



ANNUAL FINANCIAL REPORT

JUNE 30, 2012

OXNARD UNION HIGH SCHOOL DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Governing Board
Oxnard Union High School District
Oxnard, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxnard Union High School District (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-2012*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 and the budgetary comparison information and schedule of other post employment benefits on pages 52 through 54 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The *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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *supplementary information* is fairly stated in all material respects in relation to the financial statements as a whole.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
October 22, 2012



**Oxnard Union
High School District**

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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, 2012, with comparative information from 2011. 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, 2012**

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

Total General Fund Revenue decreased by 1.88 percent from the previous fiscal year. The following table shows major revenue sources for fiscal year 2011-2012 compared with fiscal year 2010-2011.

General Fund Revenue Comparison - Amount

	2012	2011	Increase (Decrease)
Revenue Limit Sources (Includes Property Taxes)	\$ 91,637,916	\$ 91,618,835	\$ 19,081
Federal Revenues	12,782,699	11,846,846	935,853
Other State Revenues	13,581,471	18,717,997	(5,136,526)
Other Local Revenues	12,319,527	10,634,321	1,685,206
	<u>\$ 130,321,613</u>	<u>\$ 132,817,999</u>	<u>\$ (2,496,386)</u>

Total General Fund Expenditures increased 0.63 percent from the previous fiscal year. The following table shows expenditures for fiscal year 2011-2012 compared with fiscal year 2010-2011.

General Fund Expenditure Comparison - Unrestricted and Restricted

	2012		2011		Change	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Certificated salaries	\$ 63,389,692	47.7%	\$ 63,369,609	48.0%	\$ 20,083	0.03%
Classified salaries	18,292,563	13.8%	17,787,562	13.5%	505,001	2.84%
Employee benefits	31,771,739	23.9%	32,580,019	24.7%	(808,280)	-2.48%
Books and supplies	3,708,128	2.8%	4,641,521	3.5%	(933,393)	-20.11%
Services and other	11,983,000	9.0%	12,327,302	9.3%	(344,302)	-2.79%
Other outgo	1,142,542	0.9%	389,625	0.3%	752,917	193.24%
Capital outlay and debt service	2,628,393	2.0%	988,795	0.7%	1,639,598	165.82%
	<u>\$ 132,916,057</u>	<u>100.0%</u>	<u>\$ 132,084,433</u>	<u>100.0%</u>	<u>\$ 831,624</u>	<u>0.63%</u>

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

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

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

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 Assets*. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were \$85,606,184 for the fiscal year ended June 30, 2012. Of this amount, the District reported a deficit in their unrestricted net assets of (\$25,246,279). Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

Table 1

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Assets		
Current and other assets	\$ 88,897,106	\$ 117,950,682
Capital assets	182,756,425	165,755,104
Total Assets	<u>271,653,531</u>	<u>283,705,786</u>
Liabilities		
Current liabilities	14,484,306	12,003,425
Long-term obligations	171,563,041	165,238,076
Total Liabilities	<u>186,047,347</u>	<u>177,241,501</u>
Net Assets		
Invested in capital assets, net of related debt	85,726,821	96,398,057
Restricted	25,125,642	23,354,698
Unrestricted	(25,246,279)	(13,288,470)
Total Net Assets	<u>\$ 85,606,184</u>	<u>\$ 106,464,285</u>

OXNARD UNION HIGH SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Changes in Net Assets

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

Table 2

	Governmental Activities	
	2012	2011
Revenues		
Program revenues:		
Charges for services	\$ 982,281	\$ 1,943,224
Operating grants and contributions	30,006,379	29,315,504
Capital grants and contributions	2,598	2,854,996
General revenues:		
State revenue limit sources	65,501,708	65,006,433
Property taxes	45,979,402	48,864,325
Other general revenues	465,328	4,100,194
Total Revenues	<u>142,937,696</u>	<u>152,084,676</u>
Expenses		
Instruction-related	109,692,273	109,792,408
Student support services	20,500,084	20,331,325
Administration	8,675,228	7,771,222
Maintenance and operations	14,022,951	13,863,936
Other	10,905,261	8,085,826
Total Expenses	<u>163,795,797</u>	<u>159,844,717</u>
Change in Net Assets	<u>\$ (20,858,101)</u>	<u>\$ (7,760,041)</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, 2012

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	
	2012	2011
Instruction-related	\$ 88,725,463	\$ 87,775,975
Student support services	14,712,494	12,298,503
Administration	7,552,565	6,738,775
Maintenance and operations	13,488,268	13,224,202
Other	8,325,749	5,693,538
Total	\$ 132,804,539	\$ 125,730,993

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$74,959,402, which is a decrease of \$31,383,321 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 and the redemption of \$12.97 million in General Obligation Bonds.

General Fund Budgetary Highlights

The District is required to adopt its budget by June 30, each year. This was prior to adoption of the State budget on June 30, 2011. 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 12, 2012. (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 52.)

OXNARD UNION HIGH SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had \$182,756,425 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 \$17,001,321, or 10.26 percent, from last year.

Table 4

	Governmental Activities	
	2012	2011
Land	\$ 27,716,042	\$ 27,716,042
Construction in process	32,688,972	10,027,720
Buildings and improvements	118,909,440	125,075,360
Furniture and equipment	3,441,971	2,935,982
Total	<u>\$ 182,756,425</u>	<u>\$ 165,755,104</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 \$22,661,252 increase in Construction in Progress shown on Table 4.

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

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

Long-Term Obligations

At the end of this year, the District had \$171,563,041 in outstanding debt versus \$165,238,076 last year, an increase of \$6,324,965. Long-term obligations consisted of:

Table 5

	Governmental Activities	
	2012	2011
General obligation bonds	\$ 94,928,769	\$ 97,404,476
Premium on issuance	2,548,287	1,913,310
Certificates of participation	3,255,000	3,585,000
Municipal leases	5,245,000	5,695,000
Municipal lease discount	(20,740)	(21,960)
Qualified energy conservation bonds	18,731,609	19,067,726
Loan Payable	75,000	112,500
Accumulated vacation	1,696,079	1,519,532
Assessments payable	-	3,591,982
Net OPEB obligation	45,104,037	32,370,510
Total	<u>\$ 171,563,041</u>	<u>\$ 165,238,076</u>

The District's outstanding general obligation debt of \$94,928,769 is below the assessed value cap for voter approved debt.

Other obligations include certificates of participation, municipal leases, qualified energy conservation bonds, accumulated vacation, assessments payable, 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 2011-2012 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.

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

ASSUMPTIONS USED AT ADOPTION OF 2011-2012 BUDGET:

Revenue

- Revenue Limit funded COLA of 2.24 percent, with 20.602 percent deficit factor.
- Minimal growth in enrollment.
- No equalization aid.
- Base revenue limit \$7,569.87 (before deficit).
- Anticipate unrestricted lottery revenue at \$123.00 per annual ADA and restricted lottery (Prop 20) revenue at \$29.00 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.
- Expect reductions in all Federal programs.

Expenditures

- Two percent estimated salary increase for 2011-2012 Certificated step. 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 10.923 percent and CalPERS reduction at 2.097 percent. CalPERS restoration (buyback) estimated to be 29.6108 percent.
- Increase in Health and Welfare costs by 14.21 percent.
- School site allocation \$45 per CBEDS.
- Unless changes (noted above) are made, all items are "rolled forward" at the level of the second interim report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Although the District is financially stable, its financial condition is highly dependent upon the economic condition of the State of California. At the time these financial statements were prepared and audited, there are several factors that could significantly affect its future financial condition. The most significant factor is an automatic "trigger" cut that would be implemented if Proposition 30 is not passed on November 6, 2012. The "trigger" cut of \$507.19/ADA would reduce the District's revenue by over \$7.5 million each year. The District has submitted a tentative budget plan to the Ventura County Office of Education describing its course of action to maintain financial stability in the event that the November 6th tax initiatives fail.

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, CA, or e-mail at steve.dickinson@ouhsd.k12.ca.us.

