD UNION HIGH SCHOOL DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

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The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
40000	State Compliance

### 2009-5 40000 SIGNIFICANT DEFICIENCY

#### *COMPETITIVE FOOD SALES*

##### **Finding**

During site cafeteria visits it appeared as though the ASB student store may be in direct competition with the cafeteria. State regulations have established laws regarding food sales on school premises including vending machines and student stores. The intent is to ensure that such sales do not impair the ability of the food service department to remain financially sound.

##### **Recommendation**

The District should monitor the food sales activities more closely to ensure they meet the conditions set forth under the applicable laws and regulations for food sales on school campuses by student and adult organizations.

##### **District Response**

Competitive food sales have been closed at all schools. The National School Lunch Program (NSLP) Coordinated Review Effort (CRE) conducted during the week of February 1, 2010, did not identify any competitive food sale operations.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

### **2008-1 30000, 60000 MATERIAL WEAKNESS**

#### *COMPONENT UNIT*

##### **Finding**

The District is required to provide health benefits to retirees meeting eligibility requirements, according to bargaining unit agreements. The District has established the Oxnard Union High School District Retiree Health Benefits Plan Trust, a component unit of the District, to hold funds for future retiree health benefits. The Trust has been funded solely with contributions from the Oxnard Union High School District's funds.

According to government accounting standards, the Trust should be included as a discretely-presented component unit of the District. However, the Trust has not obtained an annual audit for the fiscal year ended June 30, 2008, and the District has not included it in the government-wide financial statements.

##### **Recommendation**

The Trust should obtain a financial statement audit for the fiscal year ending June 30, 2009. This would allow the District to include the activity of the Trust in the government-wide financial statements as of that date and for the year then ended.

##### **Current Status**

Implemented.

### **2008-2 30000 MATERIAL WEAKNESS**

#### *CAFETERIA FUND - MEALS SERVED*

##### **Finding**

The District is paid by State and Federal agencies for free, reduced-price, and paid lunches served to children eligible for free, reduced-price, and paid lunches, respectively. The meals must be counted, recorded, consolidated and reported through a system which consistently yields correct claims.

We noted that school-site cafeteria managers manually enter meals counts for meals served outside of the point of sale system. The District was unable to provide supporting documentation for these manual entries to the system.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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Additionally, it was noted the position "Director of Instructional Support Services" is responsible for overseeing and monitoring students' participation in free and reduced-price lunch program, as well as Transitional Assistance for Needy Families (TANF), and prepare appropriate reports. As of June 30, 2008, fiscal audit year, the position was vacant and the responsibilities regarding the monitoring were not formally reassigned.

### **Recommendation**

The District should develop and implement a procedure to tally those meals served outside of the point of sale system and maintain these records in accordance with the District's records retention plan. The records should identify the students served, either by name or identification number, so that their eligibility status may be verified.

Additionally, the District should formally reassign the monitoring duties to provide monthly recaps and written reports to management for each site.

### **Current Status**

Implemented in accordance with NSLP Coordinated Review Effort (CRE) dated January 12, 2009. As of December 19, 2008, monthly status reports on implementation procedures for corrective action were completed. Remaining compliance requirement procedures were completed by February 13, 2009.

### **2008-3 50000 MATERIAL WEAKNESS**

*UNITED STATES DEPARTMENT OF AGRICULTURE, PASSED THROUGH THE CALIFORNIA DEPARTMENT OF EDUCATION, CHILD NUTRITION CLUSTER, CFDA 10.553 AND CFDA 10.555*

### **Criteria or Specific Requirements**

All free, reduced-price, and paid lunches claimed for reimbursement are served only to children eligible for free, reduced-price, and paid lunches, respectively, and are counted, recorded, consolidated and reported through a system which consistently yields correct claims, in accordance with the requirements set forth in 7CFR 210.18.

### **Condition**

Site managers manually enter meals counts for meals served outside of the point of sale system. The District was unable to provide supporting documentation for manual entries to the system. However, audit results indicate that the reimbursement claims for 2007-2008 are supported by backup documentation from the point of sale system for the sample selected for testing.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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### **Cause**

The employee claims that the previous food service director instructed site managers to inflate meal counts. Site managers may have estimated meal counts for those served outside of the point of sale system.

### **Questioned Costs**

Questioned costs are undetermined at this time.

### **Cause**

Site managers have estimated meal counts for those served outside of the point of sale system.

### **Effect**

It is possible that the free, reduced-price and paid meal counts recorded on the reimbursement claims forms for 2007-2008 and prior years are misstated.

### **Recommendation**

The District has engaged the services of a certified fraud examiner to investigate the matter. When the results of the examination are known, the District should ensure that procedures to properly categorize and count all meals served in the point of sale system are in place. Site managers should maintain records of meals served outside of the point of sale system in order to substantiate manual entries. Such records should include the name of the student served and his or her eligibility to receive free, reduced-price, or full-price meals.

