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ANNUAL FINANCIAL REPORT

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**JUNE 30, 2013**

# OXNARD UNION HIGH SCHOOL DISTRICT

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**OXNARD UNION HIGH SCHOOL DISTRICT**

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Oxnard Union High School District  
Oxnard, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxnard Union High School District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-2013*, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxnard Union High School District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information such as management's discussion and analysis on pages 5 through 14, and the budgetary comparison information and other postemployment benefits information on pages 55 and 56, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oxnard Union High School District's basic financial statements. The *combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards*, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards* and other supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013, on our consideration of the Oxnard Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oxnard Union High School District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California  
November 22, 2013



**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) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013, with comparative information from 2012. 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.



**OXNARD UNION HIGH SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

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

Total General Fund Revenue decreased by 1.75 percent from the previous fiscal year. The following table shows major revenue sources for fiscal year 2012-2013 compared with fiscal year 2011-2012.

**General Fund Revenue Comparison - Amount**

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Revenue Limit Sources (Includes Property Taxes)	\$ 91,296,687	\$ 91,637,916	\$ (341,229)
Federal Revenues	8,677,450	12,782,699	(4,105,249)
Other State Revenues	21,343,696	13,581,471	7,762,225
Other Local Revenues	6,728,146	12,319,527	(5,591,381)
	<u>\$ 128,045,979</u>	<u>\$ 130,321,613</u>	<u>\$ (2,275,634)</u>

Total General Fund Expenditures increased 0.22 percent from the previous fiscal year. The following table shows expenditures for fiscal year 2012-2013 compared with fiscal year 2011-2012.

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

	<u>2013</u>		<u>2012</u>		<u>Change</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent Change</u>
Certificated salaries	\$ 62,291,156	46.8%	\$ 63,389,692	47.7%	\$ (1,098,536)	-1.73%
Classified salaries	18,126,691	13.6%	18,292,563	13.8%	(165,872)	-0.91%
Employee benefits	34,193,947	25.7%	31,771,739	23.9%	2,422,208	7.62%
Books and supplies	3,997,281	3.0%	3,708,128	2.8%	289,153	7.80%
Services and other	10,734,218	8.0%	11,983,000	9.0%	(1,248,782)	-10.42%
Other outgo	1,178,570	0.9%	1,142,542	0.8%	36,028	3.15%
Capital outlay and debt service	2,690,813	2.0%	2,628,393	2.0%	62,420	2.37%
	<u>\$ 133,212,676</u>	<u>100.0%</u>	<u>\$ 132,916,057</u>	<u>100.0%</u>	<u>\$ 296,619</u>	<u>0.22%</u>

***REPORTING THE DISTRICT AS A WHOLE***

***The Statement of Net Position and the Statement of Activities***

The *Statement of Net Position* 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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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These two statements report the District's *net position* and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows resources, which is one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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 Position* 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, 2013

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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 District's fiduciary activities are reported in the *Statement of Fiduciary Net Position*. 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 Position*

The District's net position was \$74,668,651 for the fiscal year ended June 30, 2013. Of this amount, the District reported a deficit in their unrestricted net position of (\$45,276,042). Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**Table 1**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current and other assets	\$ 70,873,232	\$ 88,897,106
Capital assets	196,856,179	182,756,425
<b>Total Assets</b>	<u>267,729,411</u>	<u>271,653,531</u>
<b>Liabilities</b>		
Current liabilities	13,037,671	14,484,306
Long-term obligations	180,023,089	171,563,041
<b>Total Liabilities</b>	<u>193,060,760</u>	<u>186,047,347</u>
<b>Net Position</b>		
Net investment in capital assets	94,175,828	85,726,821
Restricted	25,768,865	25,125,642
Unrestricted	(45,276,042)	(25,246,279)
<b>Total Net Position</b>	<u>\$ 74,668,651</u>	<u>\$ 85,606,184</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

*Changes in Net Position*

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**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,264,895	\$ 982,281
Operating grants and contributions	29,085,300	30,006,379
Capital grants and contributions	173	2,598
General revenues:		
State revenue limit sources	60,522,081	65,501,708
Property taxes	54,264,938	45,979,402
Other general revenues	5,139,726	465,328
<b>Total Revenues</b>	<u>150,277,113</u>	<u>142,937,696</u>
<b>Expenses</b>		
Instruction-related	112,984,890	109,692,273
Student support services	18,905,251	20,500,084
Administration	9,087,397	8,675,228
Maintenance and operations	11,428,487	14,022,951
Other	8,808,621	10,905,261
<b>Total Expenses</b>	<u>161,214,646</u>	<u>163,795,797</u>
<b>Change in Net Position</b>	<u>\$ (10,937,533)</u>	<u>\$ (20,858,101)</u>

*Governmental Activities*

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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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	
	2013	2012
Instruction-related	\$ 94,943,116	\$ 88,725,463
Student support services	11,221,064	14,712,494
Administration	7,938,728	7,552,565
Maintenance and operations	11,023,781	13,488,268
Other	5,737,589	8,325,749
<b>Total</b>	<b>\$ 130,864,278</b>	<b>\$ 132,804,539</b>

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

As the District completed this year, our governmental funds reported a combined fund balance of \$58,492,869, which is a decrease of \$16,466,533 from last year.

This decrease is due mainly to significant increase in capital projects expenditures in the current year related to school facilities and improvements.

### ***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. 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 11, 2013. (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 55.)

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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### *CAPITAL ASSET AND DEBT ADMINISTRATION*

#### *Capital Assets*

At June 30, 2013, the District had \$196,856,179 in a broad range of capital assets (net of accumulative depreciation), including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$14,099,754, or 7.72 percent, from last year.

**Table 4**

	Governmental Activities	
	2013	2012
Land	\$ 27,716,042	\$ 27,716,042
Construction in process	51,146,680	32,688,972
Buildings and improvements	114,285,417	118,909,440
Furniture and equipment	3,708,040	3,441,971
Total	<u>\$ 196,856,179</u>	<u>\$ 182,756,425</u>

Continued effort on the Career Technical Education facilities projects, swimming pools, solar projects and progress on the expansion school in Camarillo account for the majority of the \$18,457,708 increase in Construction in Progress shown on Table 4.

Depreciation accounts for the majority of change in Buildings and Improvements on the same schedule.

#### *Long-Term Obligations*

At the end of this year, the District had \$180,023,089 in outstanding debt versus \$171,563,041 last year, an increase of \$8,460,048. Long-term obligations consisted of:

**Table 5**

	Governmental Activities	
	2013	2012
General obligation bonds	\$ 92,236,276	\$ 94,928,769
Premium on issuance	2,435,581	2,548,287
Certificates of participation	2,905,000	3,255,000
Municipal leases	4,775,000	5,245,000
Municipal lease discount	(19,520)	(20,740)
Qualified energy conservation bonds	17,520,978	18,731,609
Loans payable	37,500	75,000
Accumulated vacation	1,515,607	1,696,079
Net OPEB obligation	58,616,667	45,104,037
Total	<u>\$ 180,023,089</u>	<u>\$ 171,563,041</u>

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013**

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The District's outstanding general obligation debt of \$92,236,276 is below the assessed value cap for voter approved debt.

Other obligations include certificates of participation, municipal leases, qualified energy conservation bonds, loans payable, accumulated vacation, and postemployment benefits. We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

### ***SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2012-2013 ARE NOTED BELOW:***

- Maintained three percent State recommended reserve for economic uncertainties.
- Maximized the benefit of State revenue flexibility transfers without unfavorable impacts to current instructional programs.
- Avoided home-to-school transportation cuts or user fees.
- Avoided cuts to any athletic programs.
- Operated a summer school program without State hourly program funding.
- Continued Adult Education School without State Adult Education apportionment.
- Avoided layoffs due to State budget cuts.

### ***ASSUMPTIONS USED AT ADOPTION OF 2012-2013 BUDGET:***

#### **Revenue**

- Revenue Limit funded COLA of 3.17 percent, with 22.272 percent deficit factor.
- Slight decline in enrollment.
- No equalization aid.
- Base revenue limit is \$7,752.82 (before deficit).
- Anticipated unrestricted lottery revenue at \$118.00 per annual ADA and restricted lottery (Prop 20) revenue at \$23.75 per ADA.
- Special Education receives no COLA.
- State Categorical Funding for 39 specified categorical programs in Tier II and Tier III which are based on 2007-2008 funding receives no COLA. Tier I programs receive no COLA.
- Expected reductions in all Federal programs.

# OXNARD UNION HIGH SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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### Expenditures

- Two percent estimated salary increase for 2012-2013 Certificated steps. An additional \$300,000 is included for column movement based on estimated historical actual costs.
- No reduction/addition in benefit levels.
- Maintain retiree benefits as they now exist.
- CalPERS expense budgeted at 11.417 percent and CalPERS reduction at 1.603 percent. CalPERS restoration (buyback) estimated to be 37.2 percent.
- Increase in Health and Welfare costs by 2.65 percent.
- School site allocation \$45 per CBEDS.
- Unless changes (noted above) are made, all items are "rolled forward" at the level of the first interim report.

### *ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES*

In considering the District Budget for the 2013-2014 year, the District Board of Education and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Revenue limit projections include a 1.565 percent Cost of Living Adjustment, a deficit factor of 18.997 percent and 0 percent enrollment growth.
2. Federal revenues include a 5 percent reduction due to estimated sequestration cuts.
3. State revenues maintained at prior year funding levels.
4. Continued utilization of state categorical flexibility provisions.

