

CAPISTRANO UNIFIED SCHOOL DISTRICT
33122 Valle Road
San Juan Capistrano, CA 92675
BOARD OF TRUSTEES
Special Meeting

July 11, 2018

Closed Session 4:00 p.m.

AGENDA

CLOSED SESSION AT 4:00 P.M.

- 1. CALL TO ORDER**
- 2. CLOSED SESSION COMMENTS**
- 3. CLOSED SESSION** (as authorized by law)
 - A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Kirsten M. Vital/Clark Hampton/Susan Holliday
Attorney – David Huff
Significant Exposure to Litigation – One Case
(Pursuant to Government Code § 54956.9(d)(2)(3))
 - B. PUBLIC EMPLOYEE EMPLOYMENT/APPOINTMENT**
Gordon Amerson
Interim Associate Superintendent, Human Resource Services
(Pursuant to Government Code § 54957)
 - C. CONFERENCE WITH LABOR NEGOTIATORS**
District Negotiators: Kirsten M. Vital/Gordon Amerson/Clark Hampton
Employee Organizations:
 - 1) Capistrano Unified Education Association (CUEA)
 - 2) California School Employees Association (CSEA)
 - 3) Teamsters
 - 4) Capistrano Unified Management Association (CUMA)(Pursuant to Government Code § 54957.6)
 - D. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**
Gordon Amerson Update (Pursuant to Government Code § 54957)

RECORDING OF SCHOOL BOARD MEETINGS

In accordance with Board Policy 9324, Board Minutes, all Regular School Board Meetings will be audio recorded.

OPEN SESSION AT 6:00 P.M.

CALL TO ORDER – ROLL CALL

PLEDGE OF ALLEGIANCE

ADOPTION OF THE AGENDA

REPORT ON CLOSED SESSION ACTION

ORAL COMMUNICATIONS (Non-Agenda Items)

Oral Communications will occur immediately following Board and Superintendent Comments. The total time for Oral Communications shall be twenty (20) minutes. Individual presentations are limited to a maximum of three (3) minutes per individual.

INFORMATION/DISCUSSION

1. STAFF REPORT ON REVOCATION PROCESS OF OXFORD PREPARATORY ACADEMY-SOUTH ORANGE COUNTY CHARTER:

Staff will provide Trustees with an update on the revocation process and evidence, including a response to information Oxford Preparatory Academy (OPA) submitted to Trustees at the June 20, 2018 Board meeting, the estimated timeline for revocation, and options for continuing the litigation.

CUSD WIG 1: Teaching and Learning – Engage students in meaningful, challenging, and innovative educational experiences to increase post-secondary options for all students.

Contact: Susan Holliday, Associate Superintendent, Education Services

Staff Recommendation

It is recommended the Board of Trustees recognize Susan Holliday, Associate Superintendent, Education Services, to present information on this item and answer any questions Trustees may have. This is an information item only and no Board action is necessary.

INFORMATION/
DISCUSSION

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EXHIBIT 1

PUBLIC HEARING

2. PUBLIC HEARING: CHARTER REVOCATION FOR OXFORD PREPARATORY ACADEMY, GRADES K-8

The Board will conduct a public hearing on the issue of whether evidence exists to revoke Oxford Preparatory Academy's (OPA) charter in accordance with Education Code § 47607(e).

Education Code § 47607(e) provides that no later than 30 days after providing a notice of intent to revoke a school's charter, the chartering authority shall hold a public hearing in the normal course of business on whether evidence exists to revoke the charter. The Notice of Intent to Revoke was approved by the Board on June 20, 2018 and provided to the charter school in the manner prescribed by law on June 21, 2018. No later than 30 days after the public hearing, the Board shall issue a final decision to revoke or decline to revoke the charter, unless a 30-day extension is agreed to by the charter school and the Board.

CUSD WIG 1: Teaching and Learning - Engage students in meaningful, challenging, and innovative educational experiences to increase post-secondary options for all students.

Contact: Susan Holliday, Associate Superintendent, Education Services

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EXHIBIT 2

Staff Recommendation

It is recommended the Board President open the public hearing, determine if members of the public have submitted requests to speak on the item, and after hearing any speakers, formally close the public hearing.

DISCUSSION/ACTION

3. DEVELOPMENT OF MEMORANDUM OF UNDERSTANDING WITH OXFORD PREPARATORY ACADEMY CHARTER SCHOOL: DISCUSSION/
ACTION

This item will provide an opportunity for Trustees to direct staff to develop memorandum of understanding (MOU) with Oxford Preparatory Academy Charter School containing specific remediation steps and a timeline to assure the District of the governance and financial viability of the charter school. Trustees will discuss the potential opportunity to authorize the Superintendent to enter into the MOU on or before the July 25 regular meeting of the Board Trustees.

The Trustees will have a discussion regarding the desirability and viability of such an MOU, along with specific conditions it could include, and a well-defined timeline for meeting those conditions. After gathering input on specific conditions, Trustees and staff will assess whether it is likely that OPA can meet all stated conditions in a timely manner. If deemed feasible, Trustees may approve this item as direction to staff engage with OPA leadership to develop and execute a mutually acceptable MOU at or before the July 25 regular meeting of the Board of Trustees.

CUSD WIG 1: Teaching and Learning – Engage students in meaningful, challenging, and innovative educational experiences to increase post-secondary options for all students.

Contact: Jim Reardon, Trustee, Capistrano Unified School District

Staff Recommendation

It is recommended the Board of Trustees recognize Jim Reardon, Trustee, to present this item.

Following discussion, it is recommended the Board of Trustees approve the development of an MOU with Oxford Preparatory Academy Charter School to bring forward for approval at or before the July 25 regular meeting of the Board of Trustees.

Motion _____ Second _____

ADJOURNMENT

Motion _____ Second _____

**THE NEXT REGULAR MEETING OF THE BOARD OF TRUSTEES IS
WEDNESDAY, JULY 25, 2018, 7:00 P.M.
AT THE CAPISTRANO UNIFIED SCHOOL DISTRICT OFFICE BOARD ROOM
33122 VALLE ROAD, SAN JUAN CAPISTRANO, CALIFORNIA**

For information regarding Capistrano Unified School District, please visit our website:

www.capousd.org

INSTRUCTIONS FOR PRESENTATIONS TO THE BOARD BY PARENTS AND CITIZENS PRESENT AT THIS MEETING

We are pleased you can be with us at this meeting, and we hope you will return often. Your visit assures us of continuing community interest in our schools.

The members of the Board of Trustees of this District are locally elected state officials, who serve four-year terms of office, and who are responsible for the educational program of our community from grades kindergarten through twelve. They are required to conduct programs of the schools in accordance with the State of California Constitution, the State Education Code, and other laws relating to schools enacted by the Legislature, and policies and procedures, which this Board adopts.

The Board is a policy-making body whose actions are guided by the school district's Mission and Goals. Administration of the District is delegated to a professional administrative staff headed by the Superintendent.

The agenda and its extensive background material are studied by each member of the Board for at least two days preceding the meeting. Board Members can call the administrative staff for clarification on any item, and many of the items on the agenda were discussed by the Board during previous meetings. These procedures enable the Board to act more effectively on agenda items than would otherwise be possible.

WHAT TO DO IF YOU WISH TO ADDRESS THE BOARD OF TRUSTEES

CLOSED SESSION: In accordance with Education Code § 35146 and Government Code § 54957, the Board may recess to Closed Session to discuss personnel matters which they consider inadvisable to take up in a public meeting.

Members of the public shall have an opportunity to address the Board regarding items on the agenda to be considered during Closed Session prior to the Board adjourning the meeting to Closed Session. Individual presentations are limited to a maximum of three minutes; however, the time assigned for individual presentations could be fewer than three minutes depending upon the total number of speakers who wish to address a specific agenda topic.

ORAL COMMUNICATIONS (Non-Agenda Items): Regular, scheduled meetings of the Board shall have a portion of each meeting devoted to Oral Communications. Oral Communications, will take place following Special Recognitions. The total time for the Oral Communications portion of regular meetings shall be twenty minutes. Individual presentations are limited to a maximum of three minutes per individual but could be less if there are a large number of Oral Communication speakers. Legally, the Board may not take action on items raised by speakers under Oral Communications. The Board may, however, at its discretion, refer items to the administration for follow-up or place topics on a future Board agenda.

ORAL COMMUNICATIONS (Agenda Items): Members of the public shall also have an opportunity to address the Board on Open Session agenda items before their consideration by the Board. Individual presentations for the Consent Calendar are limited to a maximum of five minutes for all Consent Calendar items. Individual presentations for Discussion/Action agenda items are limited to a maximum of three minutes however; the time assigned for individual presentations could be fewer than three minutes depending upon the total number of speakers, who wish to address a specific agenda topic. The total time for presentations shall be limited to twenty minutes per agenda topic, unless the Board grants additional time. The Board shall hear all presentations after any staff comments but prior to the formal discussion by Board members of the agenda topic under consideration.

Once an agenda item has been opened for public comment, no additional "Request to Address the Board of Trustees" cards shall be accepted for that topic unless otherwise approved by the Board. When addressing a specific item on the agenda, the Board may vote to allow additional public speaker time for an individual Discussion/Action item.

PUBLIC HEARINGS: Any time the Board schedules a separate public hearing on a given topic, it shall not hear speakers on that topic before the public hearing, except as to the scheduling of the hearing, nor shall it hear speakers after the hearing, except as to changes in the recommended action at the time of the hearing.

REASONABLE ACCOMMODATION

In order to help ensure participation in the meeting of disabled individuals, appropriate disability-related accommodations or modifications shall be provided by the Board, upon request, in accordance with the Americans with Disabilities Act (ADA). Persons with a disability who require a disability-related accommodation or modification, including auxiliary aids and services in order to participate in a Board meeting, shall contact the Superintendent or designee in writing by noon on the Friday before the scheduled meeting. Such notification shall provide school district personnel time to make reasonable arrangements to assure accessibility to the meeting.

**CAPISTRANO UNIFIED SCHOOL DISTRICT
BOARD REPORT**

To: Board of Trustees

From: Susan Holliday, Associate Superintendent, Education Services

Prepared by: Heidi Crowley, Coordinator Charter Schools and Strategic Initiatives

Date: July 11, 2018

Board Item: Staff Report on Revocation Process of Oxford Preparatory Academy –
South Orange County Charter

HISTORY

On June 20, 2018 staff presented information on the Oxford Preparatory Academy's (OPA) Notice of Intent to Revoke and Notice of Facts in Support of Revocation to Oxford Preparatory Academy Pursuant to Education Code § 47607(e). At that meeting, Trustees voted 5-1-1, to issue OPA the Notice of Intent to Revoke. During the meeting, OPA staff submitted a document to the Board providing responses to District's concerns raised in the Intent to Revoke document. District staff has reviewed OPA's responses and has provided a response.

BACKGROUND INFORMATION

On November 22, 2016 the Fiscal Crisis and Management Assistance Team (FCMAT) Extraordinary Audit ordered by the San Bernardino County Superintendent of Schools regarding the Oxford Preparatory Academy (OPA) Charter School was published. Following the release of the FCMAT report, the District took the following steps to address concerns in the FCMAT report and additional concerns raised in OPA's responses to these notices:

- December 15, 2016 Notice of Violations
 - FCMAT Audit
- January 30, 2017 Letter
 - Response to Deficiencies in OPA's January 17, 2017 Response
 - December 15, 2016 Vicenti, Lloyd & Stutzman Independent Auditor's Report
 - OPA's Governance
 - Efforts to collect misappropriated public funds
- March 3, 2017 Letter
 - Further Response to Deficiencies in OPA's February 14, 2017 Response
- April 24, 2017 Letter
 - Request for Additional Information in Response to OPA's March 17, 2017 Response
- July 11, 2017 Notice of Concern
 - Withholding of Accrediting Commission for Schools (ACS) Western Association of Schools and Colleges (WASC) Accreditation
- September 15, 2017 Notice of Concern
 - OPA's fiscal management and stability
 - Notice of intent to audit

- Demand to hold and retain all documents
- October 24, 2017 Letter
 - Follow-up to OPA's September 28, 2017 Response
 - Shared employees
 - Accounting errors
 - Funding for OPA Rise Petition
 - Revised budget
- December 15, 2017 Letter
 - Continuing document request related to District audit
- January 23, 2018 Letter
 - Missing documents necessary for District audit

On March 14, 2018 the District issued a Notice of Violation (NOV) to OPA pursuant to Education Code § 47607(d) and Title 5 of the California Code of Regulations, §§ 11965(f) and 11968.5.2. In the NOV, the District identified OPA's violations and provided OPA with a reasonable opportunity to respond to and/or remedy the violations by April 13, 2018. The NOV documented specific factual findings and provided evidence to support each of the legal grounds for revocation.

On June 20, 2018 the District issued a Notice of Intent to Revoke and Notice of Facts in Support of Revocation to OPA Pursuant to Education Code § 47607(e). OPA's response and supporting evidence to the Notice of Violation identified remedial actions taken or proposed but did not successfully remedy the material violations.

Education Code § 47607(e):

Before revoking a charter for failure to remedy a violation pursuant to subdivision (d), and after expiration of the school's reasonable opportunity to remedy without successfully remedying the violation, the chartering authority shall provide a written notice of intent to revoke and notice of facts in support of revocation to the charter school. No later than 30 days after providing the notice of intent to revoke a charter, the chartering authority shall hold a public hearing, in the normal course of business, on the issue of whether evidence exists to revoke the charter. No later than 30 days after the public hearing, the chartering authority shall issue a final decision to revoke or decline to revoke the charter, unless the chartering authority and the charter school agree to extend the issuance of the decision by an additional 30 days. The chartering authority shall not revoke a charter, unless it makes written factual findings supported by substantial evidence, specific to the charter school, that support its findings.

CURRENT CONSIDERATIONS

Staff will provide Trustees with an update on the revocation process and evidence, including a response to information Oxford Preparatory Academy (OPA) submitted to Trustees at the June 20, 2018 Board meeting, the estimated timeline for revocation, and options for continuing the litigation.

Draft Timeline for Revocation

The following provides a summary of the estimated timeline by which the revocation steps would be enacted:

Revocation Timeline (5 CCR §11968.5.2):

- July 11, 2018, Public hearing within 30 calendar days. Authorizer must provide Notice of Intent to Revoke with evidence, date, and time at which public hearing will be held.
- July 25, 2018, Final Decision on Notice of Intent to Revoke within an additional 30 days (or 30-day extension by mutual consent).
- August 2018, Authorizer shall provide a copy of the Final Decision to the CDE and county board within 10 days.
 - If chartering authority does not issue a Final Decision within the timeframe allotted, the revocation process is terminated and the Notice of Intent to Revoke is void.

