

OCEANSIDE UNIFIED SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2013

San Diego

Los Angeles

San Francisco
Bay Area

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION
associates

**OCEANSIDE UNIFIED SCHOOL DISTRICT
OF SAN DIEGO COUNTY**

OCEANSIDE, CALIFORNIA

JUNE 30, 2013

The Oceanside Unified School District was established in 1970. The District boundaries encompass the city of Oceanside, as well as part of Marine Corps Base-Camp Pendleton. There were no changes in the boundaries of the District during the current year. The District provides primary and secondary education for all students within the District's boundaries through operation of its twenty-three schools, which consist of sixteen elementary, four middle schools and three high schools.

GOVERNING BOARD

Member	Office	Term Expires
Ms. Janet Bledsoe Lacy	President	December 2014
Dr. Adrienne Hakes	Vice President	December 2016
Ms. Emily Ortiz Wichmann	Clerk	December 2014
Mike Blessing	Member	December 2016
Ms. Lillian V. Adams	Member	December 2014

DISTRICT ADMINISTRATORS

Mr. Larry Perondi
Superintendent

Dr. Luis Ibarra
Associate Superintendent, Business Services

Mr. Duane Coleman, Ed.D.
Associate Superintendent, Education Services

Dr. Shelly Morr
Associate Superintendent, Human Resources

Karen Huddleston
Controller

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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SAN DIEGO

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State Board of Accountancy*

Governing Board
Oceanside Unified School District
Oceanside, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 10, the budgetary comparison information on page 48, and the schedule of funding progress on page 49 be presented to supplement the basic financial statements. Such information, although not 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oceanside Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013 on our consideration of Oceanside Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oceanside Unified School District's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
December 9, 2013

OCEANSIDE UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of Oceanside Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- General Fund (including Deferred Maintenance Fund due to GASB No. 54) expenditures exceeded revenues and other outgo by \$2.0 million in 2012-13. The fund balance of the General Fund was \$28.6 million with available reserves of 13.05%.
- The District continued to maintain minimum state-required reserves, with slightly over \$21.1 million designated for economic uncertainties at year-end, which is \$1.4 million less than the prior year.
- Student enrollment increased by 53 pupils in 2012-13 compared to the prior year.
- District long-term liabilities increased approximately \$4.0 million, due to payments made on General Obligation Bonds.
- Overall, net position increased by roughly \$2.5 million for the District as a whole.

OCEANSIDE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*
FOR THE YEAR ENDED JUNE 30, 2013

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
 - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.
 - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

**OCEANSIDE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's combined net position was about \$150.1 million at June 30, 2013, as reflected in Table A-1 below. Of this amount, slightly under \$11.6 million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

**Table A-1
Oceanside Unified School District's Net Position**

	Governmental Activities		
	2013	2012	Net Change
ASSETS			
Current and other assets	\$ 86,137,968	\$ 94,344,873	\$ (8,206,905)
Capital assets	337,238,899	320,760,796	16,478,103
Total Assets	423,376,867	415,105,669	8,271,198
LIABILITIES			
Current liabilities	19,918,034	18,560,823	(1,357,211)
Long-term liabilities	253,392,936	248,986,893	(4,406,043)
Total Liabilities	273,310,970	267,547,716	(5,763,254)
NET POSITION			
Net investment in capital assets	123,285,538	112,432,091	10,853,447
Restricted	15,185,117	16,586,405	(1,401,288)
Unrestricted	11,595,242	18,539,457	(6,944,215)
Total Net Position	\$ 150,065,897	\$ 147,557,953	\$ 2,507,944

**OCEANSIDE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

As shown in Table A-2, the District's total revenues were slightly over \$201.0 million. The majority of the revenue comes from revenue limit source, including apportionment and property taxes 69%. Impact Aid (including Supplemental Impact Aid) accounted for 2% of revenues. Other federal and state aid for specific programs accounted for another 29% of total revenues.

The total cost of all programs and services was \$198.5 million. The District's expenses are predominately related to educating and caring for students (64%). Pupil Services (including transportation and food) account for 15% of expenses. Administrative activities accounted for just 5% of total costs. Plant services, which represent the facilities maintenance and operations costs, account for 10% of all costs. The remaining expenses were for ancillary services, community services, and other outgo (10%).

**Table A-2
Changes in Oceanside Unified School District's Net Position**

	Governmental Activities		
	2013	2012	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 4,323,870	\$ 4,758,411	\$ (434,541)
Operating grants and contributions	37,846,795	42,065,496	(4,218,701)
Capital grants and contributions	17,247,485	2,845,325	14,402,160
General revenues			
Property taxes	52,586,174	48,343,349	4,242,825
Unrestricted federal and state aid	85,863,547	86,490,472	(626,925)
Other	3,154,969	2,134,808	1,020,161
Total Revenues	201,022,840	186,637,861	14,384,979
EXPENSES			
Instruction	106,795,797	105,994,564	801,233
Instruction-related services	19,357,444	19,012,092	345,352
Pupil services	30,063,493	26,275,746	3,787,747
General administration	9,637,675	8,806,759	830,916
Plant services	19,408,203	17,571,767	1,836,436
Ancillary and community services	324,124	296,626	27,498
Debt service	10,800,963	9,325,103	1,475,860
Other Outgo	2,127,197	1,380,754	746,443
Total Expenses	198,514,896	188,663,411	9,851,485
Change in net position	2,507,944	(2,025,550)	4,533,494
Net Position - Beginning	147,557,953	149,583,503	(2,025,550)
Net Position - Ending	\$ 150,065,897	\$ 147,557,953	\$ 2,507,944

**OCEANSIDE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

As reported in the Statement of Activities, the net cost of all our governmental activities this year was slightly over \$139.1 million (refer to Table A-3). The amount that our taxpayers ultimately financed for these activities through taxes was only \$52.6 million because the cost was paid by those who benefited from the programs (\$4.3 million), by other governments and organizations who subsidized certain programs with grants and contributions (\$55.1 million) or through other federal, state and local sources (\$89.0 million).

**Table A-3
Net Costs of Oceanside Unified School District's Governmental Activities**

	Net Cost of Services	
	2013	2012
Instruction	\$ 70,520,901	\$ 78,530,720
Instruction-related services	14,829,689	13,795,984
Pupil services	17,198,973	14,930,462
General administration	8,970,972	8,145,004
Plant services	15,068,220	17,326,783
Ancillary and community services	304,468	288,767
Debt service	10,800,963	9,325,103
Transfers to other agencies	1,402,560	(3,348,644)
Total Expenses	\$ 139,096,746	\$ 138,994,179

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of nearly \$63.9 million, which is less than last year's ending fund balance of \$75.7 million. The District's General Fund had \$2.0 million more in operating revenues than expenditures for the year ended June 30, 2013. The District's Building Fund had \$20.2 million more in operating expenditures than revenues for the year ended June 30, 2013.