Expenditures are based on the following forecasts:

	<u>Staffing Ratio</u>
Grades nine through twelve	28:1

The major changes to expenditure items specifically addressed in the budget are:

1. Employee step and column increases.
2. Continued reduction in utility costs due to the implementation of solar savings programs.
3. Implementation of new cost savings retiree health benefits plan.
4. Increased school site allocations.



## **OXNARD UNION HIGH SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013**

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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 Administrative Services at Oxnard Union High School District, 309 South K Street, Oxnard, California, 93030 or e-mail at [steve.dickinson@ouhsd.k12.ca.us](mailto:steve.dickinson@ouhsd.k12.ca.us).

**OXNARD UNION HIGH SCHOOL DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2013**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Deposits and investments	\$ 42,184,846
Receivables	13,682,389
Due from other governmental units	12,983,929
Stores inventories	324,119
Deferred cost on issuance	1,697,949
Capital assets	
Land and construction in progress	78,862,722
Other capital assets	242,837,311
Less: Accumulated depreciation	(124,843,854)
Capital assets, net of accumulated depreciation	<u>196,856,179</u>
<b>Total Assets</b>	<u><u>267,729,411</u></u>
<b>LIABILITIES</b>	
Accounts payable	5,195,551
Interest payable	2,355,257
Due to other governments	5,322,063
Deferred revenue	164,800
Long-term obligations	
Current portion of long-term obligations	4,915,145
Noncurrent portion of long-term obligations	<u>175,107,944</u>
<b>Total Long-Term Obligations</b>	<u>180,023,089</u>
<b>Total Liabilities</b>	<u><u>193,060,760</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	94,175,828
Restricted for:	
Debt service	6,079,665
Capital projects	18,178,725
Educational programs	1,510,475
Unrestricted	<u>(45,276,042)</u>
<b>Total Net Position</b>	<u><u>\$ 74,668,651</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, 2013**

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 Position
<b>Governmental Activities</b>					<b>Governmental Activities</b>
Instruction	\$ 93,387,239	\$ 42,787	\$ 13,936,066	\$ 173	\$ (79,408,213)
Instruction-related activities:					
Supervision of instruction	3,424,631	2,122	3,837,561	-	415,052
Instructional library, media and technology	1,822,832	-	11,665	-	(1,811,167)
School site administration	14,350,188	1,133	210,267	-	(14,138,788)
Pupil services:					
Home-to-school transportation	1,549,381	-	553,799	-	(995,582)
Food services	6,333,298	727,192	3,890,831	-	(1,715,275)
All other pupil services	11,022,572	5,338	2,507,027	-	(8,510,207)
Administration:					
Data processing	2,388,608	-	-	-	(2,388,608)
All other administration	6,698,789	23,907	1,124,762	-	(5,550,120)
Plant services	11,428,487	3,051	401,655	-	(11,023,781)
Ancillary services	2,235,673	234	1,089	-	(2,234,350)
Community services	86,845	-	-	-	(86,845)
Interest on long-term obligations	5,184,077	-	-	-	(5,184,077)
Other outgo	1,302,026	459,131	2,610,578	-	1,767,683
<b>Total Governmental Activities</b>	<b>\$ 161,214,646</b>	<b>\$ 1,264,895</b>	<b>\$ 29,085,300</b>	<b>\$ 173</b>	<b>(130,864,278)</b>
General revenues and subventions					
Property taxes, levied for general purposes					45,858,206
Property taxes, levied for debt service					6,804,291
Taxes levied for other specific purposes					1,602,441
Federal and State aid not restricted to specific purposes					60,522,081
Interest and investment earnings					131,178
Interagency revenues					116,178
Miscellaneous					4,892,370
<b>Subtotal, General Revenues</b>					<b>119,926,745</b>
<b>Changes in Net Position</b>					<b>(10,937,533)</b>
Net Position - Beginning					85,606,184
Net Position - Ending					<b>\$ 74,668,651</b>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Capital Facilities Fund</b>
<b>ASSETS</b>			
Deposits and investments	\$ 6,369,852	\$ 14,900,755	\$ 7,972,346
Receivables	6,586,840	6,355,713	7,607
Due from other funds	561,564	5,000,171	7,572
Due from other governments	12,983,929	-	-
Stores inventories	249,816	-	-
<b>Total Assets</b>	<b>\$ 26,752,001</b>	<b>\$ 26,256,639</b>	<b>\$ 7,987,525</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 3,720,646	\$ 1,148,695	\$ 62,750
Due to other funds	5,009,267	-	-
Due to other governments	5,322,063	-	-
Deferred revenue	164,800	-	-
<b>Total Liabilities</b>	<b>14,216,776</b>	<b>1,148,695</b>	<b>62,750</b>
<b>Fund Balances:</b>			
Nonspendable	259,816	-	-
Restricted	1,510,475	25,107,944	7,924,775
Assigned	1,170,802	-	-
Unassigned	9,594,132	-	-
<b>Total Fund Balances</b>	<b>12,535,225</b>	<b>25,107,944</b>	<b>7,924,775</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 26,752,001</b>	<b>\$ 26,256,639</b>	<b>\$ 7,987,525</b>

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

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<b>Bond Interest and Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 7,929,457	\$ 5,012,436	\$ 42,184,846
9,540	722,689	13,682,389
-	1,524	5,570,831
-	-	12,983,929
-	74,303	324,119
<u>\$ 7,938,997</u>	<u>\$ 5,810,952</u>	<u>\$ 74,746,114</u>
\$ -	\$ 263,460	\$ 5,195,551
-	561,564	5,570,831
-	-	5,322,063
-	-	164,800
<u>-</u>	<u>825,024</u>	<u>16,253,245</u>
-	74,303	334,119
7,938,997	542,686	43,024,877
-	4,368,939	5,539,741
-	-	9,594,132
<u>7,938,997</u>	<u>4,985,928</u>	<u>58,492,869</u>
<u>\$ 7,938,997</u>	<u>\$ 5,810,952</u>	<u>\$ 74,746,114</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013**

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<b>Total Fund Balance - Governmental Funds</b>		\$ 58,492,869
<b>Amounts Reported for Governmental Activities in the Statement of Net Position 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:	\$ 321,700,033	
Accumulated depreciation is:	<u>(124,843,854)</u>	196,856,179
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.		1,697,949
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.		(2,355,257)
Long-term obligations at year-end consist of:		
Bonds payable	91,662,016	
Premium on issuance	2,435,581	
Certificates of participation	2,905,000	
Municipal lease	4,775,000	
Discount on municipal lease	(19,520)	
Qualified energy construction bonds	17,520,978	
Loan Payable	37,500	
Compensated absences (vacations)	1,515,607	
Net OPEB obligation	58,616,667	
In addition, the District previously issued "capital appreciation" general obligation bonds. The cumulative capital accretion on the general obligation bonds is:	<u>574,260</u>	
Total Long-Term Obligations		<u>(180,023,089)</u>
<b>Total Net Position - Governmental Activities</b>		<u><u>\$ 74,668,651</u></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 BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Capital Facilities Fund</b>
<b>REVENUES</b>			
Revenue limit sources	\$ 91,296,687	\$ -	\$ -
Federal sources	8,677,450	-	-
Other State sources	21,343,696	-	-
Other local sources	6,728,146	6,432,502	3,171,950
<b>Total Revenues</b>	<b>128,045,979</b>	<b>6,432,502</b>	<b>3,171,950</b>
<b>EXPENDITURES</b>			
Current			
Instruction	81,892,474	-	-
Instruction related activities:			
Supervision of instruction	3,194,869	-	-
Instructional library, media, and technology	1,498,618	-	-
School site administration	10,575,266	-	-
Pupil services:			
Home-to-school transportation	1,358,573	-	-
Food services	13,699	-	-
All other pupil services	9,806,985	-	-
Administration:			
Data processing	2,347,219	-	-
All other administration	5,666,585	-	44,089
Plant services	11,466,689	-	-
Facility acquisition and construction	115,485	12,129,266	2,235,442
Ancillary services	2,235,673	-	-
Community services	86,845	-	-
Other outgo	1,302,026	-	-
Debt service			
Principal	1,272,619	-	408,012
Interest and other	379,051	423	208,813
<b>Total Expenditures</b>	<b>133,212,676</b>	<b>12,129,689</b>	<b>2,896,356</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(5,166,697)</b>	<b>(5,697,187)</b>	<b>275,594</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	205,925
Other sources	1,003,819	-	-
Transfers out	(889,971)	-	(395,846)
<b>Net Financing Sources (Uses)</b>	<b>113,848</b>	<b>-</b>	<b>(189,921)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(5,052,849)</b>	<b>(5,697,187)</b>	<b>85,673</b>
<b>Fund Balances - Beginning</b>	<b>17,588,074</b>	<b>30,805,131</b>	<b>7,839,102</b>
<b>Fund Balances - Ending</b>	<b>\$ 12,535,225</b>	<b>\$ 25,107,944</b>	<b>\$ 7,924,775</b>

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

<b>Bond Interest and Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 91,296,687
-	3,685,089	12,362,539
59,053	297,004	21,699,753
6,787,394	794,323	23,914,315
<u>6,846,447</u>	<u>4,776,416</u>	<u>149,273,294</u>
-	-	81,892,474
-	-	3,194,869
-	-	1,498,618
-	-	10,575,266
-	-	1,358,573
-	5,273,478	5,287,177
-	-	9,806,985
-	-	2,347,219
-	123,455	5,834,129
-	-	11,466,689
-	5,431,429	19,911,622
-	-	2,235,673
-	-	86,845
-	-	1,302,026
2,750,000	387,500	4,818,131
4,402,348	136,715	5,127,350
<u>7,152,348</u>	<u>11,352,577</u>	<u>166,743,646</u>
<u>(305,901)</u>	<u>(6,576,161)</u>	<u>(17,470,352)</u>
-	1,079,892	1,285,817
-	-	1,003,819
-	-	(1,285,817)
-	<u>1,079,892</u>	<u>1,003,819</u>
<u>(305,901)</u>	<u>(5,496,269)</u>	<u>(16,466,533)</u>
8,244,898	10,482,197	74,959,402
<u>\$ 7,938,997</u>	<u>\$ 4,985,928</u>	<u>\$ 58,492,869</u>