OXNARD UNION HIGH SCHOOL DISTRICT

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Governmental Activities
ASSETS	
Deposits and investments	\$ 55,642,346
Receivables	6,154,584
Due from other governmental units	24,992,857
Stores inventories	318,607
Deferred cost on issuance	1,788,712
Capital assets	
Land and construction in progress	60,405,014
Other capital assets	240,512,241
Less: Accumulated depreciation	(118,160,830)
Capital assets, net of accumulated depreciation	<u>182,756,425</u>
Total Assets	<u><u>271,653,531</u></u>
LIABILITIES	
Accounts payable	11,696,266
Interest payable	2,335,314
Due to other governments	74,113
Deferred revenue	378,613
Long-term obligations	
Current portion of long-term obligations	4,818,131
Noncurrent portion of long-term obligations	166,744,910
Total Long-Term Obligations	<u>171,563,041</u>
Total Liabilities	<u><u>186,047,347</u></u>
NET ASSETS	
Invested in capital assets, net of related debt	85,726,821
Restricted for:	
Debt service	6,488,878
Capital projects	17,254,130
Educational programs	1,382,634
Unrestricted	(25,246,279)
Total Net Assets	<u><u>\$ 85,606,184</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, 2012**

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities						
Instruction	\$ 89,176,473	\$ 21,698	\$ 16,047,303	\$ 2,598	\$ (73,104,874)	
Instruction-related activities:						
Supervision of instruction	3,552,188	1,543	4,113,799	-	563,154	
Instructional library, media and technology	2,192,556	298	269,535	-	(1,922,723)	
School site administration	14,771,056	2,083	507,953	-	(14,261,020)	
Pupil services:						
Home-to-school transportation	1,787,492	-	558,094	-	(1,229,398)	
Food services	7,015,534	455,853	2,252,207	-	(4,307,474)	
All other pupil services	11,697,058	3,176	2,518,260	-	(9,175,622)	
Administration:						
Data processing	2,564,019	-	22,305	-	(2,541,714)	
All other administration	6,111,209	15,104	1,085,254	-	(5,010,851)	
Plant services	14,022,951	23,974	510,709	-	(13,488,268)	
Ancillary services	2,303,264	32	141	-	(2,303,091)	
Community services	121,839	-	-	-	(121,839)	
Interest on long-term obligations	7,210,170	-	-	-	(7,210,170)	
Other outgo	1,269,988	458,520	2,120,819	-	1,309,351	
Total Governmental Activities	\$ 163,795,797	\$ 982,281	\$ 30,006,379	\$ 2,598	(132,804,539)	
General revenues and subventions						
Property taxes, levied for general purposes					39,503,290	
Property taxes, levied for debt service					6,155,394	
Taxes levied for other specific purposes					320,718	
Federal and State aid not restricted to specific purposes					65,501,708	
Interest and investment earnings					174,995	
Interagency revenues					196,740	
Miscellaneous					93,593	
					<u>111,946,438</u>	
Changes in Net Assets					<u>(20,858,101)</u>	
Net Assets - Beginning					106,464,285	
Net Assets - Ending					<u>\$ 85,606,184</u>	

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, 2012**

	General Fund	Cafeteria Fund	Building Fund
ASSETS			
Deposits and investments	\$ 5,868,133	\$ 179,761	\$ 24,950,543
Receivables	5,470,749	568,009	67,327
Due from other funds	482,677	96,172	7,000,000
Due from other governments	24,992,857	-	-
Stores inventories	219,209	99,398	-
Total Assets	\$ 37,033,625	\$ 943,340	\$ 32,017,870
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,169,589	\$ 378,425	\$ 1,212,739
Due to other funds	14,823,236	465,517	-
Due to other governments	74,113	-	-
Deferred revenue	378,613	-	-
Total Liabilities	19,445,551	843,942	1,212,739
Fund Balances:			
Nonspendable	229,209	99,398	-
Restricted	1,382,634	-	30,805,131
Assigned	10,679,267	-	-
Unassigned	5,296,964	-	-
Total Fund Balances	17,588,074	99,398	30,805,131
Total Liabilities and Fund Balances	\$ 37,033,625	\$ 943,340	\$ 32,017,870

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

Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 14,216,270	\$ 10,427,639	\$ 55,642,346
26,621	21,878	6,154,584
1,200,000	6,527,064	15,305,913
-	-	24,992,857
-	-	318,607
<u>\$ 15,442,891</u>	<u>\$ 16,976,581</u>	<u>\$ 102,414,307</u>
\$ 5,680,542	\$ 254,971	\$ 11,696,266
-	17,160	15,305,913
-	-	74,113
-	-	378,613
<u>5,680,542</u>	<u>272,131</u>	<u>27,454,905</u>
-	-	328,607
3,921,597	16,704,450	52,813,812
5,840,752	-	16,520,019
-	-	5,296,964
<u>9,762,349</u>	<u>16,704,450</u>	<u>74,959,402</u>
<u>\$ 15,442,891</u>	<u>\$ 16,976,581</u>	<u>\$ 102,414,307</u>

OXNARD UNION HIGH SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Total Fund Balance - Governmental Funds		\$ 74,959,402
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is:	\$ 300,917,255	
Accumulated depreciation is:	<u>(118,160,830)</u>	182,756,425
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.		1,788,712
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.		(2,335,314)
Long-term obligations at year-end consist of:		
Bonds payable	94,928,769	
Premium on issuance	2,548,287	
Certificates of participation	3,255,000	
Municipal lease	5,245,000	
Discount on municipal lease	(20,740)	
Qualified energy construction bonds	18,731,609	
Loan Payable	75,000	
Compensated absences (vacations)	1,696,079	
Net OPEB obligation	<u>45,104,037</u>	
Total Long-Term Obligations		<u>(171,563,041)</u>
Total Net Assets - Governmental Activities		<u><u>\$ 85,606,184</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, 2012**

	General Fund	Cafeteria Fund	Building Fund
REVENUES			
Revenue limit sources	\$ 91,637,916	\$ -	\$ -
Federal sources	12,782,699	3,743,472	-
Other State sources	13,581,471	317,716	-
Other local sources	12,319,527	838,817	237,535
Total Revenues	130,321,613	4,900,005	237,535
EXPENDITURES			
Current			
Instruction	78,034,201	-	-
Instruction related activities:			
Supervision of instruction	3,319,258	-	-
Instructional library, media, and technology	1,875,058	-	-
School site administration	10,935,995	-	-
Pupil services:			
Home-to-school transportation	1,572,933	-	-
Food services	190,523	5,811,920	-
All other pupil services	10,528,834	-	-
Administration:			
Data processing	2,508,477	-	-
All other administration	5,065,677	159,323	-
Plant services	13,125,249	268,434	-
Facility acquisition and construction	109,038	-	10,655,728
Ancillary services	2,303,264	-	-
Community services	121,839	-	-
Other outgo	1,269,988	-	-
Debt service			
Principal	395,929	3,629,482	-
Interest and other	1,559,794	-	-
Total Expenditures	132,916,057	9,869,159	10,655,728
Excess (Deficiency) of Revenues Over Expenditures	(2,594,444)	(4,969,154)	(10,418,193)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	5,057,613	6,428
Other sources	-	-	-
Transfers out	(5,266,532)	-	-
Net Financing Sources (Uses)	(5,266,532)	5,057,613	6,428
NET CHANGE IN FUND BALANCES	(7,860,976)	88,459	(10,411,765)
Fund Balances - Beginning	25,449,050	10,939	41,216,896
Fund Balances - Ending	\$ 17,588,074	\$ 99,398	\$ 30,805,131