CURRENT YEAR BUDGET 2012-13

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a monthly basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**OCEANSIDE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2013**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2012-13 the District had invested nearly \$337.2 million in capital assets, net of accumulated depreciation.

**Table A-4
Oceanside Unified School District's Capital Assets**

	Governmental Activities		
	2013	2012	Net Change
CAPITAL ASSETS			
Land	\$ 16,825,171	\$ 16,825,171	\$ -
Construction in progress	3,109,017	4,550,567	(1,441,550)
Land improvements	7,538,587	7,519,967	18,620
Buildings & improvements	375,756,063	346,208,572	29,547,491
Furniture & equipment	15,722,306	17,067,916	(1,345,610)
Accumulated depreciation	(81,712,245)	(74,199,063)	(7,513,182)
Total Capital Assets	\$ 337,238,899	\$ 317,973,130	\$ 19,265,769

Long-Term Debt

At year-end, the District had nearly \$253.7 million in long-term debt, an increase of almost 2% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

**Table A-5
Oceanside Unified School District's Long-Term Debt**

	Governmental Activities		
	2013	2012	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 252,156,756	\$ 248,273,035	\$ 3,883,721
Compensated absences	884,028	849,161	34,867
Net OPEB obligation	628,712	539,697	89,015
Total Long-term Liabilities	\$ 253,669,496	\$ 249,661,893	\$ 4,007,603

**OCEANSIDE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2013**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

Assembly Bill 97 (Chapter 47, Statutes of 2013), as amended by Senate Bills 91 and 97, enacted landmark legislation reform in California school district finance by creating the new Local Control Funding Formula (LCFF). The District is analyzing the impact of the LCFF on funding for our program offerings and services. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21.

Factors related to LCFF that the District is in the process of evaluating include estimates of new funding in the next budget year and beyond; creation of the Local Control and Accountability Plan (LCAP) for fiscal year 2014-15 that aims to link student accountability measurements to funding allocations; ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, meeting new compliance and audit requirements.

The State's economy "mirrors the slow growth of the nation", this is according to the UCLA Newsroom reporting on the September 2013 Anderson Economic Forecast. "While the economy is returning to normal, it is still operating well below what would have been expected prior to the recession." The ability of the State to fund the new LCFF is largely dependent on the strength of the State's economy and remains uncertain.

Enrollment can fluctuate due to factors such as population growth, competition from private and/or parochial schools, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2013-14 fiscal year.

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 District Business Office at 2111 Mission Avenue; Oceanside, CA 92054-2326.

OCEANSIDE UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 60,627,913
Accounts receivable	22,662,298
Inventory	360,114
Deferred charges	2,487,643
Capital assets, not depreciated	19,934,188
Capital assets, net of accumulated depreciation	317,304,711
Total Assets	423,376,867
LIABILITIES	
Accrued liabilities	9,885,014
Current loans	8,770,376
Unearned revenue	986,084
Long-term liabilities, current portion	276,560
Long-term liabilities, non-current portion	253,392,936
Total Liabilities	273,310,970
NET POSITION	
Net investment in capital assets	123,285,538
Restricted:	
Capital projects	3,283,687
Debt service	6,532,603
Educational programs	2,962,583
All others	2,406,244
Unrestricted	11,595,242
Total Net Position	\$ 150,065,897

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

OCEANSIDE UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Function/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for	Operating	Capital	Revenues and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 106,795,797	\$ 472,374	\$ 18,555,037	\$ 17,247,485	\$ (70,520,901)
Instruction-related services					
Instructional supervision and administration	4,098,887	65,984	1,666,183	-	(2,366,720)
Instructional library, media, and technology	2,624,741	6,274	215,336	-	(2,403,131)
School site administration	12,633,816	7,179	2,566,799	-	(10,059,838)
Pupil services					
Home-to-school transportation	7,990,490	101,100	2,738,307	-	(5,151,083)
Food services	11,515,285	1,562,211	6,538,904	-	(3,414,170)
All other pupil services	10,557,718	1,365	1,922,633	-	(8,633,720)
General administration					
Centralized data processing	2,088,167	-	657	-	(2,087,510)
All other general administration	7,549,508	74,522	591,524	-	(6,883,462)
Plant services	19,408,203	2,017,358	2,322,625	-	(15,068,220)
Ancillary services	190,800	-	-	-	(190,800)
Community services	133,324	9,510	10,146	-	(113,668)
Interest on long-term debt	10,800,963	-	-	-	(10,800,963)
Other Outgo	2,127,197	5,993	718,644	-	(1,402,560)
Total Governmental Activities	\$ 198,514,896	\$ 4,323,870	\$ 37,846,795	\$ 17,247,485	(139,096,746)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					44,744,599
Property taxes, levied for debt service					7,618,053
Property taxes, levied for other specific purposes					223,522
Federal and state aid not restricted for specific purposes					85,863,547
Interest and investment earnings					266,181
Interagency revenues					59,045
Miscellaneous					2,829,743
Subtotal, General Revenue					141,604,690
CHANGE IN NET POSITION					2,507,944
Net Position - Beginning					147,557,953
Net Position - Ending					\$ 150,065,897

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

OCEANSIDE UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 25,368,555	\$ 23,423,355	\$ 11,144,054	\$ 59,935,964
Accounts receivable	20,431,312	16,981	1,817,657	22,265,950
Due from other funds	140,373	75	2,511	142,959
Stores inventory	36,847	-	323,267	360,114
Total Assets	\$ 45,977,087	\$ 23,440,411	\$ 13,287,489	\$ 82,704,987
LIABILITIES				
Accrued liabilities	\$ 7,649,996	\$ 751,864	\$ 548,596	\$ 8,950,456
Due to other funds	2,511	6,562	130,503	139,576
Current loans	8,770,376	-	-	8,770,376
Unearned revenue	986,084	-	-	986,084
Total Liabilities	17,408,967	758,426	679,099	18,846,492
FUND BALANCES				
Nonspendable	116,847	-	333,266	450,113
Restricted	2,909,993	22,681,985	12,275,124	37,867,102
Committed	-	-	-	-
Assigned	4,397,007	-	-	4,397,007
Unassigned	21,144,273	-	-	21,144,273
Total Fund Balances	28,568,120	22,681,985	12,608,390	63,858,495
Total Liabilities and Fund Balances	\$ 45,977,087	\$ 23,440,411	\$ 13,287,489	\$ 82,704,987

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

OCEANSIDE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2013

Total Fund Balance - Governmental Funds \$ 63,858,495

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 418,951,144	
Accumulated depreciation	<u>(81,712,245)</u>	337,238,899

Unamortized costs:

In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs included in net long-term debt on the statement of net position are:

2,487,643

Unmatured interest on long-term debt:

the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owing at the end of the period was:

(697,930)

Long-term liabilities:

statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 252,156,756	
Compensated absences	884,028	
Net OPEB obligation	<u>628,712</u>	(253,669,496)

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

848,286

Total Net Position - Governmental Activities	\$ <u>150,065,897</u>
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The accompanying notes are an integral part of these financial statements.