**OXNARD UNION HIGH SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013**

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**Total Net Change in Fund Balances - Governmental Funds** \$ (16,466,533)  
**Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:**

Capital outlay 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 Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

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

Capital outlay	\$ 20,782,778	
Depreciation expense	<u>(6,683,024)</u>	14,099,754

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). This year, vacation earned was less than the amounts used by \$180,472. 180,472

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:

General obligation bonds		2,750,000
Certificates of participation		350,000
Municipal leases		470,000
Qualified energy conservation bonds		1,210,631
Loan payable		37,500

Governmental funds report the effect of premiums, discounts, and issuance costs when the debt is first issued, whereas the amounts are deferred and amortized over the life of the debt in the Statement of Activities. This amount is the net effect of the amortization of the related items:

Premium on issuance for general obligation bonds	112,706	
Discount on issuance for municipal leases	(1,220)	
Cost of issuance for general obligation bonds	(55,974)	
Cost of issuance for qualified energy construction bonds	(22,353)	
Cost of issuance for municipal leases	<u>(12,436)</u>	
Combined Adjustment		20,723

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 STATEMENT OF ACTIVITIES (Continued)  
FOR THE YEAR ENDED JUNE 30, 2013**

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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 \$13,512,630.	\$ (13,512,630)
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 result of two factors. First, accrued interest on the general obligation bonds, certificates of participation, qualified energy bonds, and municipal lease bonds increased by \$19,943, and second, \$57,507 of additional accumulated interest was accreted on the District's	<u>(77,450)</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (10,937,533)</u></u>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<u>Associated Student Bodies</u>	<u>Foundation Special Reserve</u>	<u>Total Fiduciary Funds</u>
<b>ASSETS</b>			
Deposits and investments	\$ 1,440,476	\$ 60,829	\$ 1,501,305
Receivables	-	86	86
<b>Total Assets</b>	<u>\$ 1,440,476</u>	<u>\$ 60,915</u>	<u>\$ 1,501,391</u>
<b>LIABILITIES</b>			
Due to student groups	<u>\$ 1,440,476</u>	\$ -	<u>\$ 1,440,476</u>
<b>NET POSITION</b>			
Held in trust for retiree benefits		-	-
Held in trust for scholarships		60,915	60,915
<b>Total Net Position</b>		<u>\$ 60,915</u>	<u>\$ 60,915</u>

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

**OXNARD UNION HIGH SCHOOL DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

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	<b>Foundation Special Reserve</b>
<b>ADDITIONS</b>	
Private donations	\$ 1,300
Interest	280
<b>Total Additions</b>	<u>1,580</u>
<b>DEDUCTIONS</b>	
Other expenditures	<u>1,821</u>
<b>Change in Net Position</b>	(241)
<b>Net Position - Beginning</b>	<u>61,156</u>
<b>Net Position - Ending</b>	<u>\$ 60,915</u>

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

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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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 and Architecture, Construction and Engineering Charter High (ACE) pursuant to *Education Code* Section 47605. The charters are 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, 2013

---

**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 the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

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

**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).

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

### Non-Major Governmental Funds

**Special Revenue Funds** The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund.

Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the 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).

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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**Capital Project Funds** The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (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), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

**Debt Service Funds** The Debt Service funds are used to account for the accumulation of restricted, committed, or assigned resources for and the payment of principal and interest on general long-term debt.

**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 position and changes in net position. Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust funds account for accumulation of resources for the payment of scholarships within the Foundation Special Reserve activities. 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 funds account for the accumulation of 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 as well as the student body activities (ASB).

### **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.

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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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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 position 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 balances 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.

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.



# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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**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.

### **Investments**

Investments held at June 30, 2013, 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.

### **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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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### **Interfund Balances**

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

### **Compensated Absences**

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

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

### **Accrued Liabilities and Long-Term Obligations**

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

However, claims and judgments, compensated absences, 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.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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### **Fund Balances - Governmental Funds**

As of June 30, 2013, fund balances of the governmental funds are classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

### **Spending Order Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

### **Minimum Fund Balance Policy**

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

### **Net Position**

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is 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 position is available. The government-wide financial statements report \$25,768,865 of restricted net position.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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### 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.

### 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 June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The District has implemented the provisions of this Statement for the year ended June 30, 2013.

### **New Accounting Pronouncements**

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Early implementation is encouraged.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2013**

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This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

### NOTE 2 - DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2013, were classified in the accompanying financial statements as follows:

Governmental activities	\$ 42,184,846
Fiduciary funds	<u>1,501,305</u>
Total Deposits and Investments	<u><u>\$ 43,686,151</u></u>

Deposits and investments as of June 30, 2013, consisted of the following:

Cash on hand and in banks	\$ 1,442,376
Cash in revolving	10,000
Investments	<u>42,233,775</u>
Total Deposits and Investments	<u><u>\$ 43,686,151</u></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, 2013**

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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, 2013**

**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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>
Ventura County Investment Pool	\$ 41,260,336	276*
Money Market Mutual Funds	568,223	7/1/2013
Local Agency Bonds	242,407	11/1/2019
Local Agency Bonds	161,037	2/1/2019
Total	<u>\$ 42,232,003</u>	

\*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. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Rating June 30, 2013</u>	<u>Fair Value</u>
Ventura County Investment Pool	Not Required	AAAf	\$ 41,260,336
Money Market Mutual Funds	Not Required	Not Rated	568,223
Local Agency Bonds	Not Required	Not Rated	242,407
Local Agency Bonds	Not Required	AA	161,037
Total Investments			<u>\$ 42,232,003</u>

**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, 2013, of the District's bank balance was not exposed to custodial credit risk.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 3 - RECEIVABLES**

Receivables at June 30, 2013, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund
Federal Government				
Categorical aid	\$ 4,096,089	\$ 6,321,095	\$ -	\$ -
State Government				
Categorical aid	1,062,725	-	-	-
Lottery	1,287,084	-	-	-
Local Government				
Interest	-	27,855	6,456	9,540
Other Local Sources	13,124,871	6,763	1,151	-
Total	<u>\$ 19,570,769</u>	<u>\$ 6,355,713</u>	<u>\$ 7,607</u>	<u>\$ 9,540</u>

	Non-Major Governmental Funds	Total	Fiduciary Funds
Federal Government			
Categorical aid	\$ 619,837	\$ 11,037,021	\$ -
State Government			
Categorical aid	54,703	1,117,428	-
Lottery	-	1,287,084	-
Local Government			
Interest	6,913	50,764	86
Other Local Sources	41,236	13,174,021	-
Total	<u>\$ 722,689</u>	<u>\$ 26,666,318</u>	<u>\$ 86</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 27,716,042	\$ -	\$ -	\$ 27,716,042
Construction in Progress	32,688,972	20,782,778	2,325,070	51,146,680
Not Being Depreciated	<u>60,405,014</u>	<u>20,782,778</u>	<u>2,325,070</u>	<u>78,862,722</u>
Capital Assets Being Depreciated:				
Land Improvements	34,287,221	33,340	-	34,320,561
Buildings and Improvements	197,548,878	1,284,284	-	198,833,162
Furniture and Equipment	8,676,142	1,007,446	-	9,683,588
Being Depreciated	<u>240,512,241</u>	<u>2,325,070</u>	<u>-</u>	<u>242,837,311</u>
Total Capital Assets	<u>300,917,255</u>	<u>23,107,848</u>	<u>2,325,070</u>	<u>321,700,033</u>
Less Accumulated Depreciation:				
Land Improvements	25,980,959	855,770	-	26,836,729
Buildings and Improvements	86,945,700	5,085,877	-	92,031,577
Furniture and Equipment	5,234,171	741,377	-	5,975,548
Total Accumulated Depreciation	<u>118,160,830</u>	<u>6,683,024</u>	<u>-</u>	<u>124,843,854</u>
Governmental Activities Capital Assets, Net	<u>\$ 182,756,425</u>	<u>\$ 16,424,824</u>	<u>\$ 2,325,070</u>	<u>\$ 196,856,179</u>

Depreciation expense was charged to governmental functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 3,742,494
School site administration	2,339,059
Home-to-school transportation	200,491
Food services	267,321
Plant services	133,659
Total Depreciation Expenses All Activities	<u>\$ 6,683,024</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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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, 2013, between major and non-major governmental funds are as follows:

Due To	Due From		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 561,564	\$ 561,564
Building Fund	5,000,171	-	5,000,171
Capital Facilities Fund	7,572	-	7,572
Non-Major Governmental Funds	1,524	-	1,524
Total	<u>\$ 5,009,267</u>	<u>\$ 561,564</u>	<u>\$ 5,570,831</u>

The balance of \$5,000,000 is due to the Building Fund from the General Fund for repayment of temporary loan.

A balance of \$561,564 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for indirect costs, direct support, and transfers.