The District should consider implementing a fraud reporting system so that employees know that management expects such issues to be reported immediately.

### **Current Status**

Implemented in accordance with NSLP Coordinated Review Effort (CRE) dated January 12, 2009. As of December 19, 2008, monthly status reports on implementation procedures for corrective action were completed. Remaining compliance requirement procedures were completed by February 13, 2009.



Governing Board  
Oxnard Union High School District  
Oxnard, California

In planning and performing our audit of the financial statements of Oxnard Union High School District, for the year ended June 30, 2009, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the combined and combining financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated July 14, 2010, on the government-wide financial statements of Oxnard Union High School District.

## ***2008-2009 OBSERVATIONS AND RECOMMENDATIONS***

### ***INTERNAL CONTROL***

#### ***Associated Student Body Accounts***

##### ***Rio Mesa High School***

#### **Observation**

In reviewing the financial statements for the student body accounts, we noted that seven club accounts had negative balances totaling nearly \$50,000. Since the student body accounts represent individual portions of the cash and asset pool, by some having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it. This control feature has not been sufficiently followed.

#### **Recommendation**

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to the other clubs and organizations. Requests for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the group's account.

***2007-2008 OBSERVATIONS AND RECOMMENDATIONS***

***INTERNAL CONTROL***

***Associated Student Body Accounts***

*Channel Island High School*

**Observation**

In reviewing the financial statements for the student body accounts, we noted that a club account had a negative balance. Since the student body accounts represent individual portions of the cash and asset pool, by some having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it. This control feature has not been sufficiently followed.

**Recommendation**

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to the other clubs and organizations. Requests for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the group's account.

**Current Status**

Implemented

**Observation**

In reviewing the monthly bank account reconciliations and the financial statements, we noted that the savings and certificate of deposit bank accounts do not equal the balances reflected on the financial statements. The purpose of performing the monthly reconciliation is to ensure that no errors have occurred in the bank" posting of transactions and that the account activity is accurately reported in the student body's financial statements.

**Recommendation**

Site personnel should ensure that the bank account balances are reconciled to the financial statements monthly. Any unidentified activity should be investigated and adjustments made accordingly.

**Current Status**

Implemented

Frontier High School

**Observation**

In reviewing the monthly bank account reconciliations and the financial statements, we noted that the checking account balance does not equal the balance reflected on the financial statements. The purpose of performing the monthly reconciliation is to ensure that no errors have occurred in the bank's posting of transactions and that the account activity is accurately reported in the student body's financial statements.

**Recommendation**

Site personnel should ensure that the bank account balances are reconciled to the financial statements monthly. Any unidentified activity should be investigated and adjustments made accordingly.

**Current Status**

Implemented

Hueneme High School

**Observation**

In reviewing the monthly bank account reconciliations and the financial statements, we noted that the balance for the savings account does not equal the balance reflected on the financial statements. The purpose of performing the monthly reconciliation is to ensure that no errors have occurred in the bank's posting of transactions and that the account activity is accurately reported in the student body's financial statements.

**Recommendation**

Site personnel should ensure that the bank account balances are reconciled to the financial statements monthly. Any unidentified activity should be investigated and adjustments made accordingly.

**Current Status**

Implemented

Oxnard High School

**Observation**

In reviewing the financial statements for the student body accounts, we noted that two club accounts had negative balances. Since the student body accounts represent individual portions of the cash and asset pool, by some having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it. This control feature has not been sufficiently followed.



**Recommendation**

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to the other clubs and organizations. Requests for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the group's account.

**Current Status**

Implemented

**Observation**

In reviewing the monthly bank account reconciliations and the financial statements, we noted that the balances for two of the bank accounts do not equal the balances reflected on the financial statements. It appears that interest earnings for these savings accounts have not been posted to the financial statements for several months.

**Recommendation**

Site personnel should ensure that the bank account balances are reconciled to the financial statements monthly. Any unidentified activity should be investigated and adjustments made accordingly.

**Current Status**

Implemented

*Pacifica High School*

**Observation**

In reviewing the financial statements for the student body accounts, we noted that two club accounts had negative balances. Since the student body accounts represent individual portions of the cash and asset pool, by some having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it. This control feature has not been sufficiently followed.

**Recommendation**

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to the other clubs and organizations. Requests for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the group's account.

**Current Status**

Implemented

Rio Mesa High School

**Observation**

In reviewing the financial statements for the student body accounts, we noted that seven club accounts had negative balances totaling nearly \$12,000. Since the student body accounts represent individual portions of the cash and asset pool, by some having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it. This control feature has not been sufficiently followed.

**Recommendation**

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to the other clubs and organizations. Requests for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the group's account.

**Current Status**

Not implemented, see current year management comment.

We will review the status of the current year comments during our next audit engagement.

*Vannink, Tim, Day & Co., LLP*

Rancho Cucamonga, California  
July 14, 2010