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

Special Reserve Fund For Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 91,637,916
-	-	16,526,171
-	54,662	13,953,849
103,483	7,320,398	20,819,760
<u>103,483</u>	<u>7,375,060</u>	<u>142,937,696</u>
-	-	78,034,201
-	-	3,319,258
-	-	1,875,058
-	-	10,935,995
-	-	1,572,933
-	-	6,002,443
-	-	10,528,834
-	-	2,508,477
-	18,824	5,243,824
-	-	13,393,683
9,802,515	2,999,796	23,567,077
-	-	2,303,264
-	-	121,839
-	-	1,269,988
-	13,685,188	17,710,599
-	5,556,433	7,116,227
<u>9,802,515</u>	<u>22,260,241</u>	<u>185,503,700</u>
<u>(9,699,032)</u>	<u>(14,885,181)</u>	<u>(42,566,004)</u>
-	700,021	5,764,062
-	11,182,683	11,182,683
-	(497,530)	(5,764,062)
-	11,385,174	11,182,683
<u>(9,699,032)</u>	<u>(3,500,007)</u>	<u>(31,383,321)</u>
19,461,381	20,204,457	106,342,723
<u>\$ 9,762,349</u>	<u>\$ 16,704,450</u>	<u>\$ 74,959,402</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, 2012

Total Net Change in Fund Balances - Governmental Funds		\$ (31,383,321)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlay exceeds depreciation in the period.		
Capital outlays	\$ 24,075,909	
Depreciation expense	<u>(6,849,891)</u>	17,226,018
Loss on disposal of capital assets is reported in the government-wide Statement of Net Assets, but is not recorded in the governmental funds.		(224,697)
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 more than the amounts used by \$176,547.		(176,547)
Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment relates to the cafeteria assessments payable.		3,591,982
Proceeds received from issuance of debt is a revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Assets and does not affect the Statement of Activities:		
Sale of general obligation bonds		(10,435,000)
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 these related items:		
Premium on issuance for general obligation bonds	(747,683)	
Cost of issuance for general obligation bonds	<u>210,136</u>	
Combined Adjustment		(537,547)

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, 2012

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

General obligation bonds	\$ 12,965,000
Certificates of participation	330,000
Municipal leases	450,000
Qualified energy conservation bonds	336,117
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	(12,436)	
Combined Adjustment	20,723	20,723

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 \$12,733,527. (12,733,527)

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 \$270,510, and second, \$54,293 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds. (324,802)

Change in Net Assets of Governmental Activities \$ (20,858,101)

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

OXNARD UNION HIGH SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	<u>Associated Student Bodies</u>	<u>Foundation Special Reserve</u>	<u>Total Fiduciary Funds</u>
ASSETS			
Deposits and investments	\$ 1,356,120	\$ 61,033	\$ 1,417,153
Receivables	-	123	123
Total Assets	<u>\$ 1,356,120</u>	<u>\$ 61,156</u>	<u>\$ 1,417,276</u>
LIABILITIES			
Due to student groups	<u>\$ 1,356,120</u>	\$ -	<u>\$ 1,356,120</u>
NET ASSETS			
Held in trust for scholarships		<u>61,156</u>	<u>61,156</u>
Total Net Assets		<u>\$ 61,156</u>	<u>\$ 61,156</u>

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

OXNARD UNION HIGH SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

	Foundation Special Reserve
ADDITIONS	
Private donations	\$ 1,800
Interest	391
Total Additions	<u>2,191</u>
DEDUCTIONS	
Other expenditures	1,330
Total Deductions	<u>1,330</u>
Change in Net Assets	861
Net Assets - Beginning	<u>60,295</u>
Net Assets - Ending	<u><u>\$ 61,156</u></u>

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

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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, 2012

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.

As a result, the General Fund reflects an increase in assets, fund balance, and revenues of \$670,811, \$670,811, and \$4,336, respectively.

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).

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.

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

Non-Major Governmental Funds

Capital Project Funds The Capital Project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

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

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

Debt Service Funds The Debt Service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term obligations.

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

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

Fiduciary Funds Fiduciary funds reporting focuses on net assets and changes in net assets. 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.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other activities result from special revenue funds and the restrictions on their net asset use.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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.

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.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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, 2012, 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.

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.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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.

Fund Balances - Governmental Funds

As of June 30, 2012, 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.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

In fiscal year 2010-2011, 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 Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The government-wide financial statements report \$25,125,642 of restricted net assets.

Interfund Activity

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

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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.

New Accounting Pronouncements

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Early implementation is encouraged.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*—an amendment of 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.

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.

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

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2012, were classified in the accompanying financial statements as follows:

Governmental activities	\$ 55,642,346
Fiduciary funds	<u>1,417,153</u>
Total Deposits and Investments	<u><u>\$ 57,059,499</u></u>

Deposits and investments as of June 30, 2012, consisted of the following:

Cash on hand and in banks	\$ 1,357,520
Cash in revolving	10,000
Investments	<u>55,691,979</u>
Total Deposits and Investments	<u><u>\$ 57,059,499</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, 2012**

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, 2012**

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	\$ 54,799,998	337*
Money Market Mutual Funds	651,592	7/1/2012
Local Agency Bonds	235,605	11/1/2019
Local Agency Bonds	166,686	2/1/2019
Total	<u>\$ 55,853,881</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, 2012</u>	<u>Fair Value</u>
Ventura County Investment Pool	Not Required	AAAf	\$ 54,799,998
Money Market Mutual Funds	Not Required	Not Rated	651,592
Local Agency Bonds	Not Required	Not Rated	235,605
Local Agency Bonds	Not Required	AA	166,686
Total Investments			<u>\$ 55,853,881</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, 2012, of the District's bank balance was not exposed to custodial credit risk.

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3 - RECEIVABLES

Receivables at June 30, 2012, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects
Federal Government				
Categorical aid	\$ 1,994,105	\$ 537,943	\$ -	\$ -
State Government				
Apportionment	24,992,857	-	-	-
Categorical aid	1,164,713	1,442	-	-
Lottery	833,419	-	-	-
Local Government				
Interest	43,129	1,428	67,327	26,621
Other Local Sources	1,435,383	27,196	-	-
Total	<u>\$ 30,463,606</u>	<u>\$ 568,009</u>	<u>\$ 67,327</u>	<u>\$ 26,621</u>

	Non-Major Governmental Funds	Total	Fiduciary Funds
Federal Government			
Categorical aid	\$ -	\$ 2,532,048	\$ -
State Government			
Apportionment	-	24,992,857	-
Categorical aid	-	1,166,155	-
Lottery	-	833,419	-
Local Government			
Interest	21,878	160,383	123
Other Local Sources	-	1,462,579	-
Total	<u>\$ 21,878</u>	<u>\$ 31,147,441</u>	<u>\$ 123</u>

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 27,716,042	\$ -	\$ -	\$ 27,716,042
Construction in Progress	10,027,720	24,075,909	1,414,657	32,688,972
Total Capital Assets	<u>37,743,762</u>	<u>24,075,909</u>	<u>1,414,657</u>	<u>60,405,014</u>
Capital Assets Being Depreciated:				
Land Improvements	34,287,221	-	-	34,287,221
Buildings and Improvements	197,466,889	81,989	-	197,548,878
Furniture and Equipment	7,568,171	1,107,971	-	8,676,142
Total Capital Assets	<u>239,322,281</u>	<u>1,189,960</u>	<u>-</u>	<u>240,512,241</u>
Total Capital Assets	<u>277,066,043</u>	<u>25,265,869</u>	<u>1,414,657</u>	<u>300,917,255</u>
Less Accumulated Depreciation:				
Land Improvements	24,966,596	1,014,363	-	25,980,959
Buildings and Improvements	81,712,154	5,233,546	-	86,945,700
Furniture and Equipment	4,632,189	601,982	-	5,234,171
Total Accumulated Depreciation	<u>111,310,939</u>	<u>6,849,891</u>	<u>-</u>	<u>118,160,830</u>
Governmental Activities Capital Assets, Net	<u>\$ 165,755,104</u>	<u>\$ 18,415,978</u>	<u>\$ 1,414,657</u>	<u>\$ 182,756,425</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 3,835,939
School site administration	2,397,462
Home-to-school transportation	205,497
Food services	273,995
Plant services	136,998
Total Depreciation Expenses All Activities	<u>\$ 6,849,891</u>

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012, between major and non-major governmental funds are as follows:

Due To	Due From			Total
	General Fund	Cafeteria Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 465,517	\$ 17,160	\$ 482,677
Cafeteria Fund	96,172	-	-	96,172
Building Fund	7,000,000	-	-	7,000,000
Special Reserve for Fund for Capital Outlay Projects	1,200,000	-	-	1,200,000
Non-Major Governmental Funds	6,527,064	-	-	6,527,064
Total	\$ 14,823,236	\$ 465,517	\$ 17,160	\$ 15,305,913

A balance of \$88,459 is due to the Cafeteria Fund from the General Fund for stores adjustment. The balance of \$7,000,000 is due to the Building Fund from the General Fund for repayment of temporary loan.