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, 2013**

**Operating Transfers**

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Transfer To	Transfer From		
	General Fund	Capital Facilities Fund	Total
Capital Facilities Fund	\$ 205,925	-	\$ 205,925
Non-Major Governmental Funds	684,046	395,846	1,079,892
Total	<u>\$ 889,971</u>	<u>\$ 395,846</u>	<u>\$ 1,285,817</u>

The General Fund transferred to the Cafeteria Non-Major Governmental Fund to cover expenditures.	\$ 684,046
The General Fund transferred to the Capital Facilities Fund for costs associated with facility usage.	205,925
The Capital Facilities Fund transferred to the COP Debt Service Non-Major Governmental Fund for debt service payments.	395,846
Total	<u>\$ 1,285,817</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, 2013, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Vendor payables	\$ 3,497,226	\$ 46,238	\$ -	\$ 157,403	\$ 3,700,867
State apportionment	5,322,063	-	-	-	5,322,063
Salaries and benefits	223,420	-	-	43,290	266,710
Capital outlay	-	1,102,457	62,750	62,767	1,227,974
Total	<u>\$ 9,042,709</u>	<u>\$ 1,148,695</u>	<u>\$ 62,750</u>	<u>\$ 263,460</u>	<u>\$ 10,517,614</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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**NOTE 7 - DEFERRED REVENUE**

Deferred revenue at June 30, 2013, consisted of the following:

	<u>General Fund</u>
Federal financial assistance	\$ 42,765
State categorical aid	68,733
Other local	53,302
Total	<u>\$ 164,800</u>

**NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)**

On July 2, 2012, the District issued \$9,890,000 Tax and Revenue Anticipation Notes bearing interest at 2.0 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on May 1, 2013. By April 2013, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes. As the District has in substance defeased the debt, the tax anticipation notes of \$9,890,000 and related accrued interest and cash held in trust are not included in these financial statements.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 9 - LONG-TERM OBLIGATIONS**

**Summary**

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

	Balance			Balance		Due in
	July 1, 2012	Additions	Deductions	June 30, 2013	One Year	
General obligation bonds	\$ 94,928,769	\$ 57,507	\$ 2,750,000	\$ 92,236,276	\$ 2,755,000	
Premium on issuance	2,548,287	-	112,706	2,435,581	-	
Certificates of participation	3,255,000	-	350,000	2,905,000	370,000	
Municipal leases	5,245,000	-	470,000	4,775,000	490,000	
Municipal lease discount	(20,740)	-	(1,220)	(19,520)	-	
Qualified energy conservation bonds	18,731,609	-	1,210,631	17,520,978	1,262,645	
Loan payable	75,000	-	37,500	37,500	37,500	
Compensated Absences	1,696,079	-	180,472	1,515,607	-	
Net OPEB obligation	45,104,037	25,032,242	11,519,612	58,616,667	-	
	<u>\$ 171,563,041</u>	<u>\$ 25,089,749</u>	<u>\$ 16,629,701</u>	<u>\$ 180,023,089</u>	<u>\$ 4,915,145</u>	

- Payments for bonds associated with General Obligation Bonds are made in the Bond Interest and Redemption Fund.
- Payments on Certificates of Participation are made in the COP Debt Service Fund.
- Payments for Municipal Lease obligations are made in the General Fund, Special Reserve Fund for Capital Outlay Projects, and Capital Facilities Fund.
- Payments for Qualified Energy Construction Bonds are made in the COP Debt Service Fund.
- Payments for the loan payable are made in the Cafeteria Fund.
- Payments for accumulated vacations are typically liquidated in the General Fund and the Non-Major Governmental Funds.
- Payments for assessments payable are made in the Cafeteria 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, 2013**

**General Obligation Refunding Bonds**

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2012	Issued and Principal Accretion	Bonds Redeemed	Bonds Outstanding June 30, 2013
April 1999	8/1/2027	4.6% - 5.8%	\$ 10,199,913	\$ 7,276,666	\$ 57,507	\$ 360,000	\$ 6,974,173
May 2001	8/1/2030	4.0% - 6.2%	31,705,000	23,890,000	-	825,000	23,065,000
August 2010	8/1/2040	3.0%-5.0%	50,000,000	49,275,000	-	765,000	48,510,000
April 2011	8/1/2025	5.31%	4,052,103	4,052,103	-	200,000	3,852,103
May 2012	8/1/2027	3.0%-5.0%	10,435,000	10,435,000	-	600,000	9,835,000
			<u>\$ 106,392,016</u>	<u>\$ 94,928,769</u>	<u>\$ 57,507</u>	<u>\$ 2,750,000</u>	<u>\$ 92,236,276</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 \$6,974,173.

**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 \$23,065,000.

**2004 Series A**

Series A of the 2004 General Obligation Refunding Bonds were issued in August 2010. These bonds were issued to refund the 2008 General Obligation Bond Anticipation Notes, Series A and Series B and to finance the construction and modernization of school facilities. The Taxable General Obligation Bonds, 2004 Series A were issued for \$50,000,000, with interest rates ranging from 3.0 percent to 5.0 percent. The bonds mature at various dates with the final maturity of August 1, 2040. At June 30, 2013, the principal balance outstanding was \$48,510,000 and unamortized premium and issuance costs were \$1,781,358 and \$1,010,836, respectively.

**2004 Series Qualified School Construction Bonds**

In April 2011, the District issued the 2011 Qualified School Construction Bonds in the amount of \$4,052,103. The notes mature August 2025, with an interest rate of 5.31 percent. The bonds were issued for the purpose of financing the acquisition and construction of educational facilities and projects. At June 30, 2013, the principal balance outstanding was \$3,852,103 and unamortized issuance costs were \$64,833



**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**2012 Series**

The 2012 General Obligation Refunding Bonds were issued in May 2012. These bonds were issued to refund the 2003 General Obligation Bonds, Series A. The Taxable General Obligation Bonds, 2012 Series were issued for \$10,435,000, with interest rates ranging from 3.0 percent to 5.0 percent. The bonds mature at various dates with the final maturity of August 1, 2027. At June 30, 2013, the principal balance outstanding was \$9,835,000 and unamortized premium and issuance costs were \$654,223 and \$183,870, respectively.

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

Fiscal Year	Principal			Total
	Including Accreted Interest to Date	Current Interest	Accreted Interest	
2014	\$ 2,755,000	\$ 4,593,302	\$ 60,910	\$ 7,409,212
2015	2,900,000	4,462,378	64,515	7,426,893
2016	3,045,000	4,320,704	68,334	7,434,038
2017	3,230,000	4,170,323	72,378	7,472,701
2018	3,405,000	4,007,769	76,660	7,489,429
2019-2023	20,055,000	17,088,972	456,989	37,600,961
2024-2028	23,511,276	11,346,061	351,038	35,208,375
2029-2033	11,930,000	6,730,239	-	18,660,239
2034-2038	12,335,000	3,872,375	-	16,207,375
2039-2041	9,070,000	695,750	-	9,765,750
Total	<u>\$ 92,236,276</u>	<u>\$ 61,287,873</u>	<u>\$ 1,150,824</u>	<u>\$ 154,674,973</u>

**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 2000 Certificates of Participation outstanding at June 30, 2013, was \$860,000.

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, 2013, was \$2,045,000.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

The future debt service requirements for the two Certificates of Participation are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 370,000	\$ 121,020	\$ 491,020
2015	375,000	104,999	479,999
2016	400,000	88,425	488,425
2017	410,000	70,638	480,638
2018	430,000	51,731	481,731
2019-2020	920,000	42,105	962,105
Total	<u>\$ 2,905,000</u>	<u>\$ 478,918</u>	<u>\$ 3,383,918</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. At June 30, 2013, the principal balance outstanding was \$295,000 and unamortized issuance costs were \$4,900. Issuance costs are amortized over the life of the bonds as a component of interest expense.

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. At June 30, 2013, the principal balance outstanding was \$4,480,000 and unamortized discount and issuance costs were \$19,520 and \$120,569, respectively.

The debt service requirements for the leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 490,000	\$ 195,129	\$ 685,129
2015	205,000	182,403	387,403
2016	215,000	174,972	389,972
2017	225,000	166,910	391,910
2018	235,000	158,135	393,135
2019-2023	1,345,000	637,495	1,982,495
2024-2028	1,680,000	318,212	1,998,212
2029	380,000	17,100	397,100
Total	<u>\$ 4,775,000</u>	<u>\$ 1,850,356</u>	<u>\$ 6,625,356</u>

**Qualified Energy Conservation Bonds**

In September 2010, the District entered into a lease agreement with the Golden Schools Financing Authority. The notes mature August 2027, with an interest rate of 5.5 percent. The bonds were issued for the purpose of financing the acquisition and construction of educational facilities and projects. At June 30, 2013, the principal balance outstanding was \$17,520,978 and unamortized issuance costs were \$32,941.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

The debt service requirements for the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,262,645	\$ 954,984	\$ 2,217,629
2015	1,316,998	884,157	2,201,155
2016	1,373,781	810,279	2,184,060
2017	885,383	740,777	1,626,160
2018	944,149	690,827	1,634,976
2019-2023	5,496,808	2,592,440	8,089,248
2024-2028	6,241,214	899,062	7,140,276
Total	<u>\$ 17,520,978</u>	<u>\$ 7,572,526</u>	<u>\$ 25,093,504</u>

**Loan Payable**

The District received a loan in the amount of \$150,000 for cafeteria operations from Sodexo America, LLC. The loan is to be repaid in five equal installments. At June 30, 2013, the outstanding balance of the loan payable was \$37,500.

The loan payable has minimum payments as follows:

<u>Fiscal Year</u>	<u>Loan Payable</u>
2014	<u>\$ 37,500</u>

**Accumulated Unpaid Employee Vacation**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2013, amounted to \$1,515,607. Accumulated vacation will be paid by the fund for which the employee worked.