OCEANSIDE UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Revenue limit sources	\$ 99,676,716	\$ -	\$ -	\$ 99,676,716
Federal sources	23,169,116	-	6,620,861	29,789,977
Other state sources	27,744,501	-	18,803,928	46,548,429
Other local sources	14,875,379	109,520	10,022,819	25,007,718
Total Revenues	165,465,712	109,520	35,447,608	201,022,840
EXPENDITURES				
Current				
Instruction	104,868,813	-	853,370	105,722,183
Instruction-related services				
Instructional supervision and administration	3,941,986	-	104,223	4,046,209
Instructional library, media, and technology	1,672,335	-	-	1,672,335
School site administration	12,628,318	-	-	12,628,318
Pupil services				
Home-to-school transportation	5,458,197	-	-	5,458,197
Food services	3,022	-	8,992,329	8,995,351
All other pupil services	10,537,908	-	1,186	10,539,094
General administration				
Centralized data processing	1,410,356	-	-	1,410,356
All other general administration	6,037,803	-	392,594	6,430,397
Plant services	18,413,117	-	375,032	18,788,149
Facilities acquisition and maintenance	64,106	20,284,771	7,775,685	28,124,562
Ancillary services	190,724	-	-	190,724
Community services	135,138	-	-	135,138
Transfers to other agencies	1,892,685	-	-	1,892,685
Debt service				
Principal	-	-	675,000	675,000
Interest and other	226,682	-	5,908,299	6,134,981
Total Expenditures	167,481,190	20,284,771	25,077,718	212,843,679
Excess (Deficiency) of Revenues Over Expenditures	(2,015,478)	(20,175,251)	10,369,890	(11,820,839)
Other Financing Sources (Uses)				
Transfers in	-	10,816,879	-	10,816,879
Other sources	-	-	21,144	21,144
Transfers out	-	-	(10,816,879)	(10,816,879)
Net Financing Sources (Uses)	-	10,816,879	(10,795,735)	21,144
NET CHANGE IN FUND BALANCE	(2,015,478)	(9,358,372)	(425,845)	(11,799,695)
Fund Balance - Beginning	30,583,598	32,040,357	13,034,235	75,658,190
Fund Balance - Ending	\$ 28,568,120	\$ 22,681,985	\$ 12,608,390	\$ 63,858,495

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

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

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$	28,733,295	
Depreciation expense:		<u>(9,454,710)</u>	19,278,585

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

675,000

Debt issuance costs:

In governmental funds, debt issuance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issuance costs are amortized over the life of the debt. The difference between debt issuance costs recognized in the current period and issue costs amortized for the period is:

Issuance costs incurred during the period:	\$	-	
Issuance costs amortized for the period:		<u>(300,023)</u>	(300,023)

Gain or loss from the disposal of capital assets:

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(12,816)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

(62,893)

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(4,829,771)

(Continued on following page)

**OCEANSIDE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF
ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2013**

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (34,867)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: (89,015)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 271,050

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: (587,611)

Change in Net Position of Governmental Activities

\$	2,507,944
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OCEANSIDE UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2013

	Governmental Activities Internal Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 691,949
Accounts receivable	396,348
Total Assets	1,088,297
LIABILITIES	
Current liabilities	
Accrued liabilities	236,628
Due to other funds	3,383
Total Liabilities	240,011
NET POSITION	
Unrestricted	848,286
Total Net Position	\$ 848,286

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

OCEANSIDE UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities
	Internal Service Fund
OPERATING REVENUE	
Charges for services	\$ 4,067,462
Other local revenues	163,213
Total operating revenues	4,230,675
OPERATING EXPENSE	
Professional services	4,821,243
Total operating expenses	4,821,243
Operating income/(loss)	(590,568)
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	2,957
Total non-operating revenues/(expenses)	2,957
CHANGE IN NET POSITION	(587,611)
Net Position - Beginning	1,435,897
Net Position - Ending	\$ 848,286

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

OCEANSIDE UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Cash flows from operating activities	
Cash received (paid) from assessments made to (from) other funds	\$ 4,255,960
Cash payments for payroll, insurance, and operating costs	(4,817,676)
Net cash provided by (used for) operating activities	(561,716)
Cash flows from investing activities	
Interest received	2,957
Net cash provided by (used for) investing activities	2,957
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(558,759)
CASH AND CASH EQUIVALENTS	
Beginning of year	1,250,708
End of year	\$ 691,949
 Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income (loss)	\$ (590,568)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	25,285
Increase (decrease) in accounts payable	184
Increase (decrease) in due to other funds	3,383
Net cash provided by (used for) operating activities	<u>\$ (561,716)</u>

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

OCEANSIDE UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2013

	Agency Funds
	Student Body
	Fund
ASSETS	
Cash and cash equivalents	\$ 566,432
Stores inventory	46,477
Other assets	6,626
Total Assets	\$ 619,535
LIABILITIES	
Due to student groups	619,535
Total Liabilities	\$ 619,535

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

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The School District was established in 1970, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K – 12 as mandated by the state. The District operates sixteen K through fifth grade schools, four middle schools, and three high schools.

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, and agencies that are not legally separate from the District. For Oceanside Unified School District, this includes general operations, food service, and student related activities of the District.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also 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 District has no such component units.

C. Other Related Entities

Joint Powers Authority (JPA). The District is exposed to various risk of loss related to: torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District participates in JPA to manage these risks. The relationship between the District and the JPA in which it is associated with is such that the JPA is not a component unit of the District for financial reporting purposes. The JPA is governed by the board consisting of representatives from the member agencies. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member district pays premiums commensurate with the level of coverage or service requested, and shares surpluses and deficits proportionate to its participation in the JPA.

D. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. 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 of 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.

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its proprietary and fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This 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. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

D. Basis of Presentation (*continued*)

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

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

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

County School Facilities Fund: This 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.*).

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

Fiduciary Funds

Trust and Agency Funds: Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Student Body Fund: The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections 48930–48938*).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. **Basis of Accounting – Measurement Focus**

Government-Wide, Proprietary, and Fiduciary Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 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" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions (continued)

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue

Unearned 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 unearned revenue is removed from the balance sheet and revenue is recognized.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Assets, Liabilities, Fund Balance and Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash held in the county treasury is recorded at cost, which approximates fair value.

Investments

Investments 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.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, Fund Balance and Net Position (continued)

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. 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. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	25 – 50 years
Furniture and Equipment	5 – 20 years
Vehicles	8 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. 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 resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, Fund Balance and Net Position (continued)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund 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.