The balance of \$1,200,000 is due to the Special Reserve Fund for Capital Outlay Projects from the General Fund for repayment of temporary loan.

A balance of \$6,500,000 is due to Capital Facilities (Non-Major) Fund from the General Fund for repayment of temporary loan.

A balance of \$427,757 is due to the General Fund from the Cafeteria 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, 2012**

Operating Transfers

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

Transfer To	Transfer From			Total
	General Fund	Special Reserve Fund For Capital Outlay Projects	Non-Major Governmental Funds	
Cafeteria Fund	\$ 5,057,613	\$ -	\$ -	\$ 5,057,613
Building Fund	6,428	-	-	6,428
Non-Major Governmental Funds	202,491	-	497,530	700,021
Total	<u>\$ 5,266,532</u>	<u>\$ -</u>	<u>\$ 497,530</u>	<u>\$ 5,764,062</u>

The General Fund transferred to the Cafeteria Fund to cover expenditures.	\$ 5,057,613
The General Fund transferred to the Building Fund for reimbursement of building costs.	6,428
The General Fund transferred to the Capital Facilities Fund to cover site lease payments.	202,491
The Capital Facilities Fund transferred to the COP Debt Service Fund for debt service payments.	480,730
The County School Facilities Fund transferred to the Capital Facilities Fund for reimbursement of building costs.	16,800
Total	<u>\$ 5,764,062</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.

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 6 - ACCOUNTS PAYABLE

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

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Vendor payables	\$ 3,385,131	\$ 68,449	\$ 603,260	\$ 1,728	\$ 613	\$ 4,059,181
Assessment payable	-	309,102	-	-	-	309,102
Salaries and benefits	858,571	874	-	-	-	859,445
Capital outlay	-	-	609,479	5,678,814	254,358	6,542,651
Total	<u>\$ 4,243,702</u>	<u>\$ 378,425</u>	<u>\$ 1,212,739</u>	<u>\$ 5,680,542</u>	<u>\$ 254,971</u>	<u>\$ 11,770,379</u>

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2012, consisted of the following:

	General Fund
Federal financial assistance	\$ 91,772
State categorical aid	232,987
Other local	53,854
Total	<u>\$ 378,613</u>

NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 1, 2011, the District issued \$3,850,000 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 June 1, 2012. By May 2012, 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 \$3,850,000 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, 2012**

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012	Due in One Year
General obligation bonds	\$ 97,404,476	\$ 10,489,293	\$ 12,965,000	\$ 94,928,769	\$ 2,750,000
Premium on issuance	1,913,310	747,683	112,706	2,548,287	-
Certificates of participation	3,585,000	-	330,000	3,255,000	350,000
Municipal leases	5,695,000	-	450,000	5,245,000	470,000
Municipal lease discount	(21,960)	-	(1,220)	(20,740)	-
Qualified energy conservation bonds	19,067,726	-	336,117	18,731,609	1,210,631
Loan payable	112,500	-	37,500	75,000	37,500
Compensated Absences	1,519,532	176,547	-	1,696,079	-
Assessments payable	3,591,982	-	3,591,982	-	-
Net OPEB obligation	32,370,510	24,268,231	11,534,704	45,104,037	-
	<u>\$ 165,238,076</u>	<u>\$ 35,681,754</u>	<u>\$ 29,356,789</u>	<u>\$ 171,563,041</u>	<u>\$ 4,818,131</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, 2012**

General Obligation Refunding Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2011	Issued and Principal Accretion	Redeemed	Bonds Outstanding June 30, 2012
April 1999	8/1/2027	4.6% - 5.8%	\$ 10,199,913	\$ 7,562,373	\$ 54,293	\$ 340,000	\$ 7,276,666
May 2001	8/1/2030	4.0% - 6.2%	31,705,000	24,680,000	-	790,000	23,890,000
May 2003	8/1/2027	2.0% - 4.5%	14,180,000	11,110,000	-	11,110,000	-
August 2010	8/1/2040	3.0%-5.0%	50,000,000	50,000,000	-	725,000	49,275,000
April 2011	8/1/2025	5.31%	4,052,103	4,052,103	-	-	4,052,103
May 2012	8/1/2027	3.0%-5.0%	10,435,000	-	10,435,000	-	10,435,000
			<u>\$ 120,572,016</u>	<u>\$ 97,404,476</u>	<u>\$ 10,489,293</u>	<u>\$ 12,965,000</u>	<u>\$ 94,928,769</u>

1999 Series A

Series A of the 1999 Revenue General Obligation Refunding Bonds were issued in April 1999. These bonds were issued to refund the 1997 General Obligation Bonds, Series B. The Taxable General Obligation Refunding Bonds, 1999 Series A were issued for \$10,199,913, with interest rates ranging from 4.6 percent to 5.8 percent. The refunding bonds mature at various dates with the final maturity of August 1, 2027. The remaining balance for Series A of the 1999 General Obligation Bonds is \$7,276,666.

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 \$23,890,000.

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, 2012, the principal balance outstanding was \$49,275,000 and unamortized premium and issuance costs were \$1,847,334 and \$1,048,274, 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, 2012, the principal balance outstanding was \$4,052,103 and unamortized issuance costs were \$70,236.

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012, the principal balance outstanding was \$10,435,000 and unamortized premium and issuance costs were \$700,953 and \$197,003, respectively.

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

Fiscal Year	Principal	Interest to Maturity	Principal Accretion	Total
2013	\$ 2,750,000	\$ 4,612,205	\$ 57,507	\$ 7,419,712
2014	2,755,000	4,593,303	60,910	7,409,213
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	4,170,324	72,378	7,472,702
2018-2022	18,990,000	18,115,297	431,452	37,536,749
2023-2027	23,316,571	12,500,202	449,166	36,265,939
2028-2032	14,427,198	7,434,542	4,072	21,865,812
2033-2037	11,720,000	4,473,750	-	16,193,750
2038-2041	11,795,000	1,217,375	-	13,012,375
Total	<u>\$ 94,928,769</u>	<u>\$ 65,900,080</u>	<u>\$ 1,208,334</u>	<u>\$ 162,037,183</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, 2012, was \$970,000.

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, 2012, was \$2,285,000.

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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>
2013	\$ 350,000	\$ 136,715	\$ 486,715
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
2018-2020	1,350,000	93,836	1,443,836
Total	<u>\$ 3,255,000</u>	<u>\$ 615,633</u>	<u>\$ 3,870,633</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, 2012, the principal balance outstanding was \$580,000 and unamortized issuance costs were \$9,800. 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, 2012, the principal balance outstanding was \$4,665,000 and unamortized issuance costs were \$128,105. Issuance costs are amortized over the life of the bonds as a component of interest expense.

The 2005 municipal lease was issued at a discount of \$30,500. The discount will be amortized over the term of the lease in the government-wide statements and has a balance of \$20,740 remaining.

The debt service requirements for the leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 470,000	\$ 213,019	\$ 683,019
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
2018-2022	1,285,000	690,780	1,975,780
2023-2027	1,610,000	389,537	1,999,537
2028-2029	745,000	50,625	795,625
Total	<u>\$ 5,245,000</u>	<u>\$ 2,063,375</u>	<u>\$ 7,308,375</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

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, 2012, the principal balance outstanding was \$18,731,609 and unamortized issuance costs were \$335,294. Issuance costs are amortized over the life of the bonds as a component of interest expense on the bonds.

The debt service requirements for the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,210,631	\$ 1,022,892	\$ 2,233,523
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	885,382	740,777	1,626,159
2018-2022	5,263,950	2,887,804	8,151,754
2023-2027	6,637,240	1,272,853	7,910,093
2028	780,982	21,672	802,654
Total	<u>\$ 18,731,609</u>	<u>\$ 8,595,418</u>	<u>\$ 27,327,027</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, 2012, the outstanding balance of the loan payable was \$75,000.