**Other Postemployment Benefits (OPEB) Obligation**

The District's annual required contribution for the year ended June 30, 2013, was \$22,326,000, and contributions made by the District during the year were \$6,913,612. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$2,706,242 and \$(4,606,000), respectively, which resulted in an increase to the net OPEB obligation of \$13,512,630. As of June 30, 2013, the net OPEB obligation was \$58,616,667. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

### NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>						
Revolving cash	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Stores inventories	249,816	-	-	-	74,303	324,119
Total Nonspendable	<u>259,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,303</u>	<u>334,119</u>
<b>Restricted</b>						
Legally restricted programs	1,510,475	-	-	-	-	1,510,475
Capital projects	-	25,107,944	7,924,775	-	46,761	33,079,480
Debt services	-	-	-	7,938,997	495,925	8,434,922
Total Restricted	<u>1,510,475</u>	<u>25,107,944</u>	<u>7,924,775</u>	<u>7,938,997</u>	<u>542,686</u>	<u>43,024,877</u>
<b>Assigned</b>						
Adult Ed Calworks	107,786	-	-	-	-	107,786
Donations	10,763	-	-	-	-	10,763
Principal's Budget	1,052,253	-	-	-	-	1,052,253
Other assignments	-	-	-	-	4,368,939	4,368,939
Total Assigned	<u>1,170,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,368,939</u>	<u>5,539,741</u>
<b>Unassigned</b>						
Reserve for economic uncertainties	3,924,873	-	-	-	-	3,924,873
Remaining unassigned	5,669,259	-	-	-	-	5,669,259
Total Unassigned	<u>9,594,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,594,132</u>
Total	<u>\$ 12,535,225</u>	<u>\$ 25,107,944</u>	<u>\$ 7,924,775</u>	<u>\$ 7,938,997</u>	<u>\$ 4,985,928</u>	<u>\$ 58,492,869</u>

### NOTE 11 - 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 592 retirees and beneficiaries currently receiving benefits and 816 active plan members. Separate financial statements are prepared for the Trust.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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**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 2012-2013, the District contributed \$6,913,612 to the Plan, of which \$6,767,079 was used for current premiums, and \$146,533 was a contribution to the Retiree Benefits Trust.

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual other postemployment benefits (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	\$ 22,326,000
Interest on net OPEB obligation	2,706,242
Adjustment to annual required contribution	<u>(4,606,000)</u>
Annual OPEB cost (expense)	20,426,242
Contributions made	<u>(6,913,612)</u>
Increase in net OPEB obligation	13,512,630
Net OPEB obligation, beginning of year	45,104,037
Net OPEB obligation, end of year	<u><u>\$ 58,616,667</u></u>

**Trend Information**

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2011	\$ 15,948,068	\$ 6,362,018	39.9%	\$ 32,370,510
2012	20,777,231	8,043,704	38.7%	45,104,037
2013	20,426,242	6,913,612	33.8%	58,616,667

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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**Funded Status and Funding Progress**

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2011	\$ 35,584,000	\$ 257,944,000	\$ 222,360,000	13.8%	\$ 88,645,250	250.8%

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.

**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.

In the July 1, 2011, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a six percent investment rate of return. Healthcare cost trend rates ranged from an initial 9 percent to an ultimate rate of 5 percent. The remaining amortization period at June 30, 2013, was 25 years. The actuarial value of assets was determined to be \$35,584,000 in this actuarial valuation. The allocation of OPEB cost is based on years of service.

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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### **NOTE 12 - 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 15 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 13 - 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).

#### **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, 100 Waterfront Place, West Sacramento, CA 95605.

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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### **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 2012-2013 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, 2013, 2012, and 2011, were \$4,962,782, \$5,057,135, and \$5,080,551, 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 2012-2013 was 11.417 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, 2013, 2012, and 2011, were \$2,135,538, \$2,077,933, and \$1,991,846, respectively, and equal 100 percent of the required contributions for each year.

#### **Social Security**

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



# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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### 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 \$3,279,694 (5.176 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS.). 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 14 - 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.

#### Litigation

The District is involved in various litigations 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, 2013.

### NOTE 15 - 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 (VCFAST) joint powers authority (JPA). Payments for courier services are paid to the VCFAST. 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, 2013, the District made payments of \$819,619, \$25,438,612, and \$3,789 to VCSSFA, CSEBO, and VCFAST, respectively.

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013**

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### **NOTE 16 - SUBSEQUENT EVENTS**

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

The District issued \$9,045,000 of Tax and Revenue Anticipation Notes dated July 15, 2013. The notes mature on April 1, 2014, at 2.00 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 2014, until 100 percent of principal and interest due is on account in March 2014.

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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, 2013**

	<b>Budgeted Amounts</b>		<b>Actual (GAAP Basis)</b>	<b>Variance - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
	<b>REVENUES</b>			
Revenue limit sources	\$ 91,119,511	\$ 91,058,162	\$ 91,296,687	\$ 238,525
Federal sources	8,417,093	999,121	8,677,450	7,678,329
Other State sources	16,631,768	17,546,554	21,343,696	3,797,142
Other local sources	9,175,269	9,977,333	6,728,146	(3,249,187)
<b>Total Revenues <sup>1</sup></b>	<b>125,343,641</b>	<b>119,581,170</b>	<b>128,045,979</b>	<b>8,464,809</b>
<b>EXPENDITURES</b>				
Current				
Certificated salaries	60,459,323	61,805,490	62,291,156	(485,666)
Classified salaries	17,002,597	17,982,896	18,126,691	(143,795)
Employee benefits	30,930,578	34,202,612	34,193,947	8,665
Books and supplies	4,340,208	5,056,596	3,997,281	1,059,315
Services and operating expenditures	11,601,020	11,922,653	10,734,218	1,188,435
Capital outlay	91,663	702,492	1,039,143	(336,651)
Other outgo	905,176	763,445	1,178,570	(415,125)
Debt service				
Principal	1,272,619	1,272,619	1,272,619	-
Interest	1,026,699	379,052	379,051	1
<b>Total Expenditures <sup>1</sup></b>	<b>127,629,883</b>	<b>134,087,855</b>	<b>133,212,676</b>	<b>875,179</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,286,242)</b>	<b>(14,506,685)</b>	<b>(5,166,697)</b>	<b>9,339,988</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	19,145	6,300	-	(6,300)
Other sources	-	-	1,003,819	1,003,819
Transfers out	(872,024)	(714,755)	(889,971)	(175,216)
<b>Net Financing Sources (Uses)</b>	<b>(852,879)</b>	<b>(708,455)</b>	<b>113,848</b>	<b>822,303</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,139,121)</b>	<b>(15,215,140)</b>	<b>(5,052,849)</b>	<b>10,162,291</b>
<b>Fund Balance - Beginning</b>	<b>17,588,074</b>	<b>17,588,074</b>	<b>17,588,074</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 14,448,953</b>	<b>\$ 2,372,934</b>	<b>\$ 12,535,225</b>	<b>\$ 10,162,291</b>

<sup>1</sup> On behalf payments of \$3,279,694 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts. In addition, due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Project for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this other fund are included in the Actual (GAAP Basis) revenues and expenditures, but are not included in the original and final General Fund budgets.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING  
PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2013**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2009	\$ 33,145,000	\$ 185,563,000	\$ 152,418,000	17.9%	\$ 90,313,000	168.8%
July 1, 2010	33,711,000	204,300,000	170,589,000	16.5%	85,601,000	199.3%
July 1, 2011	35,584,000	257,944,000	222,360,000	13.8%	88,645,250	250.8%

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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, 2013**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Carl D. Perkins Vocational and Technical Education Act of 1998 Secondary Education	84.048	14894	\$ 394,939
Passed through Ventura County Special Education Local Plan Area:			
Individuals with Disabilities Act (IDEA)			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,678,683
No Child Left Behind Act (NCLB)			
Title I, Part A Cluster			
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14981	1,270,045
Title I, Part A - Program Improvement LEA Corrective Action, Minor Performance Problems	84.010	14957	158,649
NCLB - Schoolwide Programs	84.010	10003	1,830,617
Total Title I, Part A Cluster			<u>3,259,311</u>
Title I, Part C Cluster			
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	427,594
Title I, Part C, Migrant Ed Summer Program	84.011	10005	148,461
Total Title I, Part C Cluster			<u>576,055</u>
Title I, Part G - Advanced Placement (AP) Test Fee Reimbursement Program	84.330	14831	1,847
Title II, Part A Cluster			
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	376,186
Title II, Part A - Administrator Training (Formerly Principal Training)	84.367	14344	3,732
Total Title II, Part A Cluster			<u>379,918</u>
Title III Cluster			
Title III - Immigrant Education Program	84.365	15146	1,816
Title III - Limited English Proficient (LEP) Student Program	84.365	14346	23,309
Total Title III Cluster			<u>25,125</u>
Safe and Supportive Schools Programmatic Intervention (S3)	84.184	15164	514,138
Total U.S. Department of Education			<u>7,830,016</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, 2013**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. DEPARTMENT OF REHABILITATION</b>			
Workability II, Transitions Partnership	84.158	10006	<u>\$ 224,965</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster			
Especially Needy Breakfast	10.553	13526	972,871
National School Lunch Program	10.555	13524	2,419,288
Summer Food Service Program	10.559	13004	19,207
Food Distribution	10.555	13524	<u>273,723</u>
Total U.S. Department of Agriculture			<u>3,685,089</u>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
Junior Reserve Officer Training Corps - Air Force	12.000	[1]	<u>121,396</u>
<b>U.S. DEPARTMENT OF INTERIOR</b>			
National Park Services - Anacapa Island Restoration Project	15.931	[1]	<u>13,607</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through California Department of Health Services:			
Medicaid Cluster			
Medi-Cal Billing Option	93.778	10013	377,534
Medi-Cal Administrative Activities Program	93.778	10060	<u>55,074</u>
Total U.S. Department of Health and Human Services			<u>432,608</u>
Total Federal Programs			<u>\$ 12,307,681</u>

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.