Deferred Issuance Costs, Premiums, and Discounts

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

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

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, Fund Balance and Net Position (continued)

Fund Balance (continued)

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Interfund Activity

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

H. 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.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

I. 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 purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

J. 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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

K. New Accounting Pronouncements

GASB Statement No. 61 – In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity and modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement is effective for periods beginning after June 15, 2012. The District has implemented GASB Statement No. 61 for the year ended June 30, 2013.

GASB Statement No. 62 – In December 2010, GASB issued Statement No. 62, *Codifications of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedures that were issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The Statement is effective for periods beginning after December 15, 2011. The District has implemented GASB Statement No. 62 for the year ended June 30, 2013.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. New Accounting Pronouncements (continued)

GASB Statement No. 63 - In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred inflows of resources and amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definition of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Statement is effective for periods beginning after December 15, 2011. The District has implemented GASB Statement No. 63 for the year ended June 30, 2013.

GASB Statement No. 65 – In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Statement is effective for periods beginning after December 15, 2012. The District has not yet determined the impact on the financial statements.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Statement is effective for periods beginning after June 15, 2014. The District has not yet determined the impact on the financial statements.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

The District did not hold any assets deemed to be investments as of June 30, 2013. A summary of balances for cash and cash equivalents at June 30, 2013 are as follows:

	Governmental	Internal Service	Total	
	Funds	Funds	Governmental	Fiduciary
			Activities	Funds
Cash in county	\$ 58,575,273	\$ 691,949	\$ 59,267,222	\$ -
Cash on hand and in banks	742,566	-	742,566	566,432
Cash with fiscal agent	528,125	-	528,125	-
Cash in revolving fund	90,000	-	90,000	-
Total cash and cash equivalents	\$ 59,935,964	\$ 691,949	\$ 60,627,913	\$ 566,432

B. 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; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The San Diego County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is 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.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$59,210,879 and an amortized book value of \$59,267,222. The average weighted maturity for this pool is 393 days.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2013, the pooled investments in the County Treasury were rated AAAs/S1 by Standard & Poor's.

F. 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. 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 agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2013, the District's bank balance was not exposed to custodial credit risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2013 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal Government					
Categorical aid	\$ 2,467,846	\$ -	\$ 1,627,181	\$ -	\$ 4,095,027
State Government					
Apportionment	9,991,077	-	-	-	9,991,077
Categorical aid	607,388	-	160,279	-	767,667
Lottery	1,444,481	-	-	-	1,444,481
Local Government					
Interest	14,051	16,981	3,666	-	34,698
Special Education	3,272,466	-	-	-	3,272,466
Other local sources	2,634,003	-	26,531	396,348	3,056,882
Total	\$ 20,431,312	\$ 16,981	\$ 1,817,657	\$ 396,348	\$ 22,662,298

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 16,825,171	\$ -	\$ -	\$ 16,825,171
Construction in progress	4,550,567	1,383,986	2,825,536	3,109,017
Total Capital Assets not Being Depreciated	21,375,738	1,383,986	2,825,536	19,934,188
Capital assets being depreciated				
Land improvements	7,519,967	18,620	-	7,538,587
Buildings & improvements	346,208,572	29,547,491	-	375,756,063
Furniture & equipment	17,067,916	608,734	1,954,344	15,722,306
Total Capital Assets Being Depreciated	370,796,455	30,174,845	1,954,344	399,016,956
Less Accumulated Depreciation				
Land improvements	3,894,266	3,805	-	3,898,071
Buildings & improvements	54,469,420	8,030,793	-	62,500,213
Furniture & equipment	15,835,377	1,420,112	1,941,528	15,313,961
Total Accumulated Depreciation	74,199,063	9,454,710	1,941,528	81,712,245
Governmental Activities				
Capital Assets, net	\$ 317,973,130	\$ 22,104,121	\$ 2,838,352	\$ 337,238,899

Depreciation expense is allocated among the following functions in the Statement of Activities:

Instruction	\$ 1,043,817
Instructional supervision and administration	44,753
Instructional library, media, and technology	946,222
Home-to-school transportation	2,524,955
Food services	3,002,194
Centralized data processing	703,045
All other general administration	510,957
Plant services	678,767
	<u>\$ 9,454,710</u>

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2013 were as follows:

Due To Other Funds	Due From Other Funds			
	General Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ -	\$ 2,511	\$ 2,511
Building Fund	6,562	-	-	6,562
Non-Major Governmental Funds	130,428	75	-	130,503
Self-Insurance Fund	3,383	-	-	3,383
Total Due From Other Funds	\$ 140,373	\$ 75	\$ 2,511	\$ 142,959

Due from the General Fund to the Cafeteria Fund for payroll expense	\$ 2,511
Due from the Child Development Fund to the General Fund for general expenses	16,804
Due from the Cafeteria Fund to the General Fund for general expenses	100,549
Due from the Building Fund to the General Fund for construction expenses	6,562
Due from the Capital Facilities Fund to the General Fund for general expenses	13,075
Due from the County Facilities Fund to the Building Fund for construction expenses	75
Due from the Self Insurance Fund to the General Fund for general expenses	3,383
Total	\$ 142,959

Operating Transfers

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

Interfund Transfers Out	Interfund Transfers In	
	Building Fund	Total
County School Facilities Fund	\$ 10,816,879	\$ 10,816,879
Total Interfund Transfers	\$ 10,816,879	\$ 10,816,879

Transfer from the County School Facilities Fund to the Building Fund for construction	\$ 10,816,879
Total	\$ 10,816,879

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2013 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	District-Wide	Total Governmental Activities
Payroll	\$ 781,806	\$ -	\$ 68,673	\$ -	\$ -	\$ 850,479
Construction	-	751,864	285,929	-	-	1,037,793
Vendors payable	6,868,190	-	113,592	236,628	-	7,218,410
Other liabilities	-	-	80,402	-	697,930	778,332
Total	\$ 7,649,996	\$ 751,864	\$ 548,596	\$ 236,628	\$ 697,930	\$ 9,885,014

NOTE 7 – UNEARNED REVENUE

Unearned revenue of \$986,084 at June 30, 2013 consisted of the local sources of \$78,389 and state categorical sources of \$907,695.

NOTE 8 – CURRENT LOANS

Tax and Revenue Anticipation Notes (TRANs)

On July 1, 2012, the District issued \$15,000,000 of Tax and Revenue Anticipation Notes (TRANs) through a multiple agency agreement with the County of San Diego and San Diego County School Districts. The notes bear interest at two percent. The notes were issued to supplement cash flows. Interest and principal were due and payable in two equal payments on January 31, 2013 and April 29, 2013. The District had paid off the notes as required during 2012-13, leaving no outstanding balance on the TRANs at June 30, 2013.