The loan payable has minimum payments as follows:

<u>Fiscal Year</u>	<u>Loan Payable</u>
2013	\$ 37,500
2014	37,500
Total	<u>\$ 75,000</u>

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2012, amounted to \$1,696,079. Accumulated vacation will be paid by the fund for which the employee worked.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2012, was \$22,326,000, and contributions made by the District during the year were \$8,043,704. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$1,942,231 and \$(3,491,000), respectively, which resulted in an increase to the net OPEB obligation of \$12,733,527. As of June 30, 2012, the net OPEB obligation was \$45,104,037. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Stores inventories	219,209	99,398	-	-	-	318,607
Total Nonspendable	<u>229,209</u>	<u>99,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,607</u>
Restricted						
Legally restricted						
programs	1,382,634	-	-	-	-	1,382,634
Capital projects	-	-	30,805,131	3,921,597	7,880,258	42,606,986
Debt services	-	-	-	-	8,824,192	8,824,192
Total Restricted	<u>1,382,634</u>	<u>-</u>	<u>30,805,131</u>	<u>3,921,597</u>	<u>16,704,450</u>	<u>52,813,812</u>
Assigned						
CSEBO	3,000,000	-	-	-	-	3,000,000
Reserve for tax initiative	7,000,000	-	-	-	-	7,000,000
Donations	8,456	-	-	-	-	8,456
Fiscal emergency	670,811	-	-	2,838,300	-	3,509,111
E-Rate	-	-	-	3,002,452	-	3,002,452
Total Assigned	<u>10,679,267</u>	<u>-</u>	<u>-</u>	<u>5,840,752</u>	<u>-</u>	<u>16,520,019</u>
Unassigned						
Reserve for economic						
uncertainties	4,241,522	-	-	-	-	4,241,522
Remaining unassigned	1,055,442	-	-	-	-	1,055,442
Total Unassigned	<u>5,296,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,296,964</u>
Total	<u>\$ 17,588,074</u>	<u>\$ 99,398</u>	<u>\$ 30,805,131</u>	<u>\$ 9,762,349</u>	<u>\$ 16,704,450</u>	<u>\$ 74,959,402</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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 585 retirees and beneficiaries currently receiving benefits and 828 active plan members. Separate financial statements are prepared for the Trust.

Contribution Information

The contribution requirements of Plan members and the District are established and may be amended by the District and the Oxnard Federation of Teachers (OFT), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2011-2012, the District contributed \$8,043,704 to the Plan, of which \$7,100,362 was used for current premiums and \$943,342 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	1,942,231
Adjustment to annual required contribution	<u>(3,491,000)</u>
Annual OPEB cost (expense)	20,777,231
Contributions made	<u>(8,043,704)</u>
Increase in net OPEB obligation	12,733,527
Net OPEB obligation, beginning of year	<u>32,370,510</u>
Net OPEB obligation, end of year	<u>\$ 45,104,037</u>

OXNARD UNION HIGH SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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
2010	\$ 14,903,837	\$ 5,216,658	35.0%	\$ 22,784,460
2011	15,948,068	6,362,018	39.9%	32,370,510
2012	20,777,231	8,043,704	38.7%	45,104,037

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 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%	\$ 52,522,440	423.4%

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.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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, 2012, 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.

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).

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

CalSTRS

Plan Description

The District contributes to CalSTRS; a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011-2012 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, 2012, 2011, and 2010, were \$5,057,135, \$5,080,551, and \$5,239,770, 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 2011-2012 was 10.923 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, 2012, 2011, and 2010, were \$2,077,933, \$1,991,846, and \$1,860,492, respectively, and equal 100 percent of the required contributions for each year.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Social Security

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$3,182,593 (4.855 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, 2012.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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, 2012, the District made payments of \$509,707, \$24,261,541, and \$3,169 to VCSSFA, CSEBO, and VCFAST, respectively.

NOTE 16 - FISCAL ISSUES RELATING TO BUDGET REDUCTIONS

The State of California continues to suffer the effects of a recessionary economy. California school districts are reliant on the State of California to appropriate the funding necessary to continue the level of educational services expected by the State constituency. With the implementation of education trailer bill Senate Bill 70 (Chapter 7, Statutes of 2011), 39 percent of current year funding has now been deferred to a subsequent period, creating significant cash flow management issues for districts in addition to requiring substantial budget reductions, ultimately impacting the ability of California school districts to meet their goals for educational services.

NOTE 17 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

The District issued \$9,890,000 of Tax and Revenue Anticipation Notes dated July 2, 2012. The notes mature on May 1, 2013, and yield .270 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 December 2012, until 100 percent of principal and interest due is on account in April 2013.

REQUIRED SUPPLEMENTARY INFORMATION

OXNARD UNION HIGH SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
	REVENUES			
Revenue limit sources	\$ 90,958,003	\$ 90,751,874	\$ 91,637,916	\$ 886,042
Federal sources	8,817,054	13,780,293	12,782,699	(997,594)
Other State sources	15,889,294	16,944,884	13,581,471	(3,363,413)
Other local sources	9,815,454	9,869,251	12,319,527	2,450,276
Total Revenues ¹	125,479,805	131,346,302	130,321,613	(1,024,689)
EXPENDITURES				
Current				
Certificated salaries	62,186,624	63,639,509	63,389,692	249,817
Classified salaries	17,958,823	18,308,657	18,292,563	16,094
Employee benefits	33,994,348	34,467,986	31,771,739	2,696,247
Books and supplies	4,538,192	5,515,540	3,708,128	1,807,412
Services and operating expenditures	13,460,146	15,959,056	11,983,000	3,976,056
Capital outlay	162,622	703,636	672,670	30,966
Other outgo	933,640	1,256,259	1,142,542	113,717
Debt service				
Principal	395,929	395,929	395,929	-
Interest	588,994	1,591,670	1,559,794	31,876
Total Expenditures ¹	134,219,318	141,838,242	132,916,057	8,922,185
Excess (Deficiency) of Revenues Over Expenditures	(8,739,513)	(10,491,940)	(2,594,444)	7,897,496
OTHER FINANCING SOURCES (USES)				
Transfers in	25,464	25,464	-	(25,464)
Transfers out	(1,491,581)	(5,360,011)	(5,266,532)	93,479
Net Financing Sources (Uses)	(1,466,117)	(5,334,547)	(5,266,532)	68,015
NET CHANGE IN FUND BALANCES	(10,205,630)	(15,826,487)	(7,860,976)	7,965,511
Fund Balance - Beginning	25,449,050	25,449,050	25,449,050	-
Fund Balance - Ending	\$ 15,243,420	\$ 9,622,563	\$ 17,588,074	\$ 7,965,511

¹ On behalf payments of \$3,182,593 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

**CAFETERIA FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual (GAAP Basis)	Variances -
	Original	Final		Positive
				(Negative)
				Final to Actual
REVENUES				
Federal sources	\$ 3,511,631	\$ 3,573,188	\$ 3,743,472	\$ 170,284
Other State sources	317,750	322,929	317,716	(5,213)
Other local sources	1,999,038	1,003,197	838,817	(164,380)
Total Revenues ¹	5,828,419	4,899,314	4,900,005	691
EXPENDITURES				
Current				
Classified salaries	2,075,425	1,775,628	1,666,625	109,003
Employee benefits	1,127,160	1,061,138	1,078,744	(17,606)
Books and supplies	16,500	21,417	179,490	(158,073)
Services and operating expenditures	3,717,988	3,380,121	3,155,492	224,629
Other outgo	155,937	172,651	159,326	13,325
Debt service				
Principal	-	3,629,482	3,629,482	-
Total Expenditures ¹	7,093,010	10,040,437	9,869,159	171,278
Excess (Deficiency) of Revenues Over Expenditures	(1,264,591)	(5,141,123)	(4,969,154)	171,969
OTHER FINANCING SOURCES (USES)				
Transfers in	1,264,591	5,141,123	5,057,613	(83,510)
Net Financing Sources (Uses)	1,264,591	5,141,123	5,057,613	(83,510)
NET CHANGE IN FUND BALANCES	-	-	88,459	88,459
Fund Balance - Beginning	10,939	10,939	10,939	-
Fund Balance - Ending	\$ 10,939	\$ 10,939	\$ 99,398	\$ 88,459

¹ The fair market value of commodities received from the Federal government and used in the cafeteria program in the amount of \$238,722, is included in the actual revenues and expenditures, but has not been included in the budgeted amounts.