# OXNARD UNION HIGH SCHOOL DISTRICT

## LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2013

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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>
Wayne Edmonds	President	2014
John Alamillo	Vice President	2014
Socorro Lopez Hanson	Clerk	2014
Gary Davis	Member	2016
Steven Hall	Member	2016

### ADMINISTRATION

Gabe Soumakian, Ed.D.	Superintendent
Stephen Dickinson	Assistant Superintendent, Administrative Services
Robert "Rocky" Valles, Ed.D.	Assistant Superintendent, Human Resources
William E. Dabbs	Assistant Superintendent, Educational Services
Greg O'Brien, Ed.D.	Executive Director, 21 <sup>st</sup> Century Learning and Innovations, Educational Services

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2013**

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	<u>Second Period Report</u>	<u>Annual Report</u>
SECONDARY		
Regular classes	13,595	13,436
Continuation education	386	377
Home and hospital	24	29
Special education	731	731
Total	<u>14,736</u>	<u>14,573</u>

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2013**

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Grade Level	1982-83	Reduced 1982-83	1986-87	Reduced 1986-87	2012-13	Number of Days		Status
	Actual Minutes	Actual Minutes	Minutes Requirement	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Grades 9 - 12	59,712	58,053	64,800	63,000				
Grade 9					63,414	175	N/A	Complied
Grade 10					63,414	175	N/A	Complied
Grade 11					63,414	175	N/A	Complied
Grade 12					63,414	175	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, 2013**

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

	<u>Building Fund</u>
FUND BALANCE	
Balance, June 30, 2013, Unaudited Actuals	\$ 25,385,111
Decrease in:	
Accounts receivable	<u>(277,167)</u>
Balance, June 30, 2013, Audited Financial Statement	<u><u>\$ 25,107,944</u></u>

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013**

	(Budget)			
	2014 <sup>1</sup>	2013	2012	2011
<b>GENERAL FUND <sup>4</sup></b>				
Revenues	\$ 129,676,445	\$ 128,045,979	\$ 130,317,277	\$ 132,811,494
Other sources and transfers in	6,156	1,003,819	-	-
Total Revenues and Other Sources	<u>129,682,601</u>	<u>129,049,798</u>	<u>130,317,277</u>	<u>132,811,494</u>
Expenditures	134,801,621	133,212,676	132,916,057	132,084,433
Other uses and transfers out	905,187	889,971	5,266,532	3,192,291
Total Expenditures and Other Uses	<u>135,706,808</u>	<u>134,102,647</u>	<u>138,182,589</u>	<u>135,276,724</u>
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	<u>\$ (6,024,207)</u>	<u>\$ (5,052,849)</u>	<u>\$ (7,865,312)</u>	<u>\$ (2,465,230)</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 5,840,206</u>	<u>\$ 11,864,413</u>	<u>\$ 16,917,262</u>	<u>\$ 24,782,574</u>
<b>AVAILABLE RESERVES <sup>2</sup></b>	<u>\$ 4,366,178</u>	<u>\$ 9,594,132</u>	<u>\$ 4,241,522</u>	<u>\$ 7,677,280</u>
<b>AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO <sup>3</sup></b>	<u>3.2%</u>	<u>7.3%</u>	<u>3.1%</u>	<u>5.8%</u>
<b>LONG-TERM OBLIGATIONS</b>	<u>N/A</u>	<u>\$ 180,023,089</u>	<u>\$ 171,563,041</u>	<u>\$ 165,238,076</u>
<b>AVERAGE DAILY ATTENDANCE AT P-2</b>	<u>14,781</u>	<u>14,736</u>	<u>14,855</u>	<u>14,788</u>

The General Fund balance has decreased by \$12,918,161 over the past two years. The fiscal year 2013-2014 budget projects a further decrease of \$6,024,207 (50.78 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in each of the past three years and anticipates incurring an operating deficit during the 2013-2014 fiscal year. Total long-term obligations have increased by \$14,785,013 over the past two years.

Average daily attendance has decreased by 52 over the past two years. Growth of 45 ADA is anticipated during fiscal year 2013-2014.

<sup>1</sup> Budget 2014 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

<sup>3</sup> On behalf payments of \$3,279,694, \$3,182,593, and \$2,703,981, has been excluded from the calculation of available reserves for the fiscal years ending June 30, 2013, 2012, and 2011, respectively.

<sup>4</sup> General Fund amounts do not include activity related to the consolidation of the Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects as required by GASB Statement No. 54.

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2013**

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<u>Name of Charter School</u>	<u>Included in Audit Report</u>
Camarillo Academy of Progressive Education	No
Architecture, Construction and Engineering Charter High (ACE)	No

See accompanying note to supplementary information.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	<u>Cafeteria Fund</u>	<u>County School Facilities Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>
<b>ASSETS</b>			
Deposits and investments	\$ 18,492	\$ 17,482	\$ 4,480,537
Receivables	715,776	33	6,880
Due from other funds	10	-	1,514
Stores inventory	74,303	-	-
<b>Total Assets</b>	<u>\$ 808,581</u>	<u>\$ 17,515</u>	<u>\$ 4,488,931</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 172,714	\$ 886	\$ 89,860
Due to other funds	561,564	-	-
<b>Total Liabilities</b>	<u>734,278</u>	<u>886</u>	<u>89,860</u>
<b>Fund Balances:</b>			
Nonspendable	74,303	-	-
Restricted	-	16,629	30,132
Assigned	-	-	4,368,939
<b>Total Fund Balances</b>	<u>74,303</u>	<u>16,629</u>	<u>4,399,071</u>
<b>Fund Balances</b>	<u>\$ 808,581</u>	<u>\$ 17,515</u>	<u>\$ 4,488,931</u>

See accompanying note to supplementary information.

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<b>COP Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ 495,925	\$ 5,012,436
-	722,689
-	1,524
-	74,303
<u>\$ 495,925</u>	<u>\$ 5,810,952</u>

\$ -	\$ 263,460
-	561,564
<u>-</u>	<u>825,024</u>

-	74,303
495,925	542,686
-	4,368,939
<u>495,925</u>	<u>4,985,928</u>
<u>\$ 495,925</u>	<u>\$ 5,810,952</u>



**OXNARD UNION HIGH SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Cafeteria Fund</b>	<b>County School Facilities Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>
<b>REVENUES</b>			
Federal sources	\$ 3,685,089	\$ -	\$ -
Other State sources	297,004	-	-
Other local sources	743,199	173	43,451
<b>Total Revenues</b>	<u>4,725,292</u>	<u>173</u>	<u>43,451</u>
<b>EXPENDITURES</b>			
Current			
Pupil services:			
Food services	5,273,478	-	-
Administration:			
All other administration	123,455	-	-
Facility acquisition and construction	-	24,700	5,406,729
Debt service			
Principal	37,500	-	-
Interest and other	-	-	-
<b>Total Expenditures</b>	<u>5,434,433</u>	<u>24,700</u>	<u>5,406,729</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(709,141)</u>	<u>(24,527)</u>	<u>(5,363,278)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	684,046	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(25,095)	(24,527)	(5,363,278)
<b>Fund Balances - Beginning</b>	99,398	41,156	9,762,349
<b>Fund Balances - Ending</b>	<u>\$ 74,303</u>	<u>\$ 16,629</u>	<u>\$ 4,399,071</u>

See accompanying note to supplementary information.

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<b>COP Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ -	\$ 3,685,089
-	297,004
<u>7,500</u>	<u>794,323</u>
<u>7,500</u>	<u>4,776,416</u>
-	5,273,478
-	123,455
-	5,431,429
350,000	387,500
<u>136,715</u>	<u>136,715</u>
<u>486,715</u>	<u>11,352,577</u>
<u>(479,215)</u>	<u>(6,576,161)</u>
<u>395,846</u>	<u>1,079,892</u>
(83,369)	(5,496,269)
<u>579,294</u>	<u>10,482,197</u>
<u>\$ 495,925</u>	<u>\$ 4,985,928</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES BY OBJECT  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Capital Facilities Fund</b>
<b>REVENUES</b>			
Revenue limit sources	\$ 91,296,687	\$ -	\$ -
Federal sources	8,677,450	-	-
Other State sources	21,343,696	-	-
Other local sources	6,728,146	6,432,502	3,171,950
<b>Total Revenues</b>	<u>128,045,979</u>	<u>6,432,502</u>	<u>3,171,950</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Certificated salaries	62,291,156	-	-
Classified salaries	18,126,691	-	-
Employee benefits	34,193,947	-	-
Books and supplies	3,997,281	-	-
Services and operating expenditures	10,734,218	423	73,490
Other outgo	1,178,570	-	-
Capital outlay	1,039,143	12,129,266	2,207,641
Debt service - principal	1,272,619	-	408,012
Debt service - interest and other	379,051	-	207,213
<b>Total Expenditures</b>	<u>133,212,676</u>	<u>12,129,689</u>	<u>2,896,356</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,166,697)</u>	<u>(5,697,187)</u>	<u>275,594</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	205,925
Other sources	1,003,819	-	-
Operating transfers out	(889,971)	-	(395,846)
<b>Total Other Financing Sources (Uses)</b>	<u>113,848</u>	<u>-</u>	<u>(189,921)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(5,052,849)</u>	<u>(5,697,187)</u>	<u>85,673</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>17,588,074</u>	<u>30,805,131</u>	<u>7,839,102</u>
<b>FUND BALANCES, END OF YEAR</b>	<u><u>\$ 12,535,225</u></u>	<u><u>\$ 25,107,944</u></u>	<u><u>\$ 7,924,775</u></u>

See accompanying note to supplementary information.