Treasury Loan

On March 26, 2013, the District's Governing Board approved a resolution for a temporary borrowing from the San Diego County Treasurer not to exceed \$10,000,000. The District received \$10,000,000 in April 2013 as a transfer into cash in county treasury. Interest on the transferred funds was agreed to be accrued and payable by the District at the greater of, the pooled investment's interest earnings rate or the average overnight repo rate for each month until the entire balance plus interest is repaid. The temporary loan was received to supplement cash flows arising from State deferrals. As of June 30, 2013, the District had made principal payments of \$1,299,624, leaving an outstanding balance of \$8,770,376. By July 2013, the District had transferred funds to the County Treasurer to fully repay the temporary loan.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 9 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2013 consisted of the following:

	Balance July 01, 2012	Additions	Deductions	Balance June 30, 2013	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 231,109,327	\$ -	\$ 675,000	\$ 230,434,327	\$ -
Unamortized premium	6,472,069	-	271,050	6,201,019	276,560
Accreted interest	10,691,639	4,829,771	-	15,521,410	-
Total general obligation bonds	248,273,035	4,829,771	946,050	252,156,756	276,560
Compensated absences	849,161	34,867	-	884,028	-
Net OPEB obligation	539,697	89,015	-	628,712	-
Total	\$ 249,661,893	\$ 4,953,653	\$ 946,050	\$ 253,669,496	\$ 276,560

A. Bonded Debt

The outstanding bonded debt as of June 30, 2013 consists of the following:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2012	Additions	Deductions	Bonds Outstanding June 30, 2013
2000 Election, Series C	3/21/2002	8/1/2032	4.1-7.0%	\$ 20,000,000	\$ -	\$ -	\$ -	\$ -
2000 Election, Series D	5/5/2004	8/1/2033	3.0-5.0%	25,000,000	12,700,000	-	-	12,700,000
2000 Election, Series E	6/22/2005	8/1/2034	3.0-5.0%	25,000,000	20,945,000	-	-	20,945,000
2000 Election, Series F	6/20/2006	8/1/2035	4.0-7.0%	25,500,000	22,965,000	-	300,000	22,665,000
2008 Election, Series A	3/4/2006	8/1/2031	3.8-8.0%	49,995,054	55,509,295	1,935,925	-	57,445,220
2009 Refunding of 2000 Series A,B,C	3/4/2009	8/1/2035	3.0-4.25%	16,600,000	16,600,000	-	-	16,600,000
2008 Election, Series B	5/5/2010	8/1/2049	6.51-10.45%	29,999,991	34,970,233	2,469,804	-	37,440,037
2010 Refunding of 2000 Series B,D,E,F	5/5/2010	8/1/2028	3.125-5.0%	14,320,000	14,320,000	-	-	14,320,000
2011 Qualified School Construction Bond	5/12/2011	5/1/2016	4.50%	25,000,000	25,000,000	-	-	25,000,000
2008 Election, Series C	4/11/2012	8/1/2051	5.82-6.98%	14,999,282	15,206,438	424,042	-	15,630,480
2012 Refunding of 2000 Series, C,D,E	4/11/2012	8/1/2027	2.0-3.5%	23,585,000	23,585,000	-	375,000	23,210,000
				\$ 269,999,327	\$ 241,800,966	\$ 4,829,771	\$ 675,000	\$ 245,955,737

Election of 2000 Proposition G General Obligation Bond Authorization

The election of 2000 authorized \$125,000,000 in general obligation bonds issued in Series A through F. In 2009, 2011 and 2012, \$16,600,000, \$14,320,000, and \$23,585,000, respectively, were issued in refunding bonds were to advance refund a portion of the original issuances. The proceeds associated with the refunding bonds were deposited in an escrow fund for future payment. The portion of the original bonds refunded is considered fully defeased and is not recorded on the financial statements. The total outstanding balance of Election 2000 bonds, including the refunding bonds, as of June 30, 2013 amounted to \$110,440,000.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 9 – LONG-TERM DEBT (continued)

A. Bonded Debt (continued)

Election of 2008 Proposition H General Obligation Bond Authorization

On June 3, 2008, the voters in the District passed by 71% Proposition H, a \$195 million general obligation bond authorization. With the passing of Proposition H, the District will continue modernization plans for as many as 19 campuses district-wide. Bond funds will be supplemented with state matching funds and other funding sources to help complete the work. As of June 30, 2013, the District has issued \$94,994,327 and the amount outstanding as of June 30, 2013 was \$110,515,737, including \$15,521,410 in accreted interest.

Qualified School Construction Bonds (QSCB)

The District issued \$25,000,000 of Qualified School Construction Bonds (QSCBs) on May 12, 2011, pursuant to an authorization granted by voters of the District on June 3, 2008. The QSCBs were issued simultaneously with the District's General Obligation Bonds in order to fund projects authorized under Proposition H. The QSCBs are payable from ad valorem taxes upon all property subject to taxation by the District. The QSCBs are tax credit bonds within the meaning of Section 54F of the Internal Revenue Code (the Code), and accordingly the QSCBs do not bear interest to be paid by the District. The owners of the QSCBs will be allowed a credit under the Code against their Federal income tax liability. Proceeds from the sale of QSCBs are restricted to the uses prescribed for bonds designated as QSCBs under Section 54F of the Code.

Debt Service Requirements to Maturity – Bonds

The annual requirements to amortize debt related to the general obligation bonds payable outstanding as of June 30, 2013 are as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 1,855,000	\$ 7,672,204	\$ 9,527,204
2015	847,132	5,764,302	6,611,435
2016	27,346,726	6,569,631	33,916,357
2017	4,534,953	6,398,617	10,933,570
2018	4,661,200	5,371,365	10,032,565
2019 - 2023	37,218,788	25,703,013	62,921,801
2024 - 2028	40,713,690	38,428,470	79,142,160
2029 - 2033	46,337,565	38,034,935	84,372,500
2034 - 2038	31,812,807	50,145,757	81,958,564
2039 - 2043	14,527,857	83,569,830	98,097,687
2044 - 2048	12,372,019	117,122,795	129,494,814
2049 - 2053	8,206,590	93,464,789	101,671,379
Accretion	15,521,410	(15,521,410)	-
Total	\$ 245,955,737	\$ 462,724,298	\$ 708,680,036

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 9 – LONG-TERM DEBT (continued)

B. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2013 amounted to \$884,028. This amount is included as part of long-term liabilities in the government-wide financial statements.

C. Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2013, was \$498,657 and contributions made by the District during the year were \$350,257, which resulted in a net OPEB obligation of \$628,712. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefit plan.