Revocation Appeal Process to County Board of Education (5 CCR § 11968.5.4):

- August 15, 2018, OCDE Board Review. Charter to submit Notice of Appeal to county board within 30 days of receipt of Final Decision.
- County board may reverse revocation decision if findings are not supported by substantial evidence; school district may appeal reversal in writing.
- October 10 2018, if county board does not issue a decision within 90 days of receipt of Notice of Appeal district factual findings stand pending further appeal.
- Basic standard on review:
 - Did the district violate the procedural requirements in a way that prejudiced the charter school?
 - Was the district board's conclusions supported by substantial evidence?

County Board is to provide report to CDE and chartering authority within 10 days.

Revocation Appeal Process to State Board of Education (SBE) (5 CCR § 11968.5.5):

- Approximately January 2019, If charter school elects to appeal to SBE, they shall approve and deliver a written Notice of Appeal to SBE within 30 days of county board's decision.
- Approximately February 2019, Authorizer may submit a written opposition to SBE within 30 days of delivery of Notice of Appeal to SBE.
- Approximately February/March 2019, within 15 days of Authorizer's written opposition, charter school may submit a written reply to the opposition.
- Approximately August/September 2019, If SBE does not take action within 120 days from the Notice of Appeal, or within 150 days of the opposition, or within 165 days of the reply, whichever is later, the chartering authority has exhausted its administrative remedies.
- If SBE reverses revocation, charter returns to district sponsorship.

Litigation Options

The following options are available to OPA to pursue litigation during and after the revocation process:

- According to OPA's budget, the charter school has reserves which can be used for litigation, even if OPA-SOC no longer receives funding.
- OPA's legal counsel can take the case on a contingency fee basis.
- OPA's board can assign the claim to the District to prosecute.

FINANCIAL IMPLICATIONS

The budget impact will be dependent on the resolution of revocation proceedings.

STAFF RECOMMENDATION

It is recommended the Board of Trustees recognize Susan Holliday, Associate Superintendent, Education Services, to present information on this item and answer any questions Trustees may have. This is an information item only and no Board action is necessary.

PREPARED BY: Heidi Crowley, Coordinator Charter Schools and Strategic Initiatives

APPROVED BY: Susan Holliday, Associate Superintendent, Education Services

District Staff Concerns	Charter School Response	District's Response
Ed. Code §47607 (c)(1)(A): OPA committed a material violation of any of the conditions, standards or procedures set forth in the charter.		
A. Violation of Charter Element 4 - Governance		
<p>While the District acknowledges that OPA has actively taken steps to remedy its charter violations through its new Board members, the OPA Response is insufficient to remedy the violations. Many of the changes that OPA has proposed in its Response have not yet been implemented. For example, the draft Governance Team Handbook is simply a shell without any substance identifying OPA's priorities, core values, or its Board goals, and it has not been adopted yet by the Board. Brown Act and governance training does not guarantee that regulations will be followed. Thus, these are insufficient remedies to the violation.</p> <p>OPA hired a new Executive Director; however, the position is not slated to start until July 1, 2018. The Executive Director's 90-day plan submitted by OPA lacks sincerity, as there is no statement that verifies the FCMAT Audit, the Notices of Concern, or the Notice of Violation would be reviewed to gain understanding of OPA's past conduct. Furthermore, the 90-day plan fails to state how the recovery plan that was submitted in the OPA Response would be implemented. The 90-day plan also seems to be from a boilerplate template that could have been applied to any educational institute, as it makes multiple references to</p>	<p>The statute clearly sets forth the requirement that a charter school may only be revoked for failing to remedy alleged violation(s). Accordingly, the authorizer must evaluate the charter school's response to a Notice of Violation and thoroughly investigate the cure for each alleged violation prior to moving forward with the revocation process. Additionally, 5 CCR 11968.5.2(c) states: "Upon receipt of a Notice of Violation, the charter school's governing body...shall take the following actions: (1) Submit...a detailed, written response addressing each identified violation which shall include the refutation, remedial action taken, or proposed remedial action by the charter school specific to each alleged violation...; (2) Attach... supporting evidence of the refutation, remedial action, or proposed remedial action, if any...." The regulation clarifies that a school need not automatically remedy all alleged violations in response to the Notice of Violation, but can provide the District a proposed remedial action of the steps that it would take to remedy the alleged violations. Thus, a proposed remedial action provided with supporting evidence, should be given the same review and consideration as remedial actions that have already been taken. There is no substantial evidence of</p>	<p>Substantial evidence exists that OPA failed to refute or remedy the violations identified in the NOV. OPA's Response provided minimal proposed remedies, but were ultimately insufficient to overcome the violations even if fully implemented in the future. More significantly, OPA failed to refute or remedy each of the material violations of the charter and the fiscal violations outlined in the Notice of Violations.</p> <p>Evidence requested by the District: The Classified/Confidential and Administrative Salary Schedule was passed by the OPA Board on June 28, 2018 along with the job descriptions. The OPA Board directed staff to add two additional columns to the salary schedule and Y Rate all employees who would have received a reduction in salary.</p> <p><input type="checkbox"/> Needed:</p> <ul style="list-style-type: none"> <input type="checkbox"/> How does this result in any savings? <input type="checkbox"/> Evidence of how this new salary schedule with the approval of two additional columns will impact OPA's budget <input type="checkbox"/> Evidence to show how these Y-rated or "grandfathered

<p>the “District’s Strategic Plan,” which the OPA Response does not mention anywhere else, nor explains what this Strategic Plan is. It also shows a lack of understanding of OPA culture through the absence of OPA-specific vocabulary. For example, there is no reference to students as “champions,” teachers as “professors”, or principals as “chancellors”. There is a noticeable a lack of reference to Multiple Intelligences (“MI”) anywhere in the 90-day plan, which is the foundation of OPA’s philosophy, leading the District to question whether MI will continue as OPA’s focus of its program. The frequent reference to OPA as a “district” also raises some confusion. Finally, a picture used in the 9-day plan includes a photo of former OPA staff members whose contracts were terminated and no longer work for the OPA organization.</p> <p>District staff reviewed the new Executive Director’s resume that was submitted with the OPA Response. Staff was unable to verify one aspect of the Executive Director’s education listed on the resume. Staff reached out to OPA for clarification, and did not receive a satisfactory response.</p> <p>The resume also shows short stints in a career pathway which could result in a lack of stability for OPA; Principal at Los Alamitos High School from 2012-2014; Assistant Superintendent, Ed. Services, at Los Alamitos Unified School District from 2014-2016; and Superintendent for Culver</p>	<p>any current and uncured material violation of law or charter at OPA that could support revocation because OPA has submitted proposed remedial actions as the District has acknowledged.</p> <p>The District’s statement that the 90-day plan submitted by the incoming Executive Director “lacks sincerity” is not supported by any evidence. Obviously, the plan was put together by an individual who was not yet with the organization and could have been more specific. However, the need to continue to follow-up with both ongoing litigation and implementation of OPA’s commitments in its response to the Notice of Violation has never been in question. Implying otherwise is disingenuous.</p> <p>Furthermore, the District’s insistence on highlighting portions of OPA’s remedial plan that have not yet been enacted, but are simply in the planning phase still, is misguided. As previously mentioned and provided for in Regulation 11968.5.2, submission of a proposed remedy is sufficient. It need not be put into action yet. With the benefit of time, OPA and District will be able to see the pay-off of the hard work and results of the plan being put into action by all parties associated with OPA.</p> <p>OPA has taken significant and noteworthy steps to remedy the violations detailed in the District’s Notice of Violation. Since April 2018, OPA has elected a Board comprised of parents of OPA students. Additionally, the</p>	<p>salaries salaries support the balanced budget and support the fiscal recovery plan</p> <ul style="list-style-type: none"> ❑ Evidence needed to show the impact of the Y-Rating has on overall salary schedule and budget <p>The draft Governance Team Handbook (Addendum A) submitted lacked substance and did not identify OPA’s priorities, core values, or its goals, and it has not been adopted yet by the OPA Board.</p> <ul style="list-style-type: none"> ❑ Needed: <ul style="list-style-type: none"> ❑ The completed Governance Handbook and Agreements along with evidence of its implementation <p>Mr. Diaz began his position as CBO May 15, 2018, long after the NOV had been issued. It is unclear to the District what are the “fiscal and organizational initiatives being spearheaded by OPA.” This uncertainty exists because OPA did not mention these in its Response, nor did OPA specify what these initiatives are in the response submitted at the June 20 hearing.</p> <ul style="list-style-type: none"> ❑ Needed: <ul style="list-style-type: none"> ❑ It is unclear to the District what the “fiscal and organizational initiatives being spearheaded by OPA are the result of OPA’s new CBO Oswaldo Diaz.” ❑ Evidence of the fiscal organizational initiatives
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	<p>City Unified School District from 2016-2017.</p> <p>The new Chief Business Officer (“CBO”) started this position effective May 15, 2018. The CBO’s 90-day entry plan also lacks substance and is generic. There is no indication that a cash flow analysis would be developed or reviewed for the remainder of the 2017-2018 fiscal year, nor were there any set dates for when these goals would be accomplished, which raises accountability concerns.</p> <p>These remedies, proposed and implemented, are insufficient to rectify the material violations of OPA-SOC’s charter. These action items have either not yet taken place, or they are vague and boilerplate, to the extent that it is not realistic to count on. For the above reasons, it has been determined that OPA has failed to refute or remedy this violation to the satisfaction of the District.</p>	<p>Board now consists of professionals with skills that will greatly benefit and help address the fiscal deficiencies experienced recently by OPA, some of which include an attorney, a certified public accountant, and a successful local businessman.</p> <p>Moreover, in the short time since this Board was installed, the Board has operated as a cohesive unit, has revamped OPA’s budgetary operating procedures, and conducted comprehensive training covering everything from the Brown Act to corporate governance issues. Furthermore, as previously detailed in OPA’s response to the District’s Notice of Violation, a new organizational leadership chart and salary schedule will be produced by June 30 and is being voted on at next week’s Board meeting. This will include revamped job descriptions and will reflect the updated salary information for OPA personnel.</p> <p>In addition to the Board’s proactiveness, many of the fiscal and organizational initiatives being spearheaded by OPA are the result of OPA’s new Chief Business Officer (“CBO”), Oswaldo Diaz. Mr. Diaz has taken the bull by the horns and has made it his personal mission to rectify the wrongs that were committed in the past.</p> <p>OPA has made a clean break from past bad actors and has moved mountains to get to this place. It cannot erase past mistakes, but it has taken the proper steps to implement an effective and well thought out plan that will</p>	<p>implemented with evidence of milestones and evaluation tools</p> <p>The District did take into account Mr. Diaz’ experience but maintains that his 90-day plan (Addendum B) was generic. OPA informed District staff that it would submit an updated 90-day plan.</p> <p><input type="checkbox"/> Needed:</p> <ul style="list-style-type: none"> <input type="checkbox"/> District staff has not received this revised 90-day plan as July 2, 2018 <input type="checkbox"/> At June 28, 2018 Board meeting, CBO asked for additional support staff - how will that support impact the budget? <input type="checkbox"/> At the June 28, 2018 Board meeting, there was discussion about “right-sizing” the organization - does OPA have enough staff to monitor the internal controls? <p>As recently as May and June of 2018, OPA administration discovered a storage unit that held boxes of documents for Edlighten and OPA. It also came to light that current members of OPA’s executive staff did not disclose around 30 thumb drives and boxes of documents pertaining to OPA and Sue Roche that were never disclosed to the District while it attempted to conduct its audit.</p> <p><input type="checkbox"/> Needed:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Evidence that all employees
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		<p>remedy those issues once and for all. The recently hired CBO, along with the Board, and all OPA employees are firmly dedicated to enacting this plan of action and collaborating with the District to best serve all of OPA's students and families.</p> <p>In terms of the submitted Executive Director's resume and staff's claim that you could not verify one aspect of his resume, this was never part of the Notice of Violation and cannot be used to support revocation. However, we have submitted and are submitting again evidence that Dr. Arnold did receive a Catherine B. Reynolds Scholarship. The fact that it was a scholarship rather than a fellowship is a matter of semantics rather than a misrepresentation as the District claims.</p> <p>For reasons unrelated to this resume dispute and in fact directly related to the District's threat to revoke this school, Dr. Arnold resigned his employment with the school. Thus, the other criticisms of Dr. Arnold and his background are no longer relevant. Mrs. Daugherty has committed to stay at OPA to complete the turnaround process. District staff previously stated that if Mrs. Daugherty were staying longer that the District would feel more confident in OPA's ability to complete the turnaround process. We are pleased that this is now the case.</p> <p>As for the new CFO, Mr. Oswaldo Diaz, the District fails to take into consideration his extensive experience with charter schools</p>	<p>connected to Sue Roche and her administrative team no longer work for the OPA organization</p> <ul style="list-style-type: none"> <input type="checkbox"/> Termination documents or contract settlements <p>The Notice of Violation did point out the lack of a permanent Executive Director and the constant upheaval in OPA's Administration and Board. As of June 29, 2018, OPA does not have an Executive Director, a permanent chancellor, or dean(s) for the SOC campus. It's the District's understanding that the Interim Executive Director is staying in place until August 31, 2018.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Needed: <ul style="list-style-type: none"> <input type="checkbox"/> Evidence of the signed contract for the Interim Executive Director and Interim Chancellor <input type="checkbox"/> It's the District's expectation that new OPA administrators are vetted and provide documentation with evidence of their role in implementing the full recovery plan <input type="checkbox"/> Contracts for the permanent administrative staff
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		<p>fiscal matters. Most recently, he led the fiscal turnaround efforts at Magnolia Public Schools following a state audit and Office of Inspector General investigation. The charter schools are now in good standing.</p>	
B.	Violation of Charter-Administrative Services		
	<p>At the time of OPA's Response the revised fiscal policies mirroring FCMAT's Accounting and Best Practices Manual had not yet been adopted by OPA's Board and therefore are not a remedy to the violations. By reducing OPA administration and cutting some of the salaries, OPA recognizes that not only was its administration top-heavy, but also overpaid compared to local school districts and other charter schools. With OPA's plan to bring in more revenue by increasing its Independent Study seat-based program, it is unclear from the budget how</p>	<p>The revised fiscal policies were adopted by the OPA Board on May 24, 2017 and thus are a remedy to the violations. Further, as noted above, OPA is only required to outline its plans to remedy violations, not to have all remedies completed in the very limited period of time provided by the District.</p> <p>OPA is not reliant on the growth in the independent study program to have a balanced budget or healthy reserves. OPA has made other staff reductions and salary reductions necessary to accomplish these</p>	<p>The fiscal recovery plan (Addendum C) submitted by OPA did not have an outline of when certain action items will be implemented and when the savings are anticipated to start.</p> <p><input type="checkbox"/> Needed:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Evidence that the revised Fiscal Policies were adopted by the OPA Board on May 24, 2017 with documentation of when the savings are anticipated to start <input type="checkbox"/> Evidence of implementation