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<b>Bond Interest and Redemption Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 91,296,687
-	3,685,089	12,362,539
59,053	297,004	21,699,753
6,787,394	794,323	23,914,315
<u>6,846,447</u>	<u>4,776,416</u>	<u>149,273,294</u>
-	-	62,291,156
-	1,671,376	19,798,067
-	1,004,172	35,198,119
-	285,433	4,282,714
-	2,337,198	13,145,329
-	123,454	1,302,024
-	5,406,729	20,782,779
2,750,000	387,500	4,818,131
4,402,348	136,715	5,125,327
<u>7,152,348</u>	<u>11,352,577</u>	<u>166,743,646</u>
<u>(305,901)</u>	<u>(6,576,161)</u>	<u>(17,470,352)</u>
-	1,079,892	1,285,817
-	-	1,003,819
<u>-</u>	<u>-</u>	<u>(1,285,817)</u>
<u>-</u>	<u>1,079,892</u>	<u>1,003,819</u>
(305,901)	(5,496,269)	(16,466,533)
8,244,898	10,482,197	74,959,402
<u>\$ 7,938,997</u>	<u>\$ 4,985,928</u>	<u>\$ 58,492,869</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES BY OBJECT  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Cafeteria Fund</b>	<b>County School Facilities Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>
<b>REVENUES</b>			
Federal sources	\$ 3,685,089	\$ -	\$ -
Other State sources	297,004	-	-
Other local sources	743,199	173	43,451
<b>Total Revenues</b>	<b>4,725,292</b>	<b>173</b>	<b>43,451</b>
<b>EXPENDITURES</b>			
Current expenditures			
Classified salaries	1,671,376	-	-
Employee benefits	1,004,172	-	-
Books and supplies	285,433	-	-
Services and operating expenditures	2,312,498	24,700	-
Other outgo	123,454	-	-
Capital outlay	-	-	5,406,729
Debt service - principal	37,500	-	-
Debt service - interest and other	-	-	-
<b>Total Expenditures</b>	<b>5,434,433</b>	<b>24,700</b>	<b>5,406,729</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(709,141)</b>	<b>(24,527)</b>	<b>(5,363,278)</b>
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	684,046	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(25,095)</b>	<b>(24,527)</b>	<b>(5,363,278)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>99,398</b>	<b>41,156</b>	<b>9,762,349</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 74,303</b>	<b>\$ 16,629</b>	<b>\$ 4,399,071</b>

See accompanying note to supplementary information.

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<b>COP Debt Service Fund</b>	<b>Non-Major Governmental Funds</b>
\$ -	\$ 3,685,089
-	297,004
7,500	794,323
<u>7,500</u>	<u>4,776,416</u>
-	1,671,376
-	1,004,172
-	285,433
-	2,337,198
-	123,454
-	5,406,729
350,000	387,500
136,715	136,715
<u>486,715</u>	<u>11,352,577</u>
<u>(479,215)</u>	<u>(6,576,161)</u>
<u>395,846</u>	<u>1,079,892</u>
(83,369)	(5,496,269)
579,294	10,482,197
<u>\$ 495,925</u>	<u>\$ 4,985,928</u>

**OXNARD UNION HIGH SCHOOL DISTRICT**

**SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS –  
 SUB-FUND DETAIL  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES BY OBJECT  
 FOR THE YEAR ENDED JUNE 30, 2013**

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	<b>Certificates of Participation</b>	<b>ACHS Growth</b>	<b>PHS Startup</b>
<b>REVENUES</b>			
Other local sources	\$ 9,681	\$ 197	\$ 3,669
<b>EXPENDITURES</b>			
Current expenditures			
Capital outlay	-	-	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>9,681</u>	<u>197</u>	<u>3,669</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	1,609,162	444,475	784,663
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,618,843</u>	<u>\$ 444,672</u>	<u>\$ 788,332</u>

See accompanying note to supplementary information.

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<b>Qualified Energy Conservation Bonds</b>	<b>E-Rate Internal Connections Provision</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>
\$ 20,856	\$ 9,048	\$ 43,451
3,912,321	1,494,408	5,406,729
<u>(3,891,465)</u>	<u>(1,485,360)</u>	<u>(5,363,278)</u>
3,921,597	3,002,452	9,762,349
<u>\$ 30,132</u>	<u>\$ 1,517,092</u>	<u>\$ 4,399,071</u>



# OXNARD UNION HIGH SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2013

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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.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Medi-Cal Administrative Activities funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, Medi-Cal Billing Option funds have been recorded in the current period as revenues that have not been expended as of June 30, 2013. These unspent balances are reported as legally restricted ending balances within the General Fund.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 12,362,539
Medi-Cal Billing Option	93.778	(114,835)
Medi-Cal Administrative Activities Program	93.778	59,977
Total Schedule of Expenditures of Federal Awards		<u>\$ 12,307,681</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.

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2013**

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### **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.

### **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 District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

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

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

### **Statements of Revenues, Expenditures, and Changes in Fund Balances by Object**

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.

### **Special Reserve Fund for Capital Outlay Projects – Sub-Fund Detail Statement of Revenues, Expenditures, and Changes in Fund Balances by Object**

These statements present the revenues and expenditures for 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard Union High School District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Oxnard Union High School District's basic financial statements, and have issued our report thereon dated November 22, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Oxnard Union High School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oxnard Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oxnard Union High School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings, and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as item 2013-1.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oxnard Union High School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Oxnard Union High School District in a separate letter dated November 22, 2013.

## **Oxnard Union High School District's Response to Findings**

Oxnard Union High School District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Oxnard Union High School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California  
November 22, 2013



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Governing Board  
Oxnard Union High School District  
Oxnard, California

**Report on Compliance for Each Major Federal Program**

We have audited Oxnard Union High School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Oxnard Union High School District's (the District) major Federal programs for the year ended June 30, 2013. Oxnard Union High School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Oxnard Union High School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Oxnard Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Oxnard Union High School District's compliance.

## Opinion on Each Major Federal Program

In our opinion, Oxnard Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of Oxnard Union High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oxnard Union High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oxnard Union High School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California  
November 22, 2013



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board  
Oxnard Union High School District  
Oxnard, California

### Report on State Compliance

We have audited Oxnard Union High School District's compliance with the types of compliance requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2012-2013* that could have a direct and material effect on each of Oxnard Union High School District's State government programs as noted below for the year ended June 30, 2013.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Oxnard Union High School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2012-2013*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Oxnard Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Oxnard Union High School District's compliance with those requirements.

### Unmodified Opinion on Each of the Other Programs

In our opinion, Oxnard Union High School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2013.



In connection with the audit referred to above, we selected and tested transactions and records to determine the Oxnard Union High School District's compliance with the State laws and regulations applicable to the following items:

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Not Applicable
Independent Study	23	Yes
Continuation Education	10	Yes, See Below
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	Not Applicable
Instructional Materials:		
General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
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
Districts or Charter Schools With Only One School Serving K-3	4	Not Applicable
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	5	Not Applicable
Before School	6	Not Applicable
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	4	Not Applicable

We did not perform procedures specific to the work experience program, as the District does not operate this Program.

*Vavrinek, Trine, Day & Co., LLP*

Rancho Cucamonga, California  
November 22, 2013

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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, 2013**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.048</u>	<u>Carl D. Perkins Vocational and Technical Education Act of 1998 Secondary Education</u>
<u>84.027</u>	<u>Basic Local Assistance Entitlement, Part B, Section 611</u>
<u>84.010</u>	<u>Title I, Part A Cluster</u>
<u>84.367</u>	<u>Title II, Part A Cluster</u>
<u>84.184</u>	<u>Safe and Supportive Schools Programmatic Intervention (S3)</u>
<u>93.778</u>	<u>Medicaid Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 369,230</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Type of auditors' report issued on compliance for programs:	<u>Unmodified</u>
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# OXNARD UNION HIGH SCHOOL DISTRICT

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2013

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The following finding represents significant deficiencies, 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

### 2013-1 30000 – Fiscal Condition (Deficit Spending-Cafeteria Fund)

#### *Significant Deficiency*

#### **Criteria or Specific Requirements**

Industry standards and best business practices related to accounting and internal control require that an entity adopt, implement, and monitor procedures that will allow for timely reporting of financial information to management and those charged with governance.

#### **Condition**

The Cafeteria Fund has incurred operating deficits in each of the past three years in the amounts of \$709,141, \$1,465,631, and \$1,035,152 for the fiscal years ending June 30, 2013, 2012, and 2011, respectively. The Cafeteria Fund balance has decreased during that time to a current fund balance of \$74,303 of which the entire amount is stores inventory. In each of the past three years the Cafeteria Fund has encroached on the General Fund in the amount of \$684,046, \$5,057,613 and \$2,913,995 for the fiscal years ending June 30, 2013, 2012, and 2011, respectively.

#### **Questioned costs**

There were no questioned costs associated with the condition found.

#### **Context**

The conditions identified were determined through review of the District financial statements, fund balance, and current year budget including multi-year projections.

#### **Effect**

The inability to reduce expenditures to a level more in line with the decrease in revenues seen over the past few years could result in the District General Fund being unable to meet its reserve requirement in future years, due in part to the encroachment from the Cafeteria Fund operations. If the Cafeteria Fund continues the current trend of deficit spending through operations, the current fiscal year encroachment is estimated at \$500,000.