OXNARD UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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%	52,522,440	423.4%

SUPPLEMENTARY INFORMATION

OXNARD UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Carl D. Perkins Vocational and Technical Education Act of 1998 Secondary Education	84.048	14894	\$ 314,335
Passed through Ventura County Special Education Local Plan Area:			
Individuals with Disabilities Act (IDEA)			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,669,255
Basic Local Assistance ARRA, Part B, Section 611	84.391	15003	<u>156,201</u>
Total Special Education (IDEA) Cluster			<u>2,825,456</u>
No Child Left Behind Act (NCLB)			
Title I, Part A Cluster			
Title I, Part A - Basic Grants Low Income and Neglected Title I, Part A - ARRA Basic Grants	84.010	14981	2,690,293
Low Income and Neglected	84.389	15005	45,015
Title I, Part A - Program Improvement LEA Corrective Action, Minor Performance Problems	84.010	14957	<u>359,962</u>
Total Title I, Part A Cluster			<u>3,095,270</u>
Education Jobs Fund (SB 847)	84.410	25152	<u>3,453,598</u>
Title I, Part C Cluster			
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	813,398
Title I, Part C, Migrant Ed Summer Program	84.011	10005	<u>195,075</u>
Total Title I, Part C Cluster			<u>1,008,473</u>
Title II, Part A Cluster			
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	440,490
Title II, Part A, Administrator Training (Formerly Principal Training)	84.367	14344	<u>2,392</u>
Total Title II, Part A Cluster			<u>442,882</u>
Education Technology State Grants Cluster			
Title II, Part D - Enhancing Education Through Technology (EETT), Formula Grants	84.318	14334	903
Title II, Part D - ARRA Enhancing Education Through Technology (EETT), Formula Grants	84.386	15019	13,789
Title II, Part D - ARRA Enhancing Education Through Technology, Competitive Grants (EETT)	84.386	15126	<u>141,970</u>
Total Education Technology State Grants Cluster			<u>156,662</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, 2012**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Title III Cluster			
Title III - Immigrant Education Program	84.365	15146	\$ 79,319
Title III - Limited English Proficient (LEP) Student Program	84.365	14346	496,903
Total Title III Cluster			<u>576,222</u>
Title IV, Part A - Safe and Drug Free Schools and Communities, Formula Grants			
Safe and Supportive Schools Programmatic Intervention (S3)	84.186	14347	4,028
	84.184	15164	265,245
Total U.S. Department of Education			<u>12,142,171</u>
U.S. DEPARTMENT OF REHABILITATION			
Workability II, Transitions Partnership	84.158	10006	186,710
Total U.S. Department of Rehabilitation			<u>186,710</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster			
Especially Needy Breakfast	10.553	13526	1,022,173
National School Lunch Program	10.555	13524	2,464,244
Summer Food Service Program	10.559	13004	18,333
Food Distribution	10.555	13524	238,722
Total U.S. Department of Agriculture			<u>3,743,472</u>
U.S. DEPARTMENT OF DEFENSE			
Junior Reserve Officer Training Corps - Air Force	12.000	[1]	149,968
U.S. DEPARTMENT OF INTERIOR			
National Park Services - Anacapa Island Restoration Project	15.931	[1]	8,788
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medicaid Cluster			
Medi-Cal Billing Option	93.778	10013	290,208
Medical Administrative Activities Program	93.778	10060	161,704
Total U.S. Department of Health and Human Services			<u>451,912</u>
Total Federal Programs			<u>\$ 16,683,021</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, 2012

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>
Dick D. Jaquez	President	2012
Wayne Edmonds	Vice President	2014
John Alamillo	Clerk	2014
Socorro Lopez Hanson	Member	2014
Steve W. Stocks	Member	2012

ADMINISTRATION

Gabe Soumakian, Ed.D.	Superintendent
Stephen Dickinson	Assistant Superintendent, Administrative Services
Randy Winton	Assistant Superintendent, Business Services
Robert "Rocky" Valles, Ed.D.	Assistant Superintendent, Human Resources
William E. Dabbs	Assistant Superintendent, Educational Services

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Second Period Report</u>	<u>Annual Report</u>
SECONDARY		
Regular classes	13,774	13,597
Continuation education	341	361
Opportunity schools	8	6
Home and hospital	14	20
Special education	718	726
Total	<u>14,855</u>	<u>14,710</u>

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2012**

Grade Level	1982-83	Reduced 1982-83	1986-87	Reduced 1986-87	2011-12	Number of Days		Status
	Actual Minutes	Actual Minutes	Minutes Requirement	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Grades 9 - 12	59,712	55,731	64,800	60,480				
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, 2012**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2012.

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

	(Budget)			
	2013 ¹	2012	2011	2010
GENERAL FUND⁴				
Revenues	\$ 125,343,641	\$ 130,317,277	\$ 132,811,494	\$ 131,777,404
Other sources and transfers in	19,145	-	-	1,277,187
Total Revenues and Other Sources	<u>125,362,786</u>	<u>130,317,277</u>	<u>132,811,494</u>	<u>133,054,591</u>
Expenditures	127,629,883	132,916,057	132,084,433	131,479,247
Other uses and transfers out	872,024	5,266,532	3,192,291	2,160,658
Total Expenditures and Other Uses	<u>128,501,907</u>	<u>138,182,589</u>	<u>135,276,724</u>	<u>133,639,905</u>
INCREASE (DECREASE) IN FUND BALANCE	<u>\$ (3,139,121)</u>	<u>\$ (7,865,312)</u>	<u>\$ (2,465,230)</u>	<u>\$ (585,314)</u>
ENDING FUND BALANCE	<u>\$ 13,778,141</u>	<u>\$ 16,917,262</u>	<u>\$ 24,782,574</u>	<u>\$ 27,247,804</u>
AVAILABLE RESERVES²	<u>\$ 3,855,057</u>	<u>\$ 4,241,522</u>	<u>\$ 7,677,280</u>	<u>\$ 10,159,657</u>
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO³	<u>3.0%</u>	<u>3.1%</u>	<u>5.8%</u>	<u>7.8%</u>
LONG-TERM OBLIGATIONS	<u>N/A</u>	<u>\$ 171,563,041</u>	<u>\$ 165,238,076</u>	<u>\$ 96,607,106</u>
AVERAGE DAILY ATTENDANCE AT P-2	<u>14,855</u>	<u>14,855</u>	<u>14,788</u>	<u>15,060</u>

The General Fund balance has decreased by \$10,330,542 over the past two years. The fiscal year 2012-2013 budget projects a further decrease of \$3,139,121 (18.56 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 2012-2013 fiscal year. Total long-term obligations have increased by \$74,955,935 over the past two years.

Average daily attendance has decreased by 205 over the past two years. No additional change in ADA is anticipated during fiscal year 2012-2013.

¹ Budget 2013 is included for analytical purposes only and has not been subjected to audit.

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

³ On behalf payments of \$3,182,593, \$2,703,981, and \$2,797,142, have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2012, 2011, and 2010, respectively.

⁴ 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, 2012**

<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, 2012**

	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	\$ 1,546,780	\$ 71,514	\$ 8,230,051
Receivables	6,824	207	14,847
Due from other funds	6,527,064	-	-
Total Assets	\$ 8,080,668	\$ 71,721	\$ 8,244,898
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 224,406	\$ 30,565	\$ -
Due to other funds	17,160	-	-
Total Liabilities	241,566	30,565	-
Fund Balances:			
Restricted	7,839,102	41,156	8,244,898
Total Fund Balances	7,839,102	41,156	8,244,898
Total Liabilities and Fund Balances	\$ 8,080,668	\$ 71,721	\$ 8,244,898

See accompanying note to supplementary information.