<p>OPA will incorporate the costs of adding additional students, such as needing additional space and staff. The fiscal recovery plan did not have an outline of when certain action items will be implemented and when the savings are anticipated to start.</p> <p>Additionally, there is no way to determine accountability if there are no dates or milestones set in the plan. Finally, all these remedies had not been implemented by OPA at the time the Response was submitted, and therefore did not cure or satisfy the violations.</p> <p>The three-year forecast submitted shows a recovery plan for OPA-SOC and OPA-SV. The OPA-SOC forecast raised additional questions on understanding its budget and anticipated expenses. The OPA-SOC multi-year forecast does not include outstanding penalties and interest fees owed for STRS. Furthermore, OPA budgeted one-time mandate funds in the amount of \$243,000 in 2018-2019, but has not advised on a contingency plan in the event this is not funded. It also shows a big increase in administrators' salaries and classified administrators' salaries (Object Codes 1300 and 2300) despite OPA's statements that they are reducing administrative positions and salaries. All these questions regarding the three-year forecast, without any indication of what OPA-Chino Valley's ("OPA-CV") reserves and outstanding liabilities are, do not refute or remedy this</p>	<p>objectives. The independent study program growth would simply bring in additional revenue over and above the amounts necessary to accomplish these objectives. All of the proposed expense reductions will be approved prior to June 30, 2018 and will be implemented by July 15, 2018 so that OPA can realize an entire year's worth of benefit from these reductions.</p> <p>OPA has continued to work on its budget reductions and projections. OPA will submit next week to the District a revised five-year budget projection that reflects the reductions that staff is recommending the OPA Board approve after it is approved by the OPA Board at its meeting next week. These reductions more than offset any potential issues raised by the District relating to STRS payments, administrator pay, and OPA-Chino expenses. In fact, these changes will result in a substantial net reduction of administrator pay and benefits costs. As noted herein, the school will end this year with a substantial ending fund balance and is now projecting a significant surplus in both this fiscal year and next fiscal year.</p> <p>The budget recommended for 2018-19 contains a significant surplus of \$503,286, so the school can easily absorb the loss of \$243,000 of one-time funding from the State in the very unlikely event that the state budget does not include these one-time funds. Additionally, our ending fund balance on June 30, 2018, is currently projected to be \$2,277,334 and a cash balance of</p>	<p>and accountability of the Fiscal Policies</p> <ul style="list-style-type: none"> <input type="checkbox"/> Updates to the District every thirty (30) days as to the status of the recovery of the misappropriated \$4 million dollars <p>The material revision to the independent study program was a remedy discussed by OPA to reverse the declining revenue pointed out in the C2G audit (Addendum G). OPA has not offered a contingency plan in the event this material revision is not approved.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Needed: <ul style="list-style-type: none"> <input type="checkbox"/> OPA's contingency plan in the event this material revision/updated MOU is not approved <input type="checkbox"/> Current enrollment numbers for Seat-Based and Independent Study Programs for 2018-2019 school year <input type="checkbox"/> Evidence needed to show how OPA will reverse the declining enrollment trend <p>Fiscal Recovery Plan (Addendum D)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Needed: <ul style="list-style-type: none"> <input type="checkbox"/> Complete fiscal recovery plan with outline of due dates and milestones <p>The District needs to see the proposed expense reductions that were to be approved</p>
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	<p>violation to the satisfaction of the District.</p>	<p>\$1,393,104. Thus, there is no circumstance in which the loss of this potential one-time funding puts the school at any fiscal risk. This recommended budget will be approved by the OPA Board prior to June 30, 2018.</p> <p>As outlined above, OPA has no further liabilities pertaining to liabilities for OPA-CV other than a maximum of \$5,000 of STRS contributions for central office employees whose salaries and benefits costs are split between campuses. In terms of OPA-SOC, all amounts owed from previous audits has been paid in full.</p>	<p>prior to June 30, 2018 and will be implemented by July 15, 2018</p> <p><input type="checkbox"/> Needed:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Evidence of implementation and impact to budget of the proposed expense reductions that were to be approved prior to June 30, 2018 and will be implemented by July 15, 2018 <p>OPA's 2018-2019 Budget (Addendum E) was Reviewed by Fiscal Services</p> <p><input type="checkbox"/> The District requests answers to the following questions:</p> <ul style="list-style-type: none"> <input type="checkbox"/> OPA-CV expenses will be settled in full by June 30, 2018. What is the balance of funds remaining for this site? <input type="checkbox"/> Why is Champion Village revenue not taken into account and what about expenses? Is it budgeted on a cash basis? <input type="checkbox"/> Why did certificated salaries increase by 16% - was that the salary increase? <input type="checkbox"/> Why did STRS increase by only 10% if overall certificated salaries increased by 16%? <input type="checkbox"/> Why are classified administrator salaries increasing by 16%? <input type="checkbox"/> One time revenue is now too high based on signed budget bill – should be about \$145k.
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			<p>This probably happened after budget was finalized, but it does reduce the revenue?</p> <ul style="list-style-type: none"> <input type="checkbox"/> Why are special education sub agreement costs going down? Are these for special education or some other program? <input type="checkbox"/> Why are insurance costs going up 24% ? <input type="checkbox"/> Are all eligible free and reduced meal students getting all meals to which they are entitled under the federal meals program? <input type="checkbox"/> The health and welfare assumptions on the assumptions tab don't equal the MYP ($\\$8,157 + 38 = 309,966$) in any year. What is the reason for the higher budgeted amount in the MYP? <input type="checkbox"/> OPA doesn't seem to have a grade span roll up. Meaning that typically you would expect most of the kids in a grade to 'roll up' through the rest of the grades but that doesn't seem to be happening with OPA even when adjusting for number of grades in a gradespan. Does OPA lose students to other entities? <p>3 Year Cash Flow/Budget (Addendum F)</p>
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			<p><input type="checkbox"/> Needed:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Despite the cuts OPA is making in administrator salaries, OPA does not address why its 3-year budget cash flow shows such a large increase in administrators' salaries and classified administrators' salaries (Object Codes 1300 and 2300) – provide explanation <input type="checkbox"/> Evidence of implementation and impact to budget of the proposed expense reductions that were to be approved prior to June 30, 2018 and will be implemented by July 15, 2018 <p>5 Year Budget Projections</p> <p><input type="checkbox"/> Needed:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Revised five-year budget projection - staff has not received as of July 2, 2018 <input type="checkbox"/> Justification for why the budget reductions and projections keep changing even after OPA's Response, suggesting that the initial 3-year budget submitted in OPA's Response was inaccurate or OPA no longer stands by those numbers <p>OPA Chino Valley and STRS</p> <p><input type="checkbox"/> Needed:</p> <ul style="list-style-type: none"> <input type="checkbox"/> OPA-CV reserves or any
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			<p>documentation to support OPA's statements that OPA has no further liabilities pertaining to liabilities for OPA-CV</p> <ul style="list-style-type: none"> <input type="checkbox"/> Evidence that all STRS payments have been made and there are no other penalties or interest owed. <input type="checkbox"/> Close-out letter from Chino Unified School District verifying the school has been returned to the district and there are no other expenses related to the campus <p>Furniture Storage Facility</p> <ul style="list-style-type: none"> <input type="checkbox"/> Needed: <ul style="list-style-type: none"> <input type="checkbox"/> Documentation to show that the storage facility rental for OPA Chino Valley furniture will be closed out by June 30, 2018
C.	Evidence of Charter Violations		
	OPA states that OPA-CV no longer has forward deficits, but the District cannot verify this because OPA did not submit OPA-CV's budget or accounting. It is unclear what OPA-CV's current reserves are, although the District is aware that OPA-CV is paying \$4,900/month to store its furniture and owes penalties and interest in STRS and CDE payments. OPA has not	The storage facility costs will be done on June 30, 2017 and thus this is not an ongoing cost. OPA-CV's reserves are estimated to be \$160,000 on June 30, 2018. STRS payments are completed with the exception of a maximum of \$5,000 that are not related to Chino employees but rather administration employees that are split between the campuses including Chino. Thus, there is no	To reiterate the District's points in its Notice of Intent to Revoke, the District's October 24, 2017 Follow up to Notice of Concern re OPA's Fiscal Management (incorporated in the NOV) expressed concern regarding certain OPA employees that were moved from OPA-CV to the other two schools. OPA responded on November 6, 2017, advising the District that it was looking into

<p>provided evidence to show that OPA-CV no longer has forward deficits, nor has it provided any showing that OPA-SOC and OPA-SV are not in danger of absorbing OPA-CV costs. Furthermore, OPA does not address the possibility that the District may deny OPA's request for a material revision to increase its Independent Study seat-based program, thereby foreclosing any increase in revenue. Thus, these remedies are insufficient to cure the violations.</p> <p>OPA demonstrated questionable performance by failing to evaluate and make necessary changes to OPA's administration team for nearly a year after OPA-CV shut down in July 2017. Only when the District's NOV made a finding that OPA's management expenditures were increasing did OPA Board approve a new organizational chart that reduces the number of top administration and support positions by almost 40%. Additionally, not only was the size of OPA's administration and support unnecessary to operate the two schools, some of these salaries were inflated in comparison to school districts and other charter schools. The failure of OPA to spot these issues earlier on, highlights OPA's ineffective governance, and OPA's remedies are insufficient to cure these matters. Finally, these remedies have not been implemented yet; e.g. an updated salary schedule has not been approved by the OPA Board, and therefore the District has determined that OPA has failed to refute or remedy this violation to the satisfaction of</p>	<p>scenario in which OPA-SOC would be subsidizing any expenses for OPA-CV.</p> <p>The proposed budget for OPA reflects a substantial decrease in administrator salaries and the elimination of some administrator positions. In the current fiscal year, OPA-SOC spent \$443,126 in administrator salaries and this is proposed to be reduced to \$285,115. This is a reduction in administrator salaries of 35.5%. Costs are further reduced when considering corresponding pension and health benefit costs associated with these positions. On May 24, the OPA Board approved many of these reductions through elimination of positions. The remainder of these proposed reductions will be considered by the OPA Board at its meeting next week.</p> <p>The increase in independent study students is not necessary for the fiscal stability or viability of OPA-SOC, but was submitted as yet another suggestion for growing revenues.</p> <p>It should also be noted that the administrative structure of OPA was never in violation of law and thus cannot be used as a basis for revocation.</p>	<p>reviewing costs and job duties of these employees. Nothing was done until the District issued the NOV, and OPA conducted a forensic HR audit of OPA employees (some of which were previously identified in the District's October 24, 2017 letter) and made recommendations on revising salaries and job duties.</p> <p>❑ Needed:</p> <ul style="list-style-type: none"> ❑ OPA needs to address and provide documentation to support why its 3-year budget cash flow shows such a large increase in administrators' salaries and classified administrators' salaries (Object Codes 1300 and 2300) <p>The increase in independent study students was OPA's remedy to overturn the decline in enrollment. OPA did not suggest any other remedies on how to increase revenues. This does not refute or address the C2G report (Addendum G) that showed declining enrollment and subsequent lower revenues.</p> <p>❑ Needed:</p> <ul style="list-style-type: none"> ❑ Evidence needed to show how OPA will reverse the declining enrollment trend. <p>OPA's goal to reduce its administration staff and salary validates the District's concerns. The OPA Board approved a Y-Rating ("grandfathering") on the new Classified/Administrative Salary Schedule for employees whose salaries would be</p>
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	the District.		reduced at the June 28, 2018 meeting. ❑ Needed: ❑ Evidence needed to show the impact of the Y-Rating has on overall salary schedule and budget
	Ed. Code § 47607(c)(1)(C): OPA failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement.		
D.	OPA Engaged in Fiscal Mismanagement		
	<p>OPA failed to refute or remedy the finding that OPA failed to follow generally accepted accounting principles, or engaged in fiscal mismanagement.</p> <p>OPA is responsible for providing to the District, as the oversight agency, accurate financial information. Failure to provide such information hinders the District's ability to oversee and effectively monitor OPA's fiscal actions. In its Response, OPA explains why it cannot provide all the documents and revealed that it recently discovered additional financial documents that are being reviewed now before being produced to the District. Considering the potential amount of public funds that are believed to have been diverted to private individuals as a result of OPA's fiscal mismanagement, and in light of the District's year-and-a-half dialogue with OPA on these matters, OPA has not refuted or remedied this violation. In fact, the discovery of additional documents previously undisclosed to the District illustrates OPA's continuing lack of internal</p>	<p>OPA has provided accurate financial information to the District to the best of its ability. However, former employees of the organization did not maintain some records requested by the District and the failure to maintain these records has frustrated the current management team's ability to reconcile budgets for prior fiscal years. However, what is critical to note is that these are not ongoing problems and thus these issues have been cured.</p> <p>The CBO has been directed to do his best to identify any additional records that would be responsive to District requests. However, we/he is still in the process of reviewing records to determine if any are responsive to the District's request. OPA has done everything possible to remedy these concerns and they have not re-occurred since the current management team took over. The combination of new staff and better policies and procedures is clear evidence that the issue has been cured.</p> <p>In regard to recovery of the funds, litigation</p>	<p>OPA repeatedly told the District during its audit that it did not have certain documents responsive to the District's requests, when these documents were sitting in a storage facility in OPA's possession the entire time. The District can't even confirm whether these documents would have aided in its audit because OPA still has not produced these documents to the District.</p> <p>This past month, it was discovered that OPA's current employee at the time of the audit and NOV did not disclose thumb drives and boxes of documents in her own garage.</p> <p>Needed:</p> <p>❑ Evidence this employee is no longer employed by OPA</p> <p>❑ A report with evidence of the contents of the storage facility and thumb drives, as well as which agencies this information has been shared with</p> <p>The substantial diversion of public funds by</p>