# **OXNARD UNION HIGH SCHOOL DISTRICT**

## **FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2013**

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### **Cause**

The California Department of Education (CDE) withheld reimbursement claim payments from the Cafeteria Fund in the prior year in order to repay an outstanding assessment payable. The practice of deficit spending and the withholding of claim reimbursements by the CDE have lowered the Cafeteria Fund balance to levels that have attributed to the Cafeteria Fund encroaching on the General Fund to maintain daily operations.

### **Recommendation**

The District should continue to implement a plan to bring the Cafeteria Fund's budget into balance and at a minimum and 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.

### **Corrective Action Plan**

The District continues to work on controlling labors costs, exploring ways of increasing participation and meal sales with the assistance of our third party vendor, Sodexo.

The 2012-2013 estimated encroachment from the General Fund is \$651,818. This is partially due to the lifetime retiree benefits for employees hired prior to June 30, 2004, in the amount of \$433,574. The District also charges direct support costs in the amount of \$268,434. With these two factors which total \$702,008, the Cafeteria Fund will continue to deficit spend.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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None reported.

**OXNARD UNION HIGH SCHOOL DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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None reported.

# OXNARD UNION HIGH SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2013

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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.

### *Financial Statement Findings*

2012-1    30000

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

##### **Finding**

The Cafeteria Fund has incurred operating deficits in each of the past three years in the amounts of \$1,465,631, \$1,035,152, and \$1,119,020 for the fiscal years ending June 30, 2012, 2011, and 2010, respectively. The Cafeteria Fund balance has decreased during that time to a current fund balance of \$99,398 of which the entire amount is stores inventory. The California Department of Education (CDE) withheld reimbursement claim payments from the Cafeteria Fund in order to repay the outstanding assessment payable. During the year the CDE withheld \$3,591,982 of claim reimbursements which eliminated the outstanding assessment payable as of year-end. The practice of deficit spending and the withholding of claim reimbursements by the CDE have lowered the Cafeteria Fund balance to levels that have attributed to the Cafeteria Fund encroaching on the General Fund to maintain daily operations. In each of the past three years the Cafeteria Fund has encroached on the General Fund in the amounts of \$5,057,613, \$2,913,995 and \$550,972 for the fiscal years ending June 30, 2012, 2011, and 2010, respectively. If the Cafeteria Fund continues the current trend of deficit spending through operations, the current fiscal year encroachment is estimated at \$900,000.

##### **Recommendation**

The District should continue to implement a plan to bring the Cafeteria Fund's budget into balance and at a minimum and 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.

##### **Current Status**

Not implemented; see current year finding 2013-1.





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 (the District), for the year ended June 30, 2013, 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 November 22, 2013, on the government-wide financial statements of Oxnard Union High School District.

## 2012-2013 OBSERVATIONS AND RECOMMENDATIONS

### *COMPENSATED ABSENCES*

#### **Observation**

In our review of compensated absences, we noted there is presently a policy establishing the number of vacation days that can be carried over from year-to-year. In reviewing the vacation carryover balances as of June 30, 2013, we noted numerous employees exceeded the allowable carryover.

#### **Recommendation**

We recommend the District implement procedures that will ensure all employees adhere to the vacation carryover policy at year end. In addition, we recommend the District consider a policy that will allow for any employee who has excess vacation hours at year end to be paid out so as to carryover no more vacation days than the amount that is allowable.

**ASSOCIATED STUDENT BODY (ASB)**

**REVENUE POTENTIAL/FUNDRAISING REQUEST FORMS – ADOLFO CAMARILLO HIGH SCHOOL**

**Observation**

Although revenue potential forms are being used, auditor noted the forms are incomplete. Revenue potential forms are not being used to document and control fundraising activities as they occur. There is no evidence of fundraiser approval or revenue potential being approved after to document and control fundraising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received. Additionally, auditor noted no evidence of fundraiser request forms or other type of documentation of fundraiser approval.

**Recommendation**

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue, and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential also indicates weak control areas in the fundraising procedures at the site, including lost or stolen merchandise, problems with collecting all monies due, and so forth. The revenue potential form used at the site should contain four major elements. These are:

1. Potential Income - This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.
2. Receipts/Fundraiser Deposits - This record all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.
3. Analysis - This section is used to compare the potential income as calculated in the potential income section to the actual funds raised as calculated in the receipts/fundraiser deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.
4. Recap - This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

In addition, before fundraisers are held the site administrator or ASB advisor should fill out some type of documentation at the beginning or during each school year indicating approval of the number and types of fundraising events that each school's student organizations will hold that year.

***STUDENT COUNCIL MEETING MINUTES – ADOLFO CAMARILLO HIGH SCHOOL***

**Observation**

The minutes of the Student Council meetings are not complete as suggested in the "*Accounting Procedures for Student Organizations*" manual, as prepared by the School Business Services Division of the California Department of Education. The auditor noted that expenditures were not being addressed or approved in the Student Council meeting minutes (evident by signatures) as well as no evidence of voting.

**Recommendation**

The CDE's manual suggests that minutes be taken and filed which includes details of the meeting including budgeting procedures, fundraising discussions, and approval of expenditures. In addition, any motion which is presented and voted on must include the individual's name who presented the motion, the person who seconded it and the final vote on the motion.

**2011-2012 OBSERVATIONS AND RECOMMENDATIONS**

***COMPENSATED ABSENCES***

**Observation**

In our review of compensated absences, we noted there is presently a policy establishing the number of vacation days that can be carried over from year-to-year. In reviewing the vacation carryover balances as of June 30, 2012, we noted numerous employees exceeded the allowable carryover.

**Recommendation**

We recommend the District implement procedures that will ensure all employees adhere to the vacation carryover policy at year end. In addition, we recommend the District consider a policy that will allow for any employee who has excess vacation hours at year end to be paid out so as to carryover no more vacation days than the amount that is allowable.

**Current Status**

Not implemented

***INVESTMENT BOARD POLICY***

**Observation**

In our review of the current Board investment policy, we noted there is presently a policy establishing that "the District's Chief Fiscal Officer shall annually provide to the Board and any District investment oversight committee a statement of the District's investment policy or, if all District surplus funds are invested with the County Treasurer, the County's investment policy.

The annual investment report shall be submitted no later than the end of the first quarter of the year to which it applies.

At a public meeting, the Board shall review this policy and discuss any changes to be made. There is also a policy establishing that "the Chief Fiscal Officer of the District shall provide the Board, Superintendent, and internal auditor with quarterly reports of District investments in individual accounts that are \$25,000 or more." The District does not currently follow either of these established policies with regards to their investments.

**Recommendation**

We recommend the District review the policies and implement procedures that will ensure adherence to their stated investment policies.

**Current Status**

Implemented

***ASSOCIATED STUDENT BODY (ASB)***

***REVENUE POTENTIAL/FUNDRAISING REQUEST FORMS – HUENEME HIGH SCHOOL AND FRONTIER HIGH SCHOOL***

**Observation**

Although revenue potential forms are being used, auditor noted the forms are incomplete. Revenue potential forms are not being used to document and control fundraising activities as they occur. There is no evidence of fundraiser approval or revenue potential being approved after to document and control fundraising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received. Additionally, auditor noted no evidence of fundraiser request forms or other type of documentation of fundraiser approval.

**Recommendation**

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue, and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential also indicates weak control areas in the fundraising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due and so forth. The revenue potential form used at the site should contain four major elements. These are:

1. Potential Income - This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.

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2. Receipts/Fundraiser Deposits - This record all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.
3. Analysis - This section is used to compare the potential income as calculated in the potential income section to the actual funds raised as calculated in the receipts/fundraiser deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.
4. Recap - This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

In addition, before fundraisers are held the site administrator or ASB advisor should fill out some type of documentation at the beginning or during each school year indicating approval of the number and types of fundraising events that each school's student organizations will hold that year.

**Current Status**

Implemented

***INVENTORY RECOGNITION – RIO MESA HIGH SCHOOL***

**Observation**

It appears that student store inventory is not individually recognized on the ASB financial statements. As a result, we are unable to determine the total amount of assets maintained by the ASB.

**Recommendation**

Any inventory on hand including PE clothes, school polo/spirit shirts, and other student store supplies should be listed as an individual asset on the ASB's financial statements. This would support the assurance of inventory being reported accurately and reconciled properly to the quarterly inventory count.

**Current Status**

Implemented

***STUDENT COUNCIL MEETING MINUTES – FRONTIER HIGH SCHOOL***

**Observation**

The minutes of the Student Council meetings are not complete as suggested in the "*Accounting Procedures for Student Organizations*" manual, as prepared by the School Business Services Division of the California Department of Education. The auditor noted that expenditures were not being addressed or approved in the Student Council meeting minutes (evident by signatures) as well as no evidence of voting.

**Recommendation**

The CDE's manual suggests that minutes be taken and filed which includes details of the meeting including budgeting procedures, fund raising discussions, and approval of expenditures. In addition, any motion which is presented and voted on must include the individual's name who presented the motion, the person who seconded it and the final vote on the motion.

**Current Status**

Implemented

***DISBURSEMENT AUTHORIZATION – HUENEME HIGH SCHOOL***

**Observation**

In reviewing the cash disbursement procedures at the site, we noted the following deficiency:

- Approvals were missing on one or more disbursement authorization from the Student Council

**Recommendation**

The site should review the cash disbursement procedures outlined in the California Department of Education's manual titled, "*Accounting and Procedures for Student Organizations*". The manual explains that three signatures, one being a student representative, are required pursuant to California *Educational Code* Section 48933(5)(b) on all disbursements from a student body account and that documents supporting a disbursement should be kept in organized files with the student body bookkeeper so that they can be easily reviewed should the need arise.

**Current Status**

Implemented

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California  
November 22, 2013