COP Debt Service Fund	Total Non-Major Governmental Funds
\$ 579,294	\$ 10,427,639
-	21,878
-	6,527,064
<u>\$ 579,294</u>	<u>\$ 16,976,581</u>

\$ -	\$ 254,971
-	17,160
<u>-</u>	<u>272,131</u>

<u>579,294</u>	<u>16,704,450</u>
<u>579,294</u>	<u>16,704,450</u>
<u>\$ 579,294</u>	<u>\$ 16,976,581</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, 2012**

	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund
REVENUES			
Other State sources	\$ -	\$ -	\$ 54,662
Other local sources	996,778	2,598	6,310,352
Total Revenues	<u>996,778</u>	<u>2,598</u>	<u>6,365,014</u>
EXPENDITURES			
Current			
Administration:			
All other administration	18,824	-	-
Facility acquisition and construction	2,318,010	681,786	-
Debt service			
Principal	390,188	-	12,965,000
Interest and other	221,719	-	5,183,984
Total Expenditures	<u>2,948,741</u>	<u>681,786</u>	<u>18,148,984</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,951,963)</u>	<u>(679,188)</u>	<u>(11,783,970)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	219,291	-	-
Other sources	-	-	11,182,683
Transfers out	(480,730)	(16,800)	-
Net Financing Sources (Uses)	<u>(261,439)</u>	<u>(16,800)</u>	<u>11,182,683</u>
NET CHANGE IN FUND BALANCES	<u>(2,213,402)</u>	<u>(695,988)</u>	<u>(601,287)</u>
Fund Balances - Beginning	<u>10,052,504</u>	<u>737,144</u>	<u>8,846,185</u>
Fund Balances - Ending	<u>\$ 7,839,102</u>	<u>\$ 41,156</u>	<u>\$ 8,244,898</u>

See accompanying note to supplementary information.

COP Debt Service Fund	Total Non-Major Governmental Funds
\$ -	\$ 54,662
10,670	7,320,398
<u>10,670</u>	<u>7,375,060</u>
-	18,824
-	2,999,796
330,000	13,685,188
150,730	5,556,433
<u>480,730</u>	<u>22,260,241</u>
<u>(470,060)</u>	<u>(14,885,181)</u>
480,730	700,021
-	11,182,683
-	(497,530)
<u>480,730</u>	<u>11,385,174</u>
10,670	(3,500,007)
568,624	20,204,457
<u>\$ 579,294</u>	<u>\$ 16,704,450</u>

OXNARD UNION HIGH SCHOOL DISTRICT

**GENERAL FUND SELECTED FINANCIAL INFORMATION
THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES
OF FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012**

(Amounts in thousands)

	Actual Results for the Years					
	2011-2012		2010-2011		2009-2010	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	\$ 12,783	9.8	\$ 11,847	8.9	\$ 13,081	9.9
State and local revenue included in revenue limit	91,638	70.3	91,619	69.0	88,275	67.0
Other State revenue	13,581	10.4	18,718	14.1	21,640	16.4
Other local revenue	5,615	4.3	3,903	2.9	1,955	1.5
Tuition and transfers in	6,704	5.1	6,731	5.1	6,826	5.2
Total Revenues	130,322	100.0	132,818	100.0	131,777	100.0
EXPENDITURES						
Salaries and Benefits						
Certificated salaries	63,390	48.6	63,370	47.7	64,124	48.8
Classified salaries	18,293	14.0	17,788	13.4	17,828	13.5
Employee benefits	31,772	24.4	32,580	24.5	31,197	23.7
Total Salaries and Benefits	113,454	87.1	113,738	85.6	113,149	85.9
Books and supplies	3,708	2.8	4,642	3.5	4,996	3.8
Contracts and operating expenses	11,983	9.2	12,393	9.3	11,784	8.9
Capital outlay	673	0.5	857	0.6	743	0.6
Tuition and transfers out	3,098	2.4	521	0.4	807	0.6
Total Expenditures	132,916	102.0	132,151	99.5	131,479	99.8
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,594)	(2.0)	668	0.5	298	0.2
OTHER FINANCING SOURCES (USES)						
Incoming transfers/other sources	-	0.0	-	0.0	1,277	1.0
Outgoing transfers/other uses	(5,267)	(4.0)	(3,192)	(2.4)	(2,160)	(1.6)
Total Financing Sources (Uses)	(5,267)	(4.0)	(3,192)	(2.4)	(883)	(0.6)
INCREASE IN FUND BALANCE	(7,861)	(5.9)	(2,524)	(1.8)	(585)	(0.4)
FUND BALANCE - BEGINNING	25,384		27,248		27,833	
RESTATEMENT	-		660		-	
FUND BALANCE - ENDING	\$ 17,523		\$ 25,384		\$ 27,248	

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BY OBJECT
FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Cafeteria Fund	Building Fund
REVENUES			
Revenue limit sources	\$ 91,637,916	\$ -	\$ -
Federal sources	12,782,699	3,743,472	-
Other State sources	13,581,471	317,716	-
Other local sources	12,319,527	838,817	237,535
Total Revenues	130,321,613	4,900,005	237,535
EXPENDITURES			
Current Expenditures			
Certificated salaries	63,389,692	-	-
Classified salaries	18,292,563	1,666,628	-
Employee benefits	31,771,739	1,078,744	-
Books and supplies	3,708,128	179,490	-
Services and operating expenditures	11,983,000	3,155,492	-
Other outgo	1,110,665	159,323	-
Capital outlay	672,670	-	10,655,728
Debt service - principal	395,929	3,629,482	-
Debt service - interest and other	1,591,671	-	-
Total Expenditures	132,916,057	9,869,159	10,655,728
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,594,444)	(4,969,154)	(10,418,193)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	18,900	5,057,613	6,428
Other sources	-	-	-
Operating transfers out	(5,285,432)	-	-
Total Other Financing Sources (Uses)	(5,266,532)	5,057,613	6,428
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(7,860,976)	88,459	(10,411,765)
FUND BALANCES, BEGINNING OF YEAR	25,449,050	10,939	41,216,896
FUND BALANCES, END OF YEAR	\$ 17,588,074	\$ 99,398	\$ 30,805,131

See accompanying note to supplementary information.

Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 91,637,916
-	-	16,526,171
-	54,662	13,953,849
103,483	7,320,398	20,819,760
<u>103,483</u>	<u>7,375,060</u>	<u>142,937,696</u>
-	-	63,389,692
-	-	19,959,191
-	-	32,850,483
-	-	3,887,618
-	75,250	15,213,742
-	11,182,683	12,452,671
9,802,515	2,944,995	24,075,908
-	3,035,188	7,060,599
-	5,022,125	6,613,796
<u>9,802,515</u>	<u>22,260,241</u>	<u>185,503,700</u>
<u>(9,699,032)</u>	<u>(14,885,181)</u>	<u>(42,566,004)</u>
-	700,021	5,782,962
-	11,182,683	11,182,683
-	(497,530)	(5,782,962)
<u>-</u>	<u>11,385,174</u>	<u>11,182,683</u>
(9,699,032)	(3,500,007)	(31,383,321)
19,461,381	20,204,457	106,342,723
<u>\$ 9,762,349</u>	<u>\$ 16,704,450</u>	<u>\$ 74,959,402</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, 2012**

	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund
REVENUES			
Other State sources	\$ -	\$ -	\$ 54,662
Other local sources	996,778	2,598	6,310,352
Total Revenues	<u>996,778</u>	<u>2,598</u>	<u>6,365,014</u>
EXPENDITURES			
Current expenditures			
Services and operating expenditures	32,839	42,411	-
Other outgo	-	-	11,182,683
Capital outlay	2,305,620	639,375	-
Debt service - principal	390,188	-	2,315,000
Debt service - interest and other	220,094	-	4,651,301
Total Expenditures	<u>2,948,741</u>	<u>681,786</u>	<u>18,148,984</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,951,963)</u>	<u>(679,188)</u>	<u>(11,783,970)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	219,291	-	-
Other sources	-	-	11,182,683
Operating transfers out	(480,730)	(16,800)	-
Total Other Financing Sources (Uses)	<u>(261,439)</u>	<u>(16,800)</u>	<u>11,182,683</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(2,213,402)</u>	<u>(695,988)</u>	<u>(601,287)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>10,052,504</u>	<u>737,144</u>	<u>8,846,185</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,839,102</u>	<u>\$ 41,156</u>	<u>8,244,898</u>

See accompanying note to supplementary information.