<p>controls, inability to manage its finances, and failure to ensure full transparency related to its financial affairs.</p> <p>OPA is attempting to cure its past related party transactions by adopting fiscal policies, replacing its Board with new members, and seeking stronger advisors, to prevent any such questionable relationship with businesses in the future. It is also recognizing that these entities were likely related to OPA, something OPA has been reluctant to admit before. However, many of these changes OPA discusses in its Response have not yet been adopted or are too premature to conclusively determine whether these changes will remedy the District's concerns. At the time of the OPA Response, OPA had not yet hired a new back office provider. The new policy regarding related-party transactions had also just been adopted by the OPA Board and therefore, it is unclear whether this revised policy will prevent future related-party transactions with possible fraud and/or conflicts of interest. The existence of policies and procedures does not guarantee implementation. At best, these are minimal remedies insufficient to address the material violations that have occurred.</p> <p>Again, as stated previously, the District has engaged with OPA in a transparent and open dialogue from 2016 to present regarding OPA's fiscal condition and its management. Throughout this dialogue, OPA has always distanced itself from Sue Roche and the</p>	<p>is ongoing and OPA cannot make further progress through the litigation until the appellate court rules on defendant's appeal relating to the questions of whether a judge or arbitrator is the appropriate party to hear the case. Law enforcement investigations are also ongoing and OPA does not control the timing or outcome of such investigations.</p>	<p>OPA to private individuals requires the District to take revocation action to promote the sound policy of zero tolerance for such transgressions.</p> <p><input type="checkbox"/> Needed:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Litigation and law enforcement status updates every thirty (30) days <p>It is insufficient for OPA to state that simply because these are not ongoing problems, these issues have been cured. OPA admits that it engaged in fiscal mismanagement. That in itself is substantial evidence to support the District's NOV findings. As stated above, the mere fact that OPA discovered documents related to OPA and Edlighten as recently as this month shows that OPA still has a long way to go in rectifying and remedying these serious violations.</p>
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<p>prior administration and pointed to them when asked to answer for these questionable fiscal practices. However, it is important to emphasize that the District's concern is not solely with Sue Roche and her bad acts in misappropriating public funds, but also the continue lack of answers and remedies offered by OPA, post-Sue Roche. It speaks volumes that although the FCMAT Audit came out in 2016, a year and a half later OPA is still scrambling to remedy its past violations. The recent discovery of records by OPA administration that were stored offsite is just another example of the extent to which OPA concealed its actions from the District, all the while telling the District and the public that the documents requested were not in OPA's possession.</p> <p>Overall, based on the OPA Response, it is evident that the new OPA Board is diligently attempting to remedy the past violations of OPA and to secure the public's trust that OPA is able and ready to protect and provide for its students. However, despite multiple notices of concern and dialogue, the District continues to have concerns regarding OPA's practices, past and future, based on information currently available, and the District has concluded that OPA has failed to refute and/or remedy the violations to the satisfaction of the District. Ultimately, the substantial diversion of public funds by OPA to private individuals requires the District to take revocation action to promote the sound policy of zero tolerance for such transgressions.</p>		
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	Therefore, for the above reasons, the District has determined that OPA has failed to refute or remedy this violation to the satisfaction of the District.		
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OXFORD

PREPARATORY ACADEMY

Draft

Governance Team Handbook

Oxford Preparatory Academy Charter Schools

<u>Board of Directors</u>	<u>Term</u>	<u>Represents</u>
Joseph Haney Chair		Parent SV
Raymond Jackson- Vice Chair		Parent SV
Priscilla Trichet Secretary		Parent SOC
Joshua Teeple Treasurer		Parent SOC
Mary Campos Member		Parent SOC

Executive Director Joshua Arnold (Begins 7/1/18)
Adoption Date: TBD 2018

Oxford Preparatory Academy

Vision: To create a center for higher learning where students from transitional kindergarten to eighth grade are prepared to pursue university level academic studies, as well as gain skills to be successful in the global community of the 21st century. Our students do not just meet, but exceed grade level expectations and become critical thinkers as they engage with dynamic teaching that makes them self-motivated, competent, and lifelong learners.

Mission: We are committed to working collaboratively to develop life-long learners in a safe and caring educational environment where students are challenged, scholarship is expected, and differences are valued.

OPA Priorities TBD

OPA Core Values (Draft)

- *All decisions are based upon what is best for students*
- *All students can be successful in the right situation with the right instruction in a variety of ways (MI)*
- *A safe positive and nurturing learning environment fosters forward thinking, creativity and collaboration*
- *Social, emotional, physical and academic growth are all equally important in the education of each child*
 - *Parents are partners in providing a quality education*
- *Strong parent relationships and sense of stakeholder ownership require open communication and transparency of process.*

Oxford Preparatory Academy Board Goals

All Board goals are tied to the LCAP (TBD)

- 1.
- 2.
- 3.

Additional Specific Board Goals (sample)

1. **Communication and Involvement:** Involve the community, parents, students and staff in revisiting a common vision for the school focused on MI, student learning and achievement and responsive to the needs of all students
 - Ensure opportunities for the diverse range of views in the community to be shared with the Board to help inform the board during deliberations
 - Improve the visual presence of all board members at individual school events.
 - Improve the knowledge and skill level of Board members through workshops and training

Executive Director Priority List for evaluation (TBD)

- 1.
- 2.

EFFECTIVE GOVERNANCE

There are three dimensions to the effective governance of any organization: the actions of an individual, a group coming together to govern, and the performance of governance responsibilities by the group.

In a school organization, the Board and Executive Director or CEO work together as a governance team. For a governance team to work together effectively, members need to: 1) Maintain a Unity of Purpose, 2) Agree on and govern within appropriate roles, 3) Create and sustain a positive governance culture, and 4) Create a supportive structure for effective governance.

Effective governance tenets encompass the basic characteristics and behaviors that enable governance team members to effectively create a climate for excellence in a school and maintain the focus on improved student learning and achievement.

Governance – A Definition

School governance is the act of transforming the needs, wishes and desires of the community into policies that direct the community's school.

1. Keep the school focused on learning and achievement for all students

- Understand that children come to school with diverse educational needs.
- Base decisions on the school's vision, student needs, research, empirical data and a balance of community expectations, legal constraints and resources.
- Ensure that the school has established academic standards and regularly measures growth in achievement for all students.
- Ensure that the school provides opportunities for all students to succeed.

2. Communicate a common vision.

- Develop and adopt a written statement of the school/organization vision and other direction-setting documents using collaborative processes that involve the staff and community (Strategic Action Plan and/or LCAP).
- Ensure that procedures are in place to periodically review goals and other direction-setting documents (in this case it would be the LCAP).
- Demonstrate commitment to the vision and goals by regularly communicating them to staff and the community.
- Exhibit behaviors and make decisions that support achievement of the school/organization vision.
- Keep current on trends and emerging needs in education in order to proactively participate in renewing or reviewing the school's direction and policies.
- Support board decisions.
- Speak with a common voice.

3. Operate openly, with trust and integrity.

- Conduct school business in a fair, respectful and responsible manner.
- Consider the concerns and interests of the staff and community.

- Encourage thorough debate, seek to engage in dialogue for clarification and withhold judgment until all perspectives are heard.
 - Ensure that all members of the Board have the same information—no secrets or surprises among members of the governance team.
 - Clearly communicate decisions to all those who are affected by them.
 - Keep confidential information confidential.
- 4. Govern in a dignified and professional manner, treating everyone with civility and respect.**
- Treat the Executive Director, Managing Director and/or Chancellors, staff, students, parents and community with dignity and respect.
 - Listen openly and respectfully to each other, to staff, students, parents and members of the community.
 - Welcome open discussion of different points of view.
 - Demonstrate ability to disagree on issues and still maintain trust, respect and dignity.
 - Work together to build consensus for decisions.
- 5. Govern within board-adopted policies and procedures.**
- Have a policy development, approval and update process in place that is understood and followed.
 - Understand the distinctions between the role of the Board and that of the Executive Director and/or Managing Director and staff and do not become involved in the day-to-day operations of the school.
 - Have agreed-upon norms and protocols to carry out Board responsibilities.
- 6. Take collective responsibility for the Board's performance.**
- Assume collective responsibility for Board conduct, behavior and conflict management.
 - Function as a governance team with the Executive Director.
 - Demonstrate a commitment to continually improving governance efforts.
 - Take responsibility for the orientation of all new members.
- 7. Periodically evaluate its own effectiveness.**
- Have procedures in place for regular, on-going self-evaluation.
 - Ensure meeting agendas provide for a sound order of business and facilitate maximum focus on matters related to student achievement.
 - Have norms and protocols in place to ensure that individual Board members do not get involved in the day-to-day management of the schools or the organization.
- 8. Ensure opportunities for the diverse range of views in the community to inform Board deliberations.**
- Ensure board policy enables parents, staff and the public to participate in school and organization discussions, school programs and activities in meaningful ways.
 - Consider the concerns and interests of all segments of the community in deliberations.

What We Promote and Value in the Oxford Preparatory Academy:

Sample

1) A school, which has a "hometown" or family atmosphere and climate. 2) Students and families feel welcomed and valued in our classrooms and schools. 3) Safe and secure environments for our students. 4) An exciting project-based educational program with a focus on 21st Century Skills and the Common Core. 5) The use of a variety of appropriate technology at all grade levels. 6) The preparation of our students with the skills necessary for survival and success with the technology of tomorrow. 7) The dedication of our teachers, support staff and administration. 8) A community that supports our charter school through their support of our programs and our efforts. 9) All members of our educational staff and Board work cooperatively as a team. 10) Community organizations that actively and regularly support our programs and students. 11) School-wide commitment to improving student achievement.

Board Meeting Agreements (Suggested)

We agree to:

- ◆ Be on time, focused and prepared for our meetings.
- ◆ Respect and learn from differences of opinions and philosophies.
- ◆ Treat each other and our constituents with respect and courtesy.
- ◆ Recognize and appreciate the professional judgment of our staff and their commitment to our schools and our students.
- ◆ Remember that students' needs and priorities drive our decisions.
- ◆ Practice dynamic deliberation and debate. To communicate openly and with integrity.
- ◆ Debate issues not personalities.
- ◆ Put aside personal and political preferences and opinions in our deliberations.
- ◆ Accept Majority rules.
- ◆ Maintain confidentiality of closed session issues.
- ◆ Abide by appropriate meeting procedures, Board Policies, and agreed upon protocol.

We agree to these principles of dynamic debate and deliberation: (Suggested)

- ◆ We focus on the Board's role in the decision. We address "what" issues. We insure that the school administration will handle the "how" or implementation issues.
- ◆ We will review all provided documents and back up materials before debating or deliberating an issue.
- ◆ We clearly understand the recommendations presented or the implications of our pending decisions.
- ◆ We ask questions for clarification,
- ◆ We focus on the issues at hand and do not have side discussions or involve other issues.
- ◆ We respect and expect differences of opinion and philosophy. In the event of disagreement; we clearly express the reasons for our disagreement.
- ◆ We support the decisions of the majority once a vote has been called and a decision made,

Our Governance Team Norms (Suggested)

(How we will act toward each other)

We believe that effective governance teams:

- ◆ Are focused on student achievement and progress.
- ◆ Operate openly with trust and integrity.
- ◆ Govern in a dignified and professional manner.
- ◆ Treat everyone with dignity and respect.
- ◆ Recognize and respect differences in leadership and style.
- ◆ Assume collective responsibility for conduct and behavior of the governance team.
- ◆ Manage and resolve our own conflicts.
- ◆ Work on solutions rather than problems.
- ◆ Work cooperatively with each other, understanding each other and respecting each other.
- ◆ Are open and accessible to the community.
- ◆ Represent the community and seek to represent the values, beliefs and priorities of our families, staff and our board.
- ◆ Have a strong commitment to making/maintaining Oxford Preparatory Academy as an integral part of our community and its successes.

PROTOCOLS-PROCESSES

(Agreements on how we operate/function)

Personal Problem Solving

If a member of the Governance Team hears disturbing information that has supposedly come from another member of the governance team, we will act immediately to identify the issue and address the concern with the person or persons involved. We take it to the source of the issue for resolution. We recognize that insinuation and rumors can be false and may damage relationships.

Personal or Preferential Treatment

We do not seek or accept any special or favored treatment for our children, family or friends. We expect equal and respectful treatment of all people. We will model this behavior at all times.

Orientation of New Members

Immediately following the certification of appointment to the Board, new members will be seated following the _____. As soon as possible, the Executive Director or designee will schedule an orientation session with the newly constituted Board. The orientation session will include but not be limited to:

- ◆ Review the By-laws, Governance Handbook protocols and agreements.
- ◆ Review of Board agenda process and procedures.
- ◆ Review of Board Policies.]
- ◆ Review of the Brown Act and discussion of confidentiality.
- ◆ Review of Professional Governance Standards.
- ◆ Review of job description for the Principal and CEO. Review contract provisions and evaluation procedures.
- ◆ Discussion of pending litigation and critical issues.
- ◆ Attendance at School Events and Functions

Our Governance Team wishes to maintain high visibility and to show our support for our schools and school programs. We attend these functions whenever possible. We understand that time constraints

may prohibit all members from attending all events. Whenever possible, those attending the event will represent all members of the Governance Team. We recognize that we are showing our support of our schools by our attendance and do not expect nor require special attention. We seek to serve whenever possible rather than to be served.

Visiting Schools

Site visitations are encouraged. As a professional courtesy, whenever possible; we will call ahead of time to arrange the visit. Governance Team members will also be sensitive to encroaching on the learning environment. To assist in this manner, we will ask the Chancellor to ensure that staff members understand that we do not wish to interrupt lessons when visiting a classroom.

Handling Concerns and Complaints From the Public and Staff

When someone complains to us, we will listen carefully, remembering that we are hearing only one side of an issue. We will direct the person to the staff member most appropriate and able to help them resolve their concern. We will make sure that they understand the appropriate -order of whom to contact and will make them aware of any formal policies or procedures. We will endeavor to make everyone who brings a concern to us be treated fairly, equally, and expeditiously. We will work to maintain the proper adherence and implementation of school procedures and policies. We understand that as individuals we have no power to fix the problems. As representatives of the public, it is important that we invite the person with the complaint or concern to ultimately get back to us if the issue is not resolved.

Self-Monitoring of Governance Team Effectiveness

We will schedule and participate in at least one workshop every year to review Governance Team agreements and processes and to participate in a self-evaluation process.

Voting No

Each Director recognizes and respects the right of other Directors to vote "no" on an issue or to abstain from voting. We agree that as a courtesy, when possible, we will explain our reason for the "no" vote or abstention either during deliberations, before or after casting the vote.

Confidentiality

The responsibility of our Board includes being privy to closed sessions or confidential information about school litigation, personnel, negotiations, Executive Director evaluation, or other issues permitted under the Brown Act. We will work to maintain the public's trust by not breaching the confidentiality. We understand that to violate this confidentiality would be to commit a misdemeanor. If we inadvertently or accidentally violate a confidential issue, we will take immediate responsibility for our action.

Executive Director Evaluation

We recognize the value and importance of a comprehensive and formal evaluation process for the Executive Director. We agree to abide by all contract terms and will conduct a formal evaluation of the Executive Director each year and give input on the evaluation of the Chancellors.

Individual Board Member Requests for Information

When an individual Board Member requests information, it will be provided to all board members. An individual Board Member will, insofar as possible, work to let the Executive Director and staff know ahead of time when a request will be made in public (at a meeting). This will allow the staff member to be prepared to answer any questions or to prepare materials. We will self-monitor our own requests to ensure that one member's requests will not divert an inappropriate amount of time from staff efforts to achieve organization and school goals. We recognize the concept of "Nice to Know vs. Need to Know" information and will seek information only needed for effective decision-making.

Access and Requests for Information

When a Board Member has a request for information, our agreed upon process will be to go first to the Executive Director. The Executive Director will then work cooperatively with our staff to provide us with the information.

Individual Board Member Requests for Action

The only authority to direct action rests with the Board of the Directors when seated at a regular or special meeting of the Governance Team. Outside of this setting, we have no authority. A majority vote of the Board of Directors sets the direction. Individuals can request action by bringing up a new idea, explaining their interest in a particular course of action, and by working at a meeting to gain majority support to approve the action. When a majority of the Board, seated at a formal meeting, with appropriate posting, requests action, it should be done in the context of the intended results, not the methods used to achieve those results.

Board Meeting Management

We understand and agree that board meetings are meetings of the board held in public, not open forum town hall meetings. We will keep this in mind as we conduct our meetings, allowing the public to provide input at the time allotted to ensure that multiple voices of the community are heard. We will consistently abide by our formal agreements and protocols in relation to this issue so that all persons are treated fairly and equally.

Communication

Improved communication and an open exchange of ideas are important to our Governance Team. We accept responsibility as a team to share news and information with all segments of our community. We will endeavor to have clarity and to present honest and full disclosure of all financial, business, and educational data used in our deliberations.

No Surprises

We will work together to keep each other informed of organization and school successes and challenges. In the event of an emergency situation involving the health or welfare of our students or staff, disciplinary actions toward an employee, or other emergency situations, the Executive Director will work to keep the Board informed in a timely manner. It is also the responsibility of the Board to inform the Executive Director and/or Chancellor immediately of any information crucial to the well being of the students, staff or the school.



**OXFORD PREPARATORY ACADEMY
MEMORANDUM**

TO: KATHLEEN DAUGHERTY, INTERIM EXECUTIVE DIRECTOR

FROM: OSWALDO DIAZ, CHIEF BUSINESS OFFICER

SUBJECT: FIRST 90 DAYS

DATE: MAY 14, 2018

BACKGROUND

The following is a summary of steps that the Chief Business Officer “CBO” will take within the first 90 days on the job. This memorandum was created at the request of the Interim Executive Director and will serve as an overview of what the CBO’s methodology is to gather factual data about the state of the academies, as well as the steps to be taken to remedy any unresolved deficiencies.

SPECIFIC STEPS

Authorizers and Community Outreach

To ensure that Oxford Preparatory Academies “OPA” has an open and transparent communication with its authorizers, parents, staff, and community, the CBO will arrange the following meetings:

- Meet with the Charter Schools and Strategic Initiatives at Capistrano Unified School District to provide the action plan to remedy any unresolved deficiencies identified on its Notice of Violation
- Meet with the Orange County Department of Education, Charter School Office to provide a follow up and action plan of FCMAT’s identified deficiencies
- Meet with all OPA’s office staff, specifically of HR and Education Services
- Meet with teachers’ representatives and teachers
- Meet with OPA’s Chancellors, Deans, school staff, and leadership support team
- Meet with parent organizations and community leaders to assess the community’s needs

Staff Training

OPA will conduct staff training that is designed to ensure that the Policies and Procedures are understood and followed. Periodically, the staff will be evaluated to certify compliance in accordance with OPA's Policies and Procedures.

Budgets and Three-Year Projections

- Examine the accuracy of the 2017-18 budget projections
- Prepare OPA's 2018-19 budget
- Review and revise OPA's three-year projections to ensure long term financial viability
- Implement a fiscal recovery plan based on OPA's current goals and objectives
- Meet with the Executive Director to provide an overview of the district's preliminary budget

Internal Controls

- Conduct an internal finance risk assessment of the schools and shared services
- Assess the effectiveness of the current internal controls and Policies and Procedures
- Enhance OPA's Policies and Procedures
- Review and validate the transparency and full disclosure of all contracts
- Analyze and evaluate the past financial transactions

IMPACT/IMPORTANCE

The steps taken within the first 90 days will serve to identify any business and operational areas that will need to be strengthened. The impact of these actions will inform the Executive Director and the CBO about the overall state of the schools. The information gathered and relationships built through this process will serve to consolidate the action plan.

CONCLUSION

This action plan will allow the CBO to delve into the minute details of the finances, and cultivate relationships with stakeholders inside and outside the organization. The Executive Director will be able to maintain a big picture view of the schools' finances and ensure that all identified deficiencies have been appropriately remedied.



OXFORD PREPARATORY ACADEMY

Fiscal Policies and Procedures Manual

Updated May 24, 2018

1. Generally Accepted Standards of Fiscal Management
2. Cash/Checks Handling Policy
3. Purchasing Policy
4. Budgeting and Cash Flow Management
5. Volunteer Budgets and Spending
6. Fixed Assets
7. Debt Management
8. Banking
9. Petty Cash

APPENDICES

Appendix A – Business Expense Reimbursement Policy

Appendix B – Credit Card Policy

Appendix C – Payroll Processing Policy

Appendix D – Intra-Company Loan Transfers for Operational Expenditures Policy

1. GENERALLY ACCEPTED STANDARDS OF FISCAL MANAGEMENT

Charter organizations are required to meet generally accepted standards of fiscal management. It is now accepted that the primary responsibility for the fair presentation of financial statements rests with the reporting management of an organization. In order to enhance the internal controls of the Organization, OPA is implementing the following general fiscal management guidelines:

1. OPA will be transparent to the authorizers, parents, staff, and the community in all aspects of its fiscal operations, and will ensure that all public information is available to the community.
2. A fiscal year balanced budget that clearly defines achievable goals as defined in each school's charter, in the LEA's Local Control Accountability Plan (LCAP), and approved by the Board of Directors in the form of a budget resolution.
3. Full compliance with California uniform reporting procedures and the regulatory requirements applicable to charter schools and nonprofit organizations in the state of California.
4. Accounting records should properly and accurately record and account for all cash equivalent transactions, including actual cash. Accounting information should be relevant, reliable, comparable and consistent and must be available for the preparation of reliable financial statements.
5. Demonstrated compliance with Federal and state laws/regulations, State Board of Education policies and other compliance requirements.
6. Maintenance of documentation that outlines internal controls on business practices and operation.
7. Transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on public funds.
8. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.
9. Required independent audits are performed and submitted when due in a timely manner as prescribed by the California Department of Education.
10. Organization documentation that supports its financial statements and that reflect its financial position/condition, results of operations or changes in net assets and where appropriate, cash flows for any fiscal period/year.
11. Any necessary corrective action plans on any audit findings must be filed in writing and proposed changes will be reviewed by the Board and implemented in the subsequent fiscal year.

2. CASH/CHECKS HANDLING POLICY

BOARD POLICY

In the course of normal **Organization** business, many activities (fundraising, field trips, lunch program, etc.) involve the receipt of cash and checks, to be deposited in the **Organization's** bank account upon receipt. All cash and checks must be deposited within ten (10) business days – cash received from a fundraising event may not be retained outside of the **Organization's** bank account to hold for future fundraising projects, for example. Since the **Organization** receives cash and checks from a variety of sources for a wide range of activities, extra care must be taken at all stages of the deposit process to ensure accurate records and proper accounting controls are maintained. The specific procedures outlined below are to be kept updated and current.

CURRENT PROCEDURE

Persons responsible for handling cash/checks

In order to maintain proper accounting controls, the **Chief Business Officer** shall coordinate all transactions involving the deposit of cash/checks. The **Chief Business Officer or Designee** will be responsible for ensuring proper documentation is in place verifying the source, amount, and itemization of amounts received, preparing and making bank deposits, and placing all items to be deposited in safekeeping prior to deposit.

Procedure for receiving cash/checks

- a. **FROM VOLUNTEER EVENTS:** For each fundraising event in which cash or checks will be collected, a Volunteer Coordinator will be designated, who will be responsible for collecting and holding all cash and checks for the purpose of the fundraising activity. The Volunteer Coordinator may be a staff member, but is not required to be so. The Volunteer Coordinator shall maintain a written record of each donation at the time the donation is made. The Volunteer Coordinator will provide a receipt for all cash donations to the donor showing the date, amount, and nature of the donation, and for checks if requested by the donor.

After the event, or at least once weekly for on-going events, the Volunteer Coordinator shall use the written record maintained at the time of receipt to prepare a Deposit Summary, totaling the checks and cash. A detailed listing of all receipts must be attached. The total of the checks and cash listed in the Deposit Summary must match up with the written record of donations discussed in the above paragraph. **The Deposit Summary must be initialed by a site administrator.**

The Volunteer Coordinator will then give the deposit packet (including all cash, checks, and the Deposit Summary) to the **Chief Business Officer or Designee** no later than close of business on the next available business day, and both parties must verify and agree on the amounts shown in the deposit packet with a member of the Business staff, placing their signature/date on the Deposit Summary form. The **Chief Business Officer or Designee** then holds the funds in safekeeping until a bank deposit can be made, but in no case longer than ten (10) business days.

2. CASH/CHECKS HANDLING POLICY (CONTINUED)

After deposit and within 24 business hours, a copy of the bank deposit receipt, copies of all deposited checks, along with a copy of the Deposit Summary, and notations indicating the nature of the deposit amount, shall be faxed or sent by e-mail to the **administrative office**, with the original kept in in the school office. Additional copies may be provided to authorized individuals responsible for tracking volunteer activities, as approved by the Executive Director or Designee.

- b. **FROM MAIL RECEIVED OR CASH/CHECKS DROPPED OFF AT OFFICE:** For any cash or checks received in the mail, the **Chief Business Officer or Designee** shall prepare a Deposit Summary and bank deposit receipt itemizing the amount, source, and purpose of each payment, with a designated office staff member acting as verifier and second signatory on the Deposit Summary. If multiple items are received at the same time for the same purpose, they may be summarized in a single deposit packet as long as each payment is itemized as described above. The document packet should then be held in the office lockbox or safe until it can be sent to the business office and deposited. For cash/checks dropped off at the front desk by hand, the person dropping off the amount shall place the cash/checks in a deposit envelope, together with a note or form detailing the name of the person and the purpose and amount of the deposit, and seal and sign the deposit envelope. **A receipt will be given to the person dropping off the cash or checks.** An office staff member must then immediately place the envelope in the office lockbox, where it will be processed along with the next batch of received mail as described above.

Procedure for storing cash/checks

All cash and checks must be kept in the office lockbox or safe for safekeeping when not under the immediate supervision of the **Chief Business Officer or Volunteer Coordinator**. The office lockbox should be used for this purpose. Cash and checks may not under any circumstances be left in office or volunteer area unattended. Although the frequency of deposits must be balanced with other **Organization** needs, all efforts should be made to ensure quick turnaround and deposit of checks and cash received by the **Organization**.

3. PURCHASING AND VENDOR BID POLICY

BOARD POLICY

PURCHASING: All Organization purchases must be pre-approved. The primary person responsible for approving all purchases is the Executive Director. The Chief Business Officer and/or Director of Education and Student Services may also approve purchases only in the absence of the Executive Director. For purchases exceeding \$15,000 Board approval is also required, as outlined in the specific procedures below. Recurring expenses such as monthly rent, copier lease payments, recurring office supplies, or other periodic payments for which overall approval has already been granted do not require individual approval.

INVOICING & RECEIPTS: All purchases must be accompanied by an invoice or receipt, depending upon the nature of the item and the purchase method. For payments made using a credit/debit card, a receipt shall be obtained and/or printed at the time of purchase.

CREDIT CARDS: Credit cards should be kept under locked supervision at the Administrative Office when not in use. The Organization credit cards will be checked out on a case by case basis and may only be used when other forms of purchasing are not timely or appropriate.

Procedure for vendor bidding/estimates/proposals

- a. The Oxford Board of Directors is committed to safeguarding the Organization's money and to promoting transparency and accountability when it comes to the use of public funds. When purchasing equipment, materials, supplies, or certain services, OPA shall work to obtain the greatest possible value for the Organization.
- b. For purchases or contracts up to \$5,000 bids, estimates, or proposals are not required.
- c. For purchase or contracts above \$5,000 up to \$10,000 at least three bids, estimates, or proposals are recommended and may be procured in-person, or via telephone, email, letter, formal proposal, or other method of communication.
- d. For purchases or contracts about \$10,000 up to \$25,000 and subject to paragraph f below, at least three written bids, estimates, or proposals are required, and each bid, estimate, or proposal must be on the vendor's letterhead and must include enough relevant information about the purchase or contract to allow the Executive Director or Designee to make an informed decision or recommendation.
- e. For purchases or contracts above \$25,000 a competitive bid, estimate, or proposal process is required. Requests for bids, estimates, or proposals must be published, advertised, and/or solicited in the manner determined by the Executive Director or Designee, or the Board of Directors. The request for bids, estimates, or proposals must set forth (1) the required scope of work; (2) instructions and deadline for submission; (3) the approximate date the Board will review the bids, estimates, or proposals; and (4) any other information deemed relevant to the purchase or contract. The Executive Director or Designee shall attempt to secure at least three written bids, estimates, or proposals before they are presented to the Board. The Executive Director or Designee shall make a recommendation to the Board and all bids, estimates, and/or proposals received shall be presented to the Board for review.
- f. In the event a vendor is the only vendor that can reasonably supply a certain product or service, it is permissible for OPA to solicit and accept one bid, estimate, or proposal.

The Executive Director or Designee shall retain a written explanation of why the vendor is the only vendor that can reasonably supply a certain product of service.

- g. Selection of a bid, estimate, or proposal shall be based on multiple factors, including but not limited to, initial and future costs, quality of the products or services, any warranties, capability and experience of the vendor, and time of delivery or performance. Selection of the lowest bid, estimate, or proposal is not required. Selection of a bid, estimate, or proposal shall also comply with any other applicable OPA policies (e.g., the *Nepotism Policy*).
- h. The Executive Director or Designee shall maintain a copy of all written bids, estimates, or proposals for at least one year.
- i. These procedures for vendor bidding, estimates, and proposals do not apply to certain contracts, such as those for professional services or insurance services, where the Executive Director or Designee in collaboration with the Board determines it is not in the best interest of OPA to solicit bids, estimates, or proposals. The Executive Director's or Designee's determination shall be made in writing, including the reason(s) for the determination, and a copy shall be maintained on file for at least one year.

Procedure for approving purchases

- a. Any desired purchase must be approved by the Executive Director, Director of Education and Student Services, or the Chief Business Officer (the "Executive Administrators") according to the following purchase approval levels:
- b. The Requester and the Authorizer must be different individuals.
 - 1. For amounts up to \$1,000, any one of the roles identified above, and including Chancellors or Deans, may authorize purchases;
 - 2. For amounts above \$1,000 up to \$5,000, either the Executive Director, Director of Education and Student Services, or the Chief Business Officer may authorize purchases;
 - 3. For amounts above \$5,000 up to \$10,000, the Executive Director's approval is required to authorize purchases;
 - 4. For amounts above \$10,000 up to \$15,000, approval of the Executive Director and Board Chair is required to authorize purchases.
- c. For purchases of \$15,000 and above, Board approval is required prior to purchase, although the Executive Director may seek Board approval for unusual purchases of any dollar amount at his/her discretion.
- d. For any purchase, documented evidence of the appropriate approval must be obtained prior to purchase.
- e. Once the appropriate approval has been authorized for a purchase, the Chief Business Officer or Designee shall (a) create a Purchase Order, and deliver the signed Purchase Order to the vendor, OR (b) in situations where the item must be purchased directly (e.g., airplane tickets, etc.) only the most efficient and cost-effective manner shall be utilized, including competitive bid procedures where required by law or otherwise deemed appropriate and are in the best interest of the Organization.
- f. If the item is purchased directly by an Administrator, a receipt must be obtained at the time of purchase and provided to the Business Office as set for the in the "Invoicing and Receipt Procedure" below.
- g. Regularly recurring expenditures exceeding \$15,000 (e.g., leases, rent, etc.) require only initial Board approval and identification as a recurring expenditure to the Board. Such recurring expenditures are exempt from Board and Administrator pre-approval and purchase requisition requirements.

- h. Every invoice that is received will be matched to the appropriate purchase requisition, and, if approved by the Executive Director, Director of Education and Student Services, and/or Chief Business Officer, will be forwarded to the external financial service provider for payment. A batch of approved invoices, along with signature approval of the Executive Director or Designee, will be submitted to the external financial service provider at least once per week.
- i. A Check or Warrant Register listing all non-payroll payments (including checks, ACH, and/or wires) paid in a defined period will be included in the Board's monthly financial packet as a consent agenda item.

Invoicing and Receipt Procedure

For businesses or individuals seeking payment, an invoice must be provided prior to payment. Upon payment of invoices, verification of payment and the check number will be included on the invoice prior to filing.

Procedure for contracts and agreements

All contracts or agreements, including those for ongoing services, shall be negotiated to obtain such services in the most efficient and cost-effective manner and in the best interest of the Organization. In certain cases, the Chief Business Officer or Designee may act as agent of the Executive Director in negotiating administrative agreements such as insurance policies, subject to the Executive Director's final approval. All such agreements must clearly define the scope of services to be performed, and the price for such services. A file shall be maintained by staff containing all documentation related to the reason for the contract/agreement as well as any research showing that the purchase is in the best interest of the Organization, including but not limited to any alternate bids, estimates, or proposals received for the good/service. Any such agreements in excess of \$15,000, once negotiated, must be approved by the Board prior to commencement of the contract to ensure they are in the best interest of the Organization and reflect reasonable market values. The Board may also recommend changes or revisions pending final approval. Any modifications or changes to existing contracts/agreements shall be made only in writing.

Procedure for handling invoices and vendor requests

- a. All invoices received on-site should be delivered to the Chief Business Officer or Designee, who will scan and forward to the financial service provider with the appropriate approval as described above.
- b. If the invoice is for a smaller item and/or an immediate payment is necessary for the Organization's function (e.g., building repair, locks, etc.), the School Site Administrator may authorize on-site payment and pay for such item from the site's revolving (petty cash) fund account. However, use of purchase orders and payment via invoice shall be utilized whenever possible to ensure an accurate paper trail.
- c. The financial service provider shall be responsible for tracking all accounts payable and preparing Warrants/Checks for payment.

- d. The financial service provider shall print and sign checks or other payments at least on a weekly basis and send/deliver them to vendors as required.

Receipt of Ordered Goods Procedure

All ordered goods MUST be shipped to the school site location or business office address, even during times of Organization closure during vacations and holidays. If goods are expected to be received during periods when the Organization is closed, a staff member shall be directed to contact the appropriate shipping provider and instruct them to re-deliver the goods when Organization is again open. Staff members shall not receive ordered goods during Organization closures unless arrangements are approved by the Executive Director or Designee so that the below receiving procedure is adhered to even during Organization closure.

When ordered goods are received at the school site or business office, at least two office staff members must be present to ensure that the items received match the packing slip –both staff members should sign the packing slip if all delivered items are accounted for. Organization staff will forward all packing slips to the Business Office in the Weekly Packet so the Business Office may mark all items as received in the accounting system. If any discrepancy exists between the packing slip and the goods as delivered, a member of the Business Office staff should be informed immediately. Once the packing slip is signed and the fixed assets are recorded in accord with the Fixed Assets Policy below, the materials can be disbursed. Staff should then follow up with vendors as necessary to resolve missed items. When invoices are received and sent to the Business Office, the Business Office will only pay for the portion of the order shown as “received” in the accounting system, unless specifically directed otherwise by the Executive Director or Designee or Chief Business Officer.

4. BUDGETING AND CASH FLOW MANAGEMENT

BOARD POLICY

BUDGETS: Education Code section 47604.33 requires charter organizations to prepare a series of annual budget reports to be submitted to the chartering authority and the county superintendent of organizations of the county in which their sponsoring district is located.

Cash flow management involves tracking actual and projected revenues, expenditures, and cash receipts and disbursements to ensure that sufficient cash is available to meet all financial needs when due, and that sufficient available reserves are maintained as a contingency in the event of unforeseen financial setbacks.

The **Organization** shall provide the following budget reports to its authorizer(s) by the following dates:

1. On or before July 1, a preliminary budget.
2. On or before December 15, a first interim financial report reflecting changes through October 31.
3. On or before March 15, a second interim financial report reflecting changes through January 31.
4. On or before September 15, a final unaudited report for the full prior year.

ENDING BALANCE: At each June 30, OPA's goal is to maintain an unrestricted ending balance at or above 5.0% of total expenditures during the fiscal year just ending.

RUNNING CASH BALANCE: OPA's goal is to maintain a running cash balance in excess of **two (2) months** total payroll, including benefits and deductions.

CURRENT PROCEDURE

Budget Structure

OPA's annual budget includes a Statement of Activities that shows projected revenues, expenditures, and changes in fund balance for the fiscal year beginning July 1 and ending June 30 of the following year. The overall budget contains balanced sub-budgets by resource for state categoricals, special education, and other restricted monies in addition to the unrestricted general account. The budget is based on the Statement of Activities but includes notations of balance sheet activities such as asset acquisitions and debt repayment that affect the **Organization's** operations.

All annual budgets, including initial, interim and monthly updates, shall include a multi-year projection for the current year and following two fiscal years, as well as a corresponding monthly cash flow statement that shows year-to-date and projected revenues and expenditures as well as other transactions affecting cash, plus a beginning and ending cash balance, broken out monthly.

Annual Budget

In May of each year, the **Organization** will begin preparing the draft annual budget under the direction and supervision of the **Executive Director**, which is aligned to LCAP goals, using all available data including monthly actual revenues and expenditures to date as well as planned adjustments for the coming year.

Prior to June 1 of each year, the Board may hold a special Budget Planning meeting specifically for budget review and planning, in which the draft budget, prepared by the Executive Director in conjunction with the Business Office, is presented to the Board and each area of the budget is discussed in depth by staff and Board members.

Alternatively, the Governance **Board** may instead designate members of a Finance Committee that will hold a separate Budget Planning meeting in place of a meeting of the entire Board. In the case of a separate Finance Committee meeting, the results of this meeting will be presented to the Board at their next regular or special Board meeting.

The **Chief Business Officer** (with the assistance of the **financial service provider**) will then revise and adjust the draft budget as directed by the Board and/or the Committee to create the Final Operating Budget for the coming fiscal year. Additional Budget Planning meetings may be scheduled if necessary to discuss any further revisions prior to finalizing the budget. The **Chief Business Officer** shall submit the draft Operating Budget, which aligns to the LCAP, to the Executive Director for final review.

Prior to July 1 of each year, the final budget along with each school's and/or the Organization's LCAP will be presented to the Board for final approval. Once approved, the final budget and the LCAP will be submitted to each school's sponsoring entity by July 1 as required under the Education Code.

Interim Budgets

On or before December 15 and March 15, the Executive Director and the Chief Business Officer with the assistance of the financial service provider will develop and present an updated interim annual budget to the Board for approval at a regular or special Board meeting. The interim budget shall reflect adjustments or revisions to the original budget made in response to changing financial conditions or needs of the **Organization**. The Board may elect to hold one or more Budget Planning meetings, or name a Finance Committee to hold such Budget Planning meetings, if deemed necessary prior to approval of each interim budget. Once approved, the First and Second Interim Budgets will be submitted to each school's sponsoring entity by December 15 and March 15, respectively, as required by law.

Updates

At the next regularly scheduled or a special meeting of the Board, the **Chief Business Officer** will provide to the Board an update of year-to-date revenues and expenditures, including a comparison of budgeted vs. actual amounts and a brief explanation of significant deviations from the original budget. The Board is not required to approve these updates – however, the Board may elect to approve any additions, revisions, or modifications to the Annual or Interim Budgets that it deems necessary to allow the **Organization** and schools to adapt to changing financial conditions. Any such changes to the Original or Interim budgets will be used as the current operating budget by Organization and school staff from that point forward, although copies of these operating budgets are not required to be submitted to sponsoring entities.

BOARD POLICY

For volunteer or fundraising events sponsored by the Organization, costs may be paid either directly by the school or Organization or as reimbursement to volunteers. It is recommended that for those costs paid for by a volunteer, a single volunteer for each event be designated, to reduce paperwork and approval tracking. This volunteer may be (but is not required to be) the Volunteer Coordinator.

All reimbursements must be approved by Executive Director or Designee or the Chief Business Officer prior to payment – reimbursements will not be granted for items purchased without Executive Director or Designee or the Chief Business Officer approval. In all cases, it is recommended that volunteers receive Executive Director or Designee or Chief Business Officer approval before making any purchases – if not pre-approved, volunteers run the risk of not being reimbursed for costs expended, if the cost is not deemed by Executive Director or Designee or the Chief Business Officer to be an eligible cost.

Any reimbursement request must be accompanied by valid receipts for all items (with the exception of mileage) and a completed Employee Reimbursement Request Form. For mileage reimbursements, a log must be included showing specifics of travel. Line items on credit card statements are not sufficient documentation for reimbursement.

CURRENT PROCEDURE

Volunteer Budgets

- a. For large-scale and/or extended timeframe fundraising activities conducted through OPA (as opposed to through a separate nonprofit PTO), it is recommended that such activities have an itemized operating budget. This budget shall be prepared by the Volunteer Coordinator, or jointly by members of the Volunteer Committee in charge of such event.
- b. The OPA Board or Honour Society Board (as appropriate) shall determine during initial discussions of the event whether a separate operating budget is required, and if so, shall direct staff to coordinate such budget activities.
- c. As discussed in Section 2, each volunteer or fundraising activity must be headed by a Volunteer Coordinator chosen for such activity, who shall be responsible for coordinating all receipts of funds and payment of all costs with the Business Office.

Event Summary

At the Board's discretion, for larger fundraising events, the Board may request that an "Event Summary" be prepared at the conclusion of the event. The Event Summary summarizes all income and expenses in connection with that event, and shows the "event profit" (all event revenues less all event expenditures). No specific format for the Event Summary is required as long as the relevant information is made clear. This Event Summary may be presented to the Board as part of the Executive Director's or Chief Business Officer's report or as a specific agenda item.

6. FIXED ASSETS POLICY

BOARD POLICY

In order to properly track all capitalized and non-capitalized assets, an inventory must be maintained for all items with a value of \$1,000 or more. This Inventory Record shall include the asset description, location, and ID tag/serial number, and for items exceeding \$5,000, shall reference the corresponding entry in the Fixed Asset Register for capitalized assets (see below). A textbook inventory of all textbooks shall also be maintained. The textbook inventory may be kept separate from the overall inventory.

CURRENT PROCEDURE

Fixed Asset Register

Assets with a single value of \$5,000 or more year (or a collection of items such as a computer lab or set of similar furniture that has a system value of over \$5,000) and a useful life of more than one year are considered “fixed assets,” meaning they are included as assets on the **Organization's** balance sheet (rather than as expenses such as books and supplies) and the cost of these assets is spread out over the useful life of the asset. This process is called “capitalization,” and involves including the value of the asset on the **Organization's** balance sheet at acquisition, and charging a portion of the item's value as “depreciation” each year over its useful life. In order to properly account for capitalized assets, a Fixed Asset Register must be maintained for all capitalized assets, and shall include asset description, acquisition date, cost basis, depreciation expense, accumulated depreciation and useful life. The **Chief Business Officer** is responsible for maintaining the fixed asset register.

Procedure for Recording Inventory and Fixed Assets

When any item is acquired with a cost basis of \$1,000 or more, an entry shall be made in the Inventory Record showing asset description, location, and ID tag/serial number, and a numbered identification tag shall be affixed to the item.

When the item (or group of items) that is purchased has a useful life of one year or more and has a cost of \$5,000 or more (or is part of a system or collection that has a collective cost of \$5,000 or more), the item should be entered into the Inventory Record as described in the above paragraph, and three additional steps must also be taken:

- a. A notation is made in the Inventory Record that this item is a fixed asset;
- b. The Business Office is informed that a specific purchase is considered a fixed asset;
- c. The Business Office makes an entry in the Fixed Asset Register reflecting the acquisition.

Annual Inventory

At the end of each fiscal year upon a date determined by the Executive Director, a comprehensive physical inventory shall be conducted of all inventoried assets of \$1,000 or more (including but not limited to fixed assets), reconciling the Inventory Record, the Fixed Asset Register, and the information in the general ledger to match the results of the physical inventory.

BOARD POLICY

The purpose of this policy is to enhance OPA's ability to manage its debt in a fiscally conservative and prudent manner. The effects of decisions regarding types of borrowing, covenants and terms, interest rates, and payment structure directly impact the Organization's continuing operation. The Organization has thus established this Debt Management Policy to provide goals and guidelines for the Organization's borrowings.

The Organization's Debt Management Policy is as follows:

1. The Executive Director is responsible for administering and maintaining the Organization's current obligations under the direction of the Board. The Chief Business Officer will meet with the Executive Director, financial services provider, and Board, as appropriate, regarding the status of the Organization's existing debt and to make specific recommendations.
2. No new debt shall be incurred without approval of the Board.
3. All approved annual budgets shall include timely repayment of all outstanding debt, or include a reasonable repayment plan for such debt if timely repayment is not possible.
4. Prior to incurring any new borrowing, the Chief Business Officer shall prepare a financial analysis showing the effect of the borrowing on current and future operations. The Organization may not borrow if a reasonable financial analysis cannot show timely repayment of all obligations including the planned borrowing.
5. The Organization will seek financing options that are at the lowest interest cost and in the best interests of the Organization.
6. The Organization will take all practical precautions and proactive measures to avoid borrowing decisions that can negatively impact current or future operations.
7. The Organization will determine the term, rates, and covenants that will best fit within the overall existing debt structure at the time any new debt is incurred.
8. The Organization will explore, assess risk, and implement innovative structuring ideas when they are consistent with the above goals.

CURRENT PROCEDURE

Use of Line of Credit

When utilization (borrowing) on the Line of Credit is required, the Chief Business Officer will contact the (1) Executive Director or (2) Director of Education and Student Services, in writing, to advise of the need. Such correspondence will include:

- Date
- Amount to drawn on the Line of Credit
- Purpose

The Executive Director (or Director of Education and Student Services) must confirm

approval of the request in writing.

Payment of Line of Credit

When making a payment on the Line of Credit, the Chief Business Officer will contact the (1) Executive Director or (2) Director of Education and Student Services, in writing, to advise of the proposed payment. Such correspondence will include:

- Date
- Amount to be repaid on the Line of Credit
- Remaining balance on the Line of Credit (after payment)

The Executive Director (or Director of Education and Student Services) must confirm approval to make the pay-down in writing.

8. BANKING POLICY

BOARD POLICY

All bank accounts shall be established in the name of the Organization or School with prior board approval of the initial authorized signers. Annually with respect to all existing bank accounts, the Board shall review and approve all authorized signers and approve the continuing need for each account.

All loans or similar agreements shall be negotiated by the Executive Director or Designee or Chief Business Officer to obtain such services in the most efficient and cost-effective manner, using the same procedures as described in "3. PURCHASING AND VENDOR BID POLICY – Procedure for Contracts and Agreements" above. All such agreements must clearly define all terms under which the Organization will be obligated and the price for such services.

CURRENT PROCEDURE

Reconciliations

All bank statements should be reconciled monthly by the Chief Business Officer or Designee, who does not participate in cash handling.

9. PETTY CASH POLICY

BOARD POLICY

The purpose of a petty cash fund is to allow staff to make small purchases from cash on hand for those items that can be exempted from the normal purchasing process. These items include but are not limited to: (a) One-time and/or small supplies purchases with an immediate need (for example, running out of copy paper on the day a mailing goes out; or (b) other items that cannot be paid on the credit card and cannot use a PO process. The Executive Director shall designate a staff person on each site as the Petty Cash Manager. This staff person can be the **Chancellor**, the Office Manager, or other staff member working in the **Organization** office. Approval from the Petty Cash Manager is required for any petty cash purchases. In times that the Petty Cash Manager is absent, the Petty Cash Manager may designate an interim Petty Cash Manager for those periods when absent. The amount of the petty cash fund is hereby set at **\$500.00** per campus.

Replenishment of the petty cash fund to **\$500.00** should be done on a monthly basis. In addition, all funds should be replenished at the fiscal year end so there are no outstanding receipts as of June 30.

CURRENT PROCEDURE

- Employee receives prior approval from the Petty Cash Manager or designee for the planned purchase.
- Employee makes the purchase, paying for the item with personal monies and obtains an itemized receipt or cash register sales slip.
- Employee presents the itemized receipt or sales slip to the Petty Cash Manager.
- Petty Cash Manager records the following information on the Petty Cash Log:
 - the amount of the purchase
 - the date
 - the purpose
 - the purchaser
- The Petty Cash Manager then disburses cash in the exact amount needed to reimburse the employee, keeping the above information together with the original receipts provided. The total of cash plus receipts in the petty cash box/file should always equal **\$500.00**.
- The reconciliation by the Petty Cash manager will be submitted to the Business Office on a monthly basis for review/approval and replenishment of funds.

PROCEDURE WHEN EMPLOYEE RECEIVES ADVANCE TO PURCHASE ITEMS

- Employee receives prior approval from the Petty Cash Manager for the planned purchase. The Petty Cash Manager also indicates how much may be disbursed as an advance.

- Petty Cash Manager disburses the approved amount of cash to the employee, recording the following information at the time of disbursement on the Petty Cash Log:
 - the amount of the advance
 - the date
 - the purpose (*Indicate if special funds/grants should be used i.e. Title I, Special Ed*)
 - the recipient's name
- Employee makes the purchase using the advanced funds and obtains an itemized receipt or cash register sales slip.
- Employee presents the itemized receipt or sales slip to the Petty Cash Manager along with any change from the original advance.
- The Petty Cash Manager notes the final cost of the item and amount returned on the original disbursement record described in #2 above, and keeps the record of the disbursement containing the above information together with the original receipts provided.

REPLENISHMENT PROCEDURE

- Petty Cash will be reconciled on a monthly basis.
- The Petty Cash Manager is responsible to maintain a log of purchases which include the date, description, person making the purchase and amount of purchase.
- Receipts are required for all purchases and should be cross-checked to the petty cash reconciliation.
- The Business Office will verify the reconciliation submitted by the Petty Cash Manager to ensure the ending balance is correct.
- Missing receipts and/or questions concerning any discrepancies on the reconciliation are the responsibility of the Petty Cash Manager and will be resolved with the Business Office in a timely manner.
- Upon final reconciliation and approval by the Chief Business Officer, the petty cash balance will be replenished to the approved balance, currently \$500.00.

APPENDICES

DRAFT



OXFORD PREPARATORY ACADEMY BOARD POLICY

Business Expense Reimbursement Policy

STATEMENT OF POLICY

Oxford Preparatory Academy (“OPA”) is a California nonprofit public benefit corporation that operates public charter schools funded with public dollars. Members of the OPA Board of Directors (“Directors”) understand and affirm our obligation to safeguard and use charter school money only for appropriate purposes and consistent with the law. The law prohibits the donation of public funds but allows actual, appropriate, and necessary business expenditures.

This policy applies to all OPA Directors and employees. It is the policy of OPA to reimburse Directors and employees only for actual and necessary expenses incurred in the performance of their official duties on behalf of OPA in accordance with this Policy. Each person subject to this Policy is accountable for expenses incurred when conducting business on behalf of OPA and will adhere to all applicable policies and procedures adopted by the Board.

As stated in OPA’s Bylaws, Directors serve on a volunteer basis without compensation, but are entitled to be reimbursed for actual and necessary expenses incurred when conducting the corporation’s business. Under the law, reimbursement for expenses is not considered “compensation” and does not alter the volunteer-status of Directors. (Corp. Code, § 5239(b).)

1. PURPOSE

The goal of this policy is to provide consistent guidelines that set forth the approval and documentation requirements for the reimbursement of actual and necessary business expenses incurred by OPA Directors and employees. For any reimbursement of an actual and necessary business expense the following conditions must be met:

1. The expenditure conforms to these guidelines and any applicable codes and regulations; and
2. There must be adequate documentation of the expenses, including adequately detailed receipts, description of business purpose, and attendees to a meeting, if applicable.

2. WHAT IS REIMBURSABLE?

OPA will reimburse Directors and employees for their actual and necessary business expenses. “Actual and necessary business expenses” means expenditures by the Director or employee on items or services that are helpful, reasonable and appropriate for OPA’s business and that are common and accepted as such in the public charter school context. When there is a question about whether a particular expense is considered “actual and

necessary,” such determination shall be made by the Board, and any exceptions must be approved by the Board.

The following information is meant as a guide for determining whether an expense is or is not reimbursable, but is not exhaustive.

(a) Directors.

Directors are provided an OPA laptop computer or tablet (e.g. a Chromebook) for their use at OPA Board meetings and in the function of their Director duties, but Directors shall not receive or be reimbursed for any other technological devices they choose to purchase (e.g. computer, tablet, cell phone, iPod, etc.). Directors shall not be reimbursed for mileage or other expenses (e.g. toll road fees, parking fees, etc.) while traveling to and from OPA Board meetings, but those expenses may qualify for a deduction from your personal taxable income.¹ Directors shall not be reimbursed for internet or cell phone service. Directors shall not be reimbursed for office supplies (e.g. pens, paper, printing, etc.) but are encouraged to communicate with OPA staff if there are materials needed for a Board meeting, to print documents when necessary for OPA business, etc.

Directors are encouraged to attend conferences, seminars, educational trainings, and external meetings on behalf of OPA (e.g. membership organizations’ meetings and annual conferences, professional trainings, governance trainings, workshops, regional advocacy summits, etc.). Expenses for attendance are reimbursable under this Policy in accordance with the Special Procedures for Conferences, Seminars, Educational Trainings, Workshops, and External Meetings described below.

(b) Employees.

Employees are entitled by law to reimbursement for actual and necessary work-related expenses.

Administrators (Deans and above) are provided an OPA laptop computer (e.g. a Chromebook) for their use in the function of their duties, but shall not receive or be reimbursed for any other technological devices they choose to purchase (e.g. desktop computer, tablet, iPod, etc.).

Administrators (Deans and above) are provided a business phone. If an Administrator declines a business phone, the Administrator will not receive any funds from OPA for mobile communication costs. For Administrators that elect to use a business phone issued by OPA, OPA will not pay for any additional costs related to personal use, such as data costs, application downloads or international calls, which will be the responsibility of the individual and deducted from payroll. Equipment will be selected and purchased by OPA and will remain the property of

¹ We recommend consulting with an accountant about questions of whether such travel expenses are deductible.

OPA. Extra accessories, such as headsets, spare chargers, batteries or covers may be purchased by the Administrator and remain the property of the Administrator.

Connecting to OPA systems for information access requires that the device is passcode protected. The loss of any device containing OPA information is to be reported immediately to the Executive Director. OPA is not responsible for any personal data on the device.

Employees may from time to time attend conferences, seminars, educational trainings, and external meetings on behalf of OPA (e.g. membership organizations' meetings and annual conferences, professional trainings, governance trainings, workshops, regional advocacy summits, etc.) at the direction of the Executive Director or Board. Expenses for attendance are reimbursable under this Policy in accordance with the Special Procedures for Conferences, Seminars, Educational Trainings, Workshops, and External Meetings described below.

(c) Other Prohibited Expenses.

Alcohol is not reimbursable. Expenses incurred for an OPA Director's or employee's spouse, family member or personal friend are not reimbursable. In cases where a Director or employee combines business travel with personal travel, OPA will only reimburse the individual for the portion attributable to OPA business—travel expenses incurred by a spouse, family member or personal friend traveling with the OPA Director or employee are not reimbursable. Purely entertainment expenses while traveling for business (e.g. movies or television shows, theater productions, concerts, amusement parks, etc.) are not reimbursable.

3. **STANDARD PROCEDURES**

(a) Expense Form.

All requests by a Director or employee for reimbursement shall be submitted on OPA's standard Expense Report Form (attached as Exhibit A) with all required supporting documentation attached.

(b) Supporting Documentation.

Reimbursable expenditures must be supported by adequate records which clearly establish that they were necessary, reasonable in amount, and incurred for a valid business purpose. All requests for reimbursement shall be accompanied by supporting documentation, which shall include any receipts and, whenever applicable, the following:

- (i) Airfare (e.g. for travel to a conference) – reservation confirmation from airline or e-ticket.
- (ii) Car Rental (e.g. for travel to a conference) – car rental invoice.

- (iii) Lodging (e.g. for travel to a conference) – itemized hotel invoice.
- (iv) Parking (e.g. for travel to a hearing, meeting or conference) – receipt from parking garage/ service.
- (v) Mileage (e.g. for travel to a hearing, meeting or conference) – mileage report documenting origin, destination, total miles traveled, and date of travel.
- (vi) All other expenses – itemized receipts.

Originals of the supporting documentation should be submitted, but copies will be acceptable with a reasonable explanation as to why the original is unavailable.

(c) Timely Submission.

The Expense Report Form showing actual expenses, together with supporting documentation, shall be submitted within 30 days of incurring the expense. All reimbursements must be reviewed and approved by the appropriate individual described below. OPA reserves the right to refuse any reimbursement request that is inaccurate, does not include the appropriate supporting documentation, is submitted late, or otherwise fails to fully comply with this Policy.

(d) Approval.

Once the foregoing requirements have been met, the requested reimbursement shall be approved. However, because no one is permitted to approve his or her own expenses, “One over One” approval, evidenced by the signature of the person responsible for such approval, must be given as follows:

- (i) Expense reimbursement requests from employees other than the Executive Director shall be approved by the Executive Director.
- (ii) Expense reimbursement requests from OPA Board Directors or the Executive Director shall be approved by the Board Chairperson.
- (iii) Expense reimbursement requests from the Board Chairperson shall be approved by another Director (e.g. the Board Secretary or Board Treasurer).

(e) Payment of Reimbursement.

Completed Expense Request Forms meeting all of the foregoing requirements and approved by the appropriate Director or the Executive Director will be processed and paid no later than two (2) weeks from the date of approval. Reimbursements will be paid by check.

Notwithstanding the foregoing, the Board may approve reimbursements when documentation or reports are submitted late or are unavailable, for good cause shown.

4. **SPECIAL PROCEDURES FOR CONFERENCES, SEMINARS, EDUCATIONAL TRAININGS, WORKSHOPS, AND EXTERNAL MEETINGS NOT IN THE ORDINARY COURSE OF BUSINESS**

The following special procedures shall be used for Directors or employees attending conferences, seminars, educational trainings, workshops, or external meetings not in the ordinary course of business on behalf of OPA.

(a) **Board Approval Required.**

In order to be eligible to receive reimbursement for expenses relating to a conference, seminar, educational training, workshop, or external meeting not in the ordinary course of business, Directors and employees must obtain Board approval. The name, purpose, and location of the event, as well as the reasonable estimated cost of attendance (registration fee, travel/transportation, meals, lodging, etc.), shall be provided to the Board when approval is sought.

(b) **Direct Billing.**

After Board approval has been obtained, the Executive Director or designee may coordinate direct billing or use the corporate credit card for advance registration fees, travel/transportation, lodging, and other expenses that may be purchased ahead of time. For all other expenses, Directors and employees may be reimbursed upon submittal of an Expense Report Form, as set forth in Exhibit A.

(c) **Report to Board.**

Directors and employees must present a written or oral report at a Board meeting within 60 days upon return from a conference, seminar, or other external meeting which the Director or employee attended that was paid for by OPA. This report shall describe, at minimum, some of the things learned from the event and why they are valuable to OPA. The quality of a Director's or employee's report shall be a factor in future decisions to approve that individual's attendance at conferences, seminars, or other external meetings on behalf of OPA.

5. **MISCELLANEOUS**

(a) **Reimbursement Rates.**

The following information shall guide Directors and employees when they intend to seek reimbursement from OPA for actual and necessary business expenses.

(i) **Airfare.**

OPA shall only reimburse airfare expenses for coach or economy class tickets; first or business class tickets are not reimbursable under this Policy. Each person is expected to assist OPA in acquiring the best rate and greatest discount they reasonably can on airline tickets.

Note: If a person chooses to travel in his or her private automobile, rather than by airline, the person will be reimbursed for mileage at the rates specified in this Policy, provided that such reimbursement does not exceed the cost of coach or economy airfare, plus normal cost for transportation to and from the airport at the point of departure and the airport at the destination. If two or more persons travel in the same private automobile, the person whose private automobile is used, will get full mileage reimbursement, provided that said mileage meets the requirements above as to each person traveling together, and does not exceed the cost of coach or economy airfare plus normal cost for transportation to and from the airport at the point of departure and the airport at the destination.

(ii) Lodging.

Choice of lodging shall be determined by convenience to the conference, seminar, or external meeting location within reasonable economic limits. Lodging shall not be reimbursed or provided at OPA's expense if the meeting site is within 60 miles of the person's legal residence without prior approval based upon unusual circumstances which make it impractical to travel to the site of a meeting on the date scheduled. Directors and employees shall use discount or group rates, if available. If the group rate is not available, persons shall use comparable lodging, either at a rate not more than the maximum group rate published by the conference, seminar, or external meeting sponsor. If persons wish to take a guest, they must pay any rate differential over the single room rate.

(iii) Car Rental.

The size of the car rental shall be appropriate to the number of individuals traveling in the group and the intended business of the group. Discounts or group rates shall be used, if available.

OPA is insured for collision and comprehensive coverage when renting vehicles. Persons shall decline these coverages when renting vehicles.

(iv) Mileage.

The reimbursement rate for use of personal vehicles shall be the IRS standard mileage rate for business miles deduction in IRS Publication 463. Mileage will be calculated as the actual mileage incurred assuming a reasonable and direct route between origin and destination point is taken.

Directors are not entitled to reimbursement for mileage to attend OPA Board meetings.

(v) Other Transportation Expenses.

Actual and necessary expenses for taxi, bus, shuttle, and tolls are reimbursable. Persons are expected to use hotel courtesy cars or shuttles where practical before using taxis or rental car services.

(vi) Meals and Gratuities.

Directors and employees may receive reimbursement for reasonable meal-related expenses for each day of authorized travel, which shall not exceed the IRS standard meal allowance in IRS Publication 463, as revised from time to time. Alcoholic beverages are considered a personal expense and are never reimbursable. Directors and employees are expected to eat at scheduled group meal functions rather than purchase their own food whenever possible. Reasonable gratuities will be reimbursed with proper supporting documentation (e.g. receipt).

(vii) Dues and Professional Organizations.

OPA will reimburse for membership in no more than one professional organization pertinent to the performance of official duties and mutually beneficial to OPA and the Director or employee. OPA may pay for these dues directly to the vendor on behalf of the person or may reimburse the person after submitting an Expense Report Form.

(viii) Certification and Licenses.

Individual certification and licenses (e.g. teaching credential fees) are considered the responsibility of the person and are not reimbursable.

(b) Penalties.

In accordance with applicable law, as it may be revised from time to time, penalties for misuse of public funds or falsifying expense reports in violation of this Policy may include, but are not limited to the loss of privileges, restitution to OPA, civil penalties, and criminal prosecution.

Approved: December 11, 2016
Revised: February 7, 2017

EXHIBIT A



School
EXPENSE REPORT/REIMBURSEMENT FORM

Name: _____
Address: _____

Date: _____

Attach all original receipts or invoices in support of expenses.

[illegible]

I hereby certify that the above is true statement of expenses incurred

Employee Signature: _____

Approved By: _____



OXFORD PREPARATORY ACADEMY BOARD OF DIRECTORS POLICY

POLICY TITLE: Credit Card Use Policy

Oxford Preparatory Academy (“OPA”), a California Nonprofit Public Benefit Corporation that operates public charter schools, hereby adopts this policy governing credit card use. This Credit Card Use Policy memorializes OPA’s commitment to being good stewards of public funds and ensuring that internal controls are implemented and followed.

OPA administrators are required from time to time to expend funds in the performance of school business when a purchase order is neither practical nor possible. The Board of Directors recognizes the value of an efficient method for purchasing authorized goods, supplies and services, including method of payment and record keeping for expenses. It is understood that travel accommodations, various online transactions, and occasional other purchases require the use of a credit card. Use of organizational credit cards is not intended to replace effective procurement planning or transactions that should be handled through purchase orders.

The OPA Board authorizes the select administrators identified herein to use Organization credit cards for the purposes set forth in this policy. No other employee may use an OPA credit card.

The following administrators are authorized to use an Organization credit card: Executive Director, Director of Education and Student Services, Chief Business Officer, and school site Chancellors.

The credit limit for each card shall not exceed the following amounts: \$20,000 for Executive Director; \$10,000 for Director of Education and Student Services and Chief Business Officer; and \$10,000 for school site Chancellors.

The Board designates the Chief Business Officer as the custodian of Organization credit cards.

Use of Organization credit cards is a privilege and the Executive Director may withdraw the privilege of use at any time. Violation of the provisions of this policy may result in the revocation of the administrator’s credit card use privileges and/or discipline up to and including dismissal.

OPERATIONAL PROCEDURES

The use of Organization credit cards by authorized OPA administrators is subject to the following procedures:

1. Organization credit cards will be under the custody of the Chief Business Officer. A credit card may only be issued to an administrator for use after a written request as described below has been submitted to the Executive Director, Director of Education and Support Services, and/or the Chief Business Officer. The administrator must return the credit card within one (1) business day after

the requested use. Or, if the administrator is traveling with the credit card, within (1) one business day of their return.

2. Administrators shall direct a written request for the use of an Organization credit card to the Executive Director, Director of Education and Support Services, and/or the Chief Business Officer. The request shall include the nature of the items to be charged, estimated amounts to be charged, the date(s) of the requested credit card use, and the date the credit card will be returned to the Chief Business Officer.

3. The following are examples of purchases that are appropriate for the Organization credit card: conference/seminar registrations; travel/conference expenses, including but not limited to transportation services, airfare, or car rental expenses; business supplies, including but not limited to office supplies, educational supplies, and operation and maintenance supplies; and instructional games and toys. The Organization credit card shall not be used for cash advances, gift cards, or money orders.

4. Airline tickets may be purchased with an Organization credit card only with prior Executive Director or Designee approval. If the issued credit card provides for purchase incentives (i.e., points, discounts or airline mileage credits), such incentives accrued by employees using the Organization credit card are the property of the school and shall only be redeemed for authorized school business.

5. Personal items shall not be charged on Organization credit cards. Violation of this provision may result in the revocation of the administrator's credit card use privileges and/or discipline up to and including dismissal. If a personal item is inadvertently purchased with an Organization credit card in violation of this policy, repayment by the employee must be made immediately.

6. The purchase of alcoholic beverages on an Organization credit card is strictly prohibited.

7. Prior to first issuing and/or providing use of an Organization credit card to an administrator, the administrator will be instructed and trained regarding the use of Organization credit cards and he/she will provide written acknowledgement that he/she has received a copy of this policy and understand his/her responsibilities with regard to the use of Organization credit cards.

8. Itemized receipts and/or invoices for each purchase/transaction that document purchase for which the card was used will be required for all transactions. Receipts and/or invoices shall identify the vendor and date of purchase. All documentation related to any purchases/ transactions must be submitted to the Business Office within ten (10) business days of the purchase/transaction. Employees using an Organization credit card are responsible for maintaining and submitting all receipts. If an employee fails to submit an itemized receipt within ten (10) business days, the administrator will be personally responsible for the charge. If a receipt is lost or missing, the employee will be responsible for contacting the vendor and acquiring a new receipt.

9. The Chief Business Officer or Designee will review and reconcile credit card statements and purchases/transactions on a monthly basis and will verify that each item purchased was received. The Organization will take action to follow up on any identified discrepancies no later

than five days of the discovery of the discrepancy. No administrator will be allowed to review and approve his/her own purchases/transactions. All credit card balances will be paid in full on a monthly basis.

10. If an administrator loses an Organization credit card or has an Organization credit card stolen, the administrator must report the loss or theft of the credit card to the Executive Director, Chief Business Officer, and/or Director of Education and Student Services immediately. If the Executive Director loses or has a credit card stolen, he/she must report the loss or theft to the Chief Business Officer immediately. Upon report of a lost or stolen credit card, the Business Office will notify the issuer of the card of the loss or theft and cancel the card immediately.

11. As personnel changes take place due to hiring, reassignment, and/or terminations, the Chief Business Officer or Designee will update the authorized user list with the issuing credit card company.

Board Approved: June 26, 2017

Updated and Board Approved: May 24, 2018

**ACKNOWLEDGEMENT OF RECEIPT OF THE
OXFORD PREPARATORY ACADEMY
ORGANIZATION CREDIT CARD USE POLICY**

My signature below represents my acknowledgement that I have received a copy of OPA's Organization Credit Card Use Policy explaining the appropriate and acceptable use of the credit card, and that I have read and understand the policy and my obligations as an authorized Organization credit card user. Specifically, I understand that:

- Use of the OPA credit card is a privilege;
- Violation of OPA's Credit Card Use Policy may result in the revocation of my credit card use privilege and/or disciplinary action up to and including dismissal;
- The credit card is to be used solely for school-related purchases;
- If I lose an OPA credit card or have an OPA credit card stolen, I must report the loss or theft of the credit card to the Business Office immediately; and
- I am responsible for maintaining all receipts and, if I fail to submit an itemized receipt for a transaction within ten (10) business days, I will be personally responsible for the charge.

Employee Name: _____

Title: _____

Employee Signature: _____

Date: _____



OXFORD PREPARATORY ACADEMY

Intra-Company Loan Transfers for Operational Expenditures

Updated May 8, 2018

1. Intracompany Loan Transfers for Operational Expenditures

BOARD POLICY

BACKGROUND: Charter schools are highly dependent on government funding to operate, and government cuts and funding deferrals can result in cash shortages for the schools. Therefore the need arises to temporarily allocate resources from other schools to cover any cash flow shortfall, and to accurately record intra-company transactions between the charter schools. These short term intra-company loans will be used to fund legitimate educational and operational expenses in accordance with Generally Accepted Accounting Principles.

FUNDING PROCESS: The Chief Business Officer will request fund transfer(s) from a charter school with surplus funds into a charter school that requires temporary cash flow funds. All of these short term intra-company loans will be publicly documented through board action and will include amount owed and repayment terms.

INTRACOMPANY LOAN REQUIREMENTS: Intra-company loans will be used solely for the temporary assistance of OPA schools and will not be provided to any other external organization(s). The school(s) that will provide the proposed intra-company loans should have excess funds to meet all recurring obligations and will retain minimum reserve requirements in accordance with their charter petitions.

CURRENT PROCEDURE

Person Responsible

- 1.1 The Chief Business Officer shall coordinate all intra-company transactions involving the transfers and deposit of intra-company funds. The Chief Business Official will be responsible for ensuring proper documentation is in place verifying the source and amount(s) being transferred.
- 1.2 The Executive Director is responsible for the review and approval of all intra-company fund transfers.

Funding Process

- 1.3 The Chief Business Officer, with the support of the Back Office Service Provider, monitors daily cash balances for the charter schools. When a charter school realizes a need for funds, the Chief Business Officer will assess resource levels for the schools and current short term cash requirements. The Chief Business Officer may request to transfer funds from a charter school with surplus funds into a charter school that requires temporary cash flow funds.
- 1.4 All short term intra-company loans will be publicly documented through board action and will include amount owed and repayment terms.
- 1.5 The Chief Business Officer will provide an appropriate repayment plan that will be incorporated

into the Intra-Company Loan item reported to the board for review and approval.

Intra-company Loan Terms

- 1.6 The terms of the intra-company loans will not exceed one year from the time that the academies have disbursed funds.

Intra-company Loan Purpose and Funding Requirements

- 1.7 Intra-company loans will be used solely for the temporary assistance of OPA schools and will not be provided to any other external organization(s). These intra-company loans will be used to fund legitimate educational and operational expenses in accordance with Generally Accepted Accounting Principles.
- 1.8 The Chief Business Officer will take into consideration the specific cash requirements for each of the academies, and will ensure that each of the academies will be able to deliver high-quality education consistent with their charter.
- 1.9 The school(s) that will provide the proposed intra-company loans should have excess funds to meet all recurring obligations and will retain minimum reserve requirements in accordance with their charter petitions.

EXHIBIT P OPA Fiscal Recovery Plan 5/8/18

Finding/Violation	Corrective Actions: approximate potential one time and ongoing Savings (these number include statutory and health benefits for known amounts) additional savings will not be known until final administrative and classified salary schedules and staffing are realized: Minimum SOC savings 625,410, Minimum SV 416,940 total approximately \$1,042,350
<p>1. Excessive Employees at top level to manage an organization with two schools/unnecessary positions/job titles.</p> <p>*Please note that salaries listed do include statutory and health benefits</p> <p>**This is an increase of 11,500 to a current position which has been expanded.</p> <p>*** This is a decrease of 12,300 to a current position which has been expanded</p>	<ul style="list-style-type: none"> • Analysis of Administrative Needs at Organization Level • Approval of New Organization Chart to reflect the new needs of Organization 5/1/18 <ul style="list-style-type: none"> • Elimination of the following positions: Managing Director @ \$205,700*, Coordinator of Communications and Outreach @ 49,200 , Coordinator of Administrative Services @ 103,250, Communications Coordinator, Coordinator of Facilities @ 109,400, Coordinator of World Languages @ 97,100, Dean on Special Assignment @ 131,650, TOSA (non-core) 123,000 • Expanded/restituted the Following Positions: Coordinator