NOTE 10 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2013:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 80,000	\$ -	\$ 10,000	\$ 90,000
Stores inventory	36,847	-	323,266	360,113
Total non-spendable	116,847	-	333,266	450,113
Restricted				
Educational programs	2,909,993	-	52,590	2,962,583
Capital projects	-	22,681,985	3,283,687	25,965,672
Debt service	-	-	6,532,603	6,532,603
All others	-	-	2,406,244	2,406,244
Total restricted	2,909,993	22,681,985	12,275,124	37,867,102
Assigned				
Other assignments	4,397,007	-	-	4,397,007
Total assigned	4,397,007	-	-	4,397,007
Unassigned				
Reserve for economic uncertainties	21,144,273	-	-	21,144,273
Total unassigned	21,144,273	-	-	21,144,273
Total	\$ 28,568,120	\$ 22,681,985	\$ 12,608,390	\$ 63,858,495

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 10 – FUND BALANCES (continued)

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3% of General Fund expenditures and other financing uses. If a fund balance drops below three percent, it shall be recovered at a rate of one percent minimally, each year. In the event of unanticipated changes in revenues or expenditures, it is the responsibility of the chief business official to report the projections to the District's Board when they become known.

NOTE 11 –POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description and Contribution Information

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The Plan offers the following benefits by bargaining unit:

	<u>Certificated*</u>	<u>Classified*</u>	<u>Management*</u>
Benefit types provided	Medical only	Medical only	Medical only
Duration of benefits	To age 65	To age 65	To age 65
Required service	20 years*	20 years*	20 years*
Minimum age	55	55	55
Dependent coverage	Yes	Yes	Yes
District contribution %	100%	100%	100%
District annual cap	\$1,800	\$1,800	\$1,800

**Certain retirees are covered under other, grandfathered retiree health benefit plans*

Membership of the plan consisted of the following:

Retirees and beneficiaries receiving benefits	112
Active plan members	1,448
Total*	<u>1,560</u>
Number of participating employers	1

*As of May 1, 2011 actuarial study

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

B. Funding Policy

The contribution requirements of Plan members and the District are established and may be amended by the District and District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2012-13, the District contributed \$350,257 to the Plan, all of which was used for current premiums.

As of June 30, 2013, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors.

C. Annual OPEB Cost and Net OPEB Obligation

The District's annual 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	\$	498,657
Interest on net OPEB obligation		25,363
Adjustment to annual required contribution		(84,748)
Annual OPEB cost (expense)		439,272
Contributions made		(350,257)
Increase (decrease) in net OPEB obligation		89,015
Net OPEB obligation, beginning of the year		539,697
Net OPEB obligation, end of the year	\$	628,712

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2013 and the preceding two years were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2013	\$ 439,272	80%	\$ 628,712
2012	\$ 451,758	78%	\$ 539,697
2011	\$ 499,668	86%	\$ 438,196

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial evaluation consists of the following:

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
May 1, 2011	\$ -	\$ 8,100,356	\$ 8,100,356	0%	\$ 105,661,992	8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to 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.

E. 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. Information on the latest actuarial valuation is as follows:

Valuation Date	5/1/2011
Actuarial Cost Method	Entry Age
Amortization Method	Level-percentage of payroll
Remaining Amortization Period	29
Asset Valuation	\$ -
Actuarial Assumptions:	
Investment rate of return	5.0%
Discount rate	5.0%
Health care trend rate	4.0%
Inflation rate	3.0%
Payroll Increase rate	3.0%

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits 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, CA 95826.

Funding Policy

Active plan members are required to contribute 8.0% 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 2013 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2012-13	\$ 6,664,235	100%
2011-12	\$ 6,563,826	100%
2010-11	\$ 6,465,770	100%

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$4,056,585 to CalSTRS (5.176% of 2010-11 creditable compensation subject to CalSTRS).

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS (continued)

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (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 death 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, CA 95811.

Funding Policy

Active plan members are required to contribute 7.0% 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 2013 was 11.417% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2012-13	\$ 3,069,521	100%
2011-12	\$ 2,786,000	100%
2010-11	\$ 2,662,042	100%

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2013

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2013.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2013.

C. Construction Commitments

As of June 30, 2013, the District had \$4,226,411 in commitments with respect to unfinished capital projects, summarized by project as follows:

	Remaining Construction Commitments
Clair Burgener Academy	\$ 854,915
El Camino High Traux Theater	23,600
Mission Elementary School	1,709,704
Other Proposition H Bond Projects	418,950
Palmquist Elementary School	521,077
Oceanside High School Performing Arts Center	698,165
Total	<u>\$ 4,226,411</u>

NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in one joint venture under a joint powers agreement (JPA), the San Diego County Schools Risk Management JPA (RM). The JPA arranges for and provides workers' compensation, health, and property and liability insurance for its member school districts.

There were no significant reductions in coverage during the year. Settled claims have not exceeded coverage in any of the past two years. Copies of the annual financial report for RM can be obtained from the Risk Management Department of the San Diego County Office of Education, 6401 Linda Vista Road, San Diego, California, 92111.

REQUIRED SUPPLEMENTARY INFORMATION

OCEANSIDE UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Revenue limit sources	\$ 91,270,803	\$ 99,752,706	\$ 99,676,716	\$ (75,990)
Federal sources	19,108,077	20,717,897	23,119,024	2,401,127
Other state sources	21,920,049	23,016,243	23,719,781	703,538
Other local sources	12,920,153	13,952,132	14,870,755	918,623
Total Revenues	145,219,082	157,438,978	161,386,276	3,947,298
EXPENDITURES				
Certificated salaries	82,151,087	81,560,311	80,614,492	945,819
Classified salaries	25,223,822	25,446,909	25,661,798	(214,889)
Employee benefits	34,151,352	34,056,015	32,362,329	1,693,686
Books and supplies	5,329,413	8,160,600	6,495,695	1,664,905
Services and other operating expenditures	14,619,532	15,201,708	15,180,629	21,079
Capital outlay	162,000	354,911	140,347	214,564
Other outgo				
Excluding transfers of indirect costs	390,150	390,150	1,892,685	(1,502,535)
Transfers of indirect costs	(336,305)	(348,615)	(358,563)	9,948
Total Expenditures	161,691,051	164,821,989	161,989,412	2,832,577
Excess (Deficiency) of Revenues				
Over Expenditures	(16,471,969)	(7,383,011)	(603,136)	6,779,875
NET CHANGE IN FUND BALANCE	(16,471,969)	(7,383,011)	(603,136)	6,779,875
Fund Balance - Beginning	28,504,934	28,559,322	28,559,322	-
Fund Balance - Ending	\$ 12,032,965	\$ 21,176,311	\$ 27,956,186	\$ 6,779,875

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- On behalf payments of \$4,056,585 are not included in the actual revenues and expenditures reported in this schedule.
- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education and Deferred Maintenance Funds in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to required supplementary information.

OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
May 1, 2011	\$ -	\$ 8,100,356	\$ 8,100,356	0%	\$ 105,661,992	8%
April 1, 2009	\$ -	\$ 6,935,923	\$ 6,935,923	0%	\$ 110,981,959	6%

See accompanying note to required supplementary information.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Funding Progress

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2013, the District incurred an excess of expenditures over appropriations in the General Fund presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Classified salaries	\$ 25,446,909	\$ 25,661,798	\$ 214,889
Other outgo			
Excluding transfers of indirect costs	\$ 390,150	\$ 1,892,685	\$ 1,502,535
Transfers of indirect costs	\$ (348,615)	\$ (358,563)	\$ (9,948)

SUPPLEMENTARY INFORMATION

**OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 4,848,051
Title II, Part A, Teacher Quality	84.367A	14341	808,974
Title II, Part D, Enhancing Education Through Technology, Formula Grants	84.318	14334	9,865
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	468,862
Title IV, Part A, Drug-Free Schools	84.186	14347	1,925
Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	84.330B	14831	40,000
Title VIII, Impact Aid	84.041	10015	9,493,935
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	3,839,782
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	193,635
Part B, Preschool Grants	84.173	13430	107,502
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	267,486
Preschool Staff Development	84.173A	13431	1,066
Subtotal Special Education Cluster			4,409,471
Adult Education: English Literacy and Civics Education	84.002A	14109	50,092
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	147,326
Title X, McKinney-Vento Homeless Assistance	84.196	14332	15
Total U. S. Department of Education			20,278,516
U.S. DEPARTMENT OF DEFENSE:			
Targeted Intervention for Pendelton Students (TIPS)	12.557	*	997,369
Impact Aid Supplemental Program	12.558	*	1,356,732
Total U.S. Department of Defense			2,354,101
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	23668	1,219,794
National School Lunch Program	10.555	13391	4,741,362
Summer Food Service Program for Children	10.559	13004	214,777
USDA Commodities	10.555	*	414,562
Subtotal Child Nutrition Cluster			6,590,495
Fresh Fruit and Vegetable Program	10.582	14968	30,366
Total U. S. Department of Agriculture			6,620,861
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Health Services:</i>			
Medi-Cal Billing Option	93.778	10013	328,996
Medi-Cal Administrative Activities (MAA)	93.778	*	76,060
Total U. S. Department of Health & Human Services			405,056
Total Federal Expenditures			\$ 29,658,534

* - PCS Number not available or not applicable

See accompanying note to supplementary information.

**OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2013**

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	1,772	1,764
First through third	4,727	4,705
Fourth through sixth	4,151	4,134
Seventh through eighth	2,399	2,385
Home and hospital	3	4
Special education	525	527
Total Elementary	13,577	13,519
SECONDARY		
Regular classes	4,667	4,617
Continuation education	175	170
Home and hospital	5	5
Special education	287	283
Total Secondary	5,134	5,075
 Average Daily Attendance Total	 18,711	 18,594

See accompanying note to supplementary information.

**OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2013**

Grade Level	1982-83		1986-87		2012-13	Number of Days	Status
	Actual Minutes	Actual Minutes Reduced	Minutes Requirement	Minutes Requirement Reduced	Actual Minutes		
Kindergarten	30,260	29,419	36,000	35,000	36,210	180	Complied
Grade 1	50,730	49,321	50,400	49,000	54,630	180	Complied
Grade 2	50,730	49,321	50,400	49,000	54,630	180	Complied
Grade 3	50,730	49,321	50,400	49,000	54,630	180	Complied
Grade 4	52,510	51,051	54,000	52,500	54,630	180	Complied
Grade 5	52,510	51,051	54,000	52,500	54,630	180	Complied
Grade 6	52,510	51,051	54,000	52,500	54,630	180	Complied
Grade 7	52,510	51,051	54,000	52,500	61,745	180	Complied
Grade 8	52,510	51,051	54,000	52,500	61,745	180	Complied
Grade 9	62,650	60,910	64,800	63,000	65,659	180	Complied
Grade 10	62,650	60,910	64,800	63,000	65,659	180	Complied
Grade 11	62,650	60,910	64,800	63,000	65,659	180	Complied
Grade 12	62,650	60,910	64,800	63,000	65,659	180	Complied

See accompanying note to supplementary information.

OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

	2014 (Budget)	2013	2012	2011
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 155,530,226	\$ 161,386,276	\$ 163,501,823	\$ 161,076,857
Expenditures And Other Financing Uses	169,168,511	161,989,412	157,880,812	153,142,429
Net change in Fund Balance	\$ (13,638,285)	\$ (603,136)	\$ 5,621,011	\$ 7,934,428
Ending Fund Balance	\$ 14,317,901	\$ 27,956,186	\$ 28,559,322	\$ 22,938,311
Available Reserves*	\$ 9,159,682	\$ 21,144,271	\$ 22,591,080	\$ 16,443,503
Available Reserves As A Percentage Of Outgo	5.41%	13.05%	14.31%	10.74%
Long-term Debt	\$ 253,392,936	\$ 253,669,496	\$ 249,661,893	\$ 229,879,525
Average Daily Attendance At P-2	18,718	18,711	18,658	18,808

The General Fund balance has increased by \$5,017,875 over the past two years. The fiscal year 2013-14 budget projects a decrease of \$13,638,285. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2013-14 fiscal year. Total long term obligations have increased by \$23,789,971 over the past two years.

Average daily attendance has decreased by 97 ADA over the past two years. A slight increase in ADA is anticipated during the 2013-14 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education and Deferred Maintenance Funds, in accordance with the fund type definitions promulgated by GASB Statement No. 54, and on behalf payments of \$4,056,585.

**OCEANSIDE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Deferred Maintenance Fund
June 30, 2013, annual financial and budget report fund balance	\$ 27,956,186	\$ 611,934
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB54)	611,934	(611,934)
Net adjustments and reclassifications	611,934	(611,934)
June 30, 2013, audited financial statement fund balance	\$ 28,568,120	\$ -

See accompanying note to supplementary information.

OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2013

Charter School	Status	Included in Audit Report
Coastal Academy	Active	Not Included
Pacific View Charter	Active	Not Included

See accompanying note to supplementary information.

OCEANSIDE UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2013

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 53,743	\$ 977,936	\$ 3,579,772	\$ -	\$ 6,532,603	\$ 11,144,054
Accounts receivable	24,692	1,789,971	2,919	75	-	1,817,657
Due from other funds	-	2,511	-	-	-	2,511
Stores inventory	-	323,267	-	-	-	323,267
Total Assets	\$ 78,435	\$ 3,093,685	\$ 3,582,691	\$ 75	\$ 6,532,603	\$ 13,287,489
LIABILITIES						
Accrued liabilities	\$ 9,041	\$ 253,626	\$ 285,929	\$ -	\$ -	\$ 548,596
Due to other funds	16,804	100,549	13,075	75	-	130,503
Total Liabilities	25,845	354,175	299,004	75	-	679,099
FUND BALANCES						
Non-spendable	-	333,266	-	-	-	333,266
Restricted	52,590	2,406,244	3,283,687	-	6,532,603	12,275,124
Total Fund Balances	52,590	2,739,510	3,283,687	-	6,532,603	12,608,390
Total Liabilities and Fund Balance	\$ 78,435	\$ 3,093,685	\$ 3,582,691	\$ 75	\$ 6,532,603	\$ 13,287,489

See accompanying note to supplementary information.

OCEANSIDE UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds
REVENUES						
Federal sources	\$ -	\$ 6,620,861	\$ -	\$ -	\$ -	\$ 6,620,861
Other state sources	967,131	514,937	-	17,246,809	75,051	18,803,928
Other local sources	108,769	1,680,465	676,763	676	7,556,146	10,022,819
Total Revenues	1,075,900	8,816,263	676,763	17,247,485	7,631,197	35,447,608
EXPENDITURES						
Current						
Instruction	853,370	-	-	-	-	853,370
Instruction-related services						
Instructional supervision and administration	104,223	-	-	-	-	104,223
Pupil services						
Food services	-	8,992,329	-	-	-	8,992,329
All other pupil services	1,186	-	-	-	-	1,186
General administration						
All other general administration	39,623	318,940	34,031	-	-	392,594
Plant services	77,405	-	297,627	-	-	375,032
Facilities acquisition and maintenance	-	-	1,345,079	6,430,606	-	7,775,685
Debt service						
Principal	-	-	-	-	675,000	675,000
Interest and other	-	-	-	-	5,908,299	5,908,299
Total Expenditures	1,075,807	9,311,269	1,676,737	6,430,606	6,583,299	25,077,718
Excess (Deficiency) of Revenues						
Over Expenditures	93	(495,006)	(999,974)	10,816,879	1,047,898	10,369,890
Other Financing Sources (Uses)						
Other sources	-	-	-	-	21,144	21,144
Transfers out	-	-	-	(10,816,879)	-	(10,816,879)
Net Financing Sources (Uses)	-	-	-	(10,816,879)	21,144	(10,795,735)
NET CHANGE IN FUND BALANCE	93	(495,006)	(999,974)	-	1,069,042	(425,845)
Fund Balance - Beginning	52,497	3,234,516	4,283,661	-	5,463,561	13,034,235
Fund Balance - Ending	\$ 52,590	\$ 2,739,510	\$ 3,283,687	\$ -	\$ 6,532,603	\$ 12,608,390

See accompanying note to supplementary information.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2013

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2013 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2013.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 29,789,977
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	590,562
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	60,098
Medical Billing Option	93.778	(303,153)
MAA Program	93.778	2,447
Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	84.330B	22,452
Interagency Contracts Between LEAs	*	(503,849)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$29,658,534</u>

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. Through 2014-15, the instructional day and minute requirements have been reduced pursuant to *Education Code Section* 46201.2.

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.

OCEANSIDE UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION, continued
JUNE 30, 2013

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools

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

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

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. (Located in the front of the audit report)

**OTHER INDEPENDENT
AUDITORS' REPORTS**

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

Christy White, CPA

John Dominguez, CPA, CFE

Tanya M. Rogers, CPA, CFE

Michael Ash, CPA

Heather Daud

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*Licensed by the California
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Independent Auditors' Report

Governing Board
Oceanside Unified School District
Oceanside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oceanside Unified School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Oceanside Unified School District's basic financial statements, and have issued our report thereon dated December 9, 2013.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



San Diego, California
December 9, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

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Independent Auditors' Report

Governing Board
Oceanside Unified School District
Oceanside, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Christy White Associates

San Diego, California
December 9, 2013

REPORT ON STATE COMPLIANCE

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John Dominguez, CPA, CFE

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Michael Ash, CPA

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Independent Auditors' Report

Governing Board
Oceanside Unified School District
Oceanside, California

Report on State Compliance

We have audited Oceanside Unified School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2012-13*, issued by the California Education Audit Appeals Panel that could have a direct and material effect on each of Oceanside Unified School District's state programs for the fiscal year ended June 30, 2013, as identified below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oceanside Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2012-13*, 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Oceanside Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Oceanside Unified School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Oceanside Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2013.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Oceanside Unified School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES IN AUDIT GUIDE	PROCEDURES PERFORMED
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time for:		
School Districts	6	Yes
County Offices of Education	3	Not Applicable
Instructional Materials, general requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Class Size Reduction (including in charter schools):		
General requirements	7	Yes
Option One	3	Yes
Option Two	4	Not Applicable
Districts or charter schools with only one school serving K - 3	4	Not Applicable

(Continued on the next page)

Procedures Performed (continued)

PROGRAM NAME	PROCEDURES IN AUDIT GUIDE	PROCEDURES PERFORMED
After School Education and Safety Program:		
General requirements	4	Yes
After school	5	Yes
Before school	6	Yes
Contemporaneous Records of Attendance; for charter schools	1	Not Applicable
Mode of Instruction; for charter schools	1	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	3	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	4	Not Applicable

Christy White Associates

San Diego, California
December 9, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**OCEANSIDE UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>	
<u>84.041</u>	<u>Title VIII, Impact Aid</u>	
Dollar threshold used to distinguish between Type A and Type B programs:	\$	889,756
Auditee qualified as low-risk auditee?		<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

OCEANSIDE UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings or questioned costs for the year ended 2012-13.

OCEANSIDE UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended 2012-13.

OCEANSIDE UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

FIVE DIGIT CODE

10000
40000
41000
60000
61000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
CalSTRS
Miscellaneous
Classroom Teacher Salaries
Instructional Materials
Teacher Misassignments
School Accountability Report Card

There were no State award findings or questioned costs for the year ended 2012-13.

OCEANSIDE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

FINDING #2012-1: TEACHER MISASSIGNMENT (71000)

Criteria: Per California *Education Code Section* 19817.2, teachers assigned to teach a class in which more than twenty percent of the pupils are English learners must be authorized to instruct limited-English proficient pupils.

Condition: In our testing of teacher assignments, we found one teacher was assigned to teach a class which was comprised of greater than twenty percent of pupils whom were English learners; however, the teacher was not authorized to instruct limited-English proficient pupils.

Cause: Insufficient controls over monitoring teacher credentialing and assignments.

Effect: Noncompliance with State requirements.

Questioned Cost: None.

Recommendation: We recommend that the District implement appropriate internal control procedures over teacher assignments to ensure that all teachers obtain appropriate credentials and are given appropriate courses to provide instruction.

District Response: We have identified and have been working with the individual teacher that did not process the appropriate limited-English teacher certification. The teacher is currently enrolled in a program to complete the requirements for the Certificate of Completion of Staff Development (CCSD) and is due to finish the program this January. In the meantime, the teacher has applied for a Variable Term Waiver to authorize him to teach limited-English proficient pupils. The Human Resources department has promptly implemented a procedure to properly track teacher certifications and, as a general requirement, ensures all teachers hold the required clearance to teach limited-English students.

Current Status: Implemented.