COP Debt Service Fund	Non-Major Governmental Funds
\$ -	\$ 54,662
10,670	7,320,398
<u>10,670</u>	<u>7,375,060</u>
-	75,250
-	11,182,683
-	2,944,995
330,000	3,035,188
150,730	5,022,125
<u>480,730</u>	<u>22,260,241</u>
<u>(470,060)</u>	<u>(14,885,181)</u>
480,730	700,021
-	11,182,683
<u>-</u>	<u>(497,530)</u>
<u>480,730</u>	<u>11,385,174</u>
10,670	(3,500,007)
568,624	20,204,457
<u>\$ 579,294</u>	<u>\$ 16,704,450</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, 2012**

	Certificates of Participation	ACHS Growth	PHS Startup
REVENUES			
Other local sources	\$ 8,849	\$ 273	\$ 22,938
EXPENDITURES			
Current expenditures			
Capital outlay	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,849	273	22,938
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	(3,002,174)
Total Financing Sources (Uses)	-	-	(3,002,174)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	8,849	273	(2,979,236)
FUND BALANCES - BEGINNING OF YEAR	1,600,313	444,202	3,763,899
FUND BALANCES - END OF YEAR	\$ 1,609,162	\$ 444,475	\$ 784,663

See accompanying note to supplementary information.

Qualified Energy Conservation Bonds	E-Rate Internal Connections Provision	Total Special Reserve Fund for Capital Outlay Projects
\$ 69,418	\$ 2,005	\$ 103,483
9,800,788	1,727	9,802,515
(9,731,370)	278	(9,699,032)
-	3,002,174	3,002,174
-	-	(3,002,174)
-	3,002,174	-
(9,731,370)	3,002,452	(9,699,032)
13,652,967	-	19,461,381
<u>\$ 3,921,597</u>	<u>\$ 3,002,452</u>	<u>\$ 9,762,349</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2012

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and in Business-Type Activities, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of (Medi-Cal Billing Option and Medi-Cal Administrative Activities Program) funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balances:		\$ 16,526,171
Medi-Cal Billing Option	93.778	124,641
Medi-Cal Administrative Activities Program	93.778	32,209
Total Schedule of Expenditures of Federal Awards		<u>\$ 16,683,021</u>

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by *Education Code* Section 46201.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2012

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 Oxnard Union High School District, and displays information for each Charter School on whether or not the Charter School is included in the Oxnard Union High School District audit.

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

General Fund Selected Financial Information

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

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.

INDEPENDENT AUDITORS' REPORTS



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

Governing Board
Oxnard Union High School District
Oxnard, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard Union High School District as of and for the year ended June 30, 2012, which collectively comprise Oxnard Union High School District's basic financial statements and have issued our report thereon dated October 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified certain deficiencies in internal control over financial reporting, 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 2012-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oxnard Union High School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 October 22, 2012.

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

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
October 22, 2012



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

Governing Board
Oxnard Union High School District
Oxnard, California

Compliance

We have audited Oxnard Union High School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Oxnard Union High School District's major Federal programs for the year ended June 30, 2012. Oxnard Union High School District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Oxnard Union High School District's management. Our responsibility is to express an opinion on Oxnard Union High School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about 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.

In our opinion, Oxnard Union High School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
October 22, 2012



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
 Oxnard Union High School District
 Oxnard, California

We have audited Oxnard Union High School District's compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2011-2012* applicable to Oxnard Union High School District's government programs as noted below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of Oxnard Union High School District's management. Our responsibility is to express an opinion on Oxnard Union High School District's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-2012* 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 opinions. Our audit does not provide a legal determination of Oxnard Union High School District's compliance with those requirements.

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, 2012.

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:

	Procedures in Audit Guide	Procedures Performed
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

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not Applicable
Instructional Materials:		
General requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes
Juvenile Court Schools	8	Not Applicable
Exclusion of Pupils - Pertussis Immunization	2	Yes
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	3	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.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
October 22, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OXNARD UNION HIGH SCHOOL DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</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 Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.410</u>	<u>Education Jobs Fund (SB 847)</u>
<u>84.318, 84.386 (ARRA)</u>	<u>Education Technology State Grants Cluster</u>
<u>84.365</u>	<u>Title III Cluster</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>
<u>93.778</u>	<u>Medicaid Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 500,491</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

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

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

The following findings represent 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>
60000	Miscellaneous

2012-1 60000

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.

District Response

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, 2012**

None reported.

OXNARD UNION HIGH SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

None reported.

OXNARD UNION HIGH SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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

2011-1 60000

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 \$1,035,152, 1,119,020, and \$2,380,967 for the fiscal years ending June 30, 2012, 2011, and 2010, respectively. The Cafeteria Fund balance has decreased during that time from a beginning balance of \$2,975,410 to a current fund balance of \$10,939 of which the entire amount is stores inventory. The California Department of Education (CDE) has begun withholding reimbursement claim payments from the Cafeteria Fund in order to repay the outstanding assessment payable. During the year the CDE withheld \$2,017,638 of claim reimbursements which reduced the outstanding assessment payable to \$3,591,982 at 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 the current and prior year the Cafeteria has encroached on the General Fund in the amounts of \$2,913,995 and \$550,972. If the practice of withholding claim reimbursements by the CDE continues and the Cafeteria continues the current trend of deficit spending through operations, the current fiscal year encroachment is estimated at \$4,500,000.

Recommendation

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

Current Status

Not implemented; see current year finding 2012-1.



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, 2012, 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 October 22, 2012, on the government-wide financial statements of Oxnard Union High School District.

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.

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.

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 fund-raising activities as they occur. There is no evidence of fundraiser approval or revenue potential being approved after to document and control fund-raising 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 fund-raising 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.
2. Receipts/Fundraiser Deposits-This records 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 fund-raising events that each school's student organizations will hold that year.

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.

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 Department of Education'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.

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.

PRIOR YEAR MANAGEMENT LETTER OBSERVATIONS

ASSOCIATED STUDENT BODY ACCOUNTS (ASB)

Channel Island High School

Inventory

Observation

During our audit we found that the student store is not reconciling sales to ending inventory on a regular basis. Under the accounting code for student body groups a quarterly physical inventory should be taken. At this time, the student store sales should also be reconciled to ensure that all items purchased for resale have been sold or accounted for.

Recommendation

We recommend that a quarterly physical inventory be taken and reconciled to student store sales to ensure all merchandise has been accounted for. The prior quarter's ending inventory plus quarterly purchases less quarterly sales should equal the current physical count.

Current Status

Implemented.

Observation

The following deficiencies exist in the internal control structure of the snack bar operated by the student body:

- Snack bar transactions are not maintained in a separate sub-ledger account from the general Associated Student Body accounts.
- Sales analysis forms are not prepared to document sales by day or week.
- An inventory record is not maintained for merchandise sold or purchased.

As a result of these deficiencies, procedures do not exist to substantiate the revenue generated. In addition, the profitability of the snack bar cannot be analyzed.

Recommendation

The student body should submit a sales analysis form with every deposit, maintain a perpetual inventory of goods purchased and sold, perform a physical inventory count at least quarterly, and create a separate sub-ledger account for snack bar transactions only. The snack bar account should document transactions regarding the sales and purchases of the snack bar. This would allow the profitability of the snack bar to be analyzed during the year.

Current Status

Not Implemented.

Oxnard Union High School District
Governing Board

PACIFICA HIGH SCHOOL

Observation

The student store monthly inventory is not individually recognized on the ASB financial statements; therefore we were unable to determine if the correct amount of inventory is being reported.

Recommendation

The student store inventory should be listed as an individual asset on the ASB's financial statements; that would ensure the inventory is reconciled properly to the monthly inventory count.

Current Status

Not Implemented.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
October 22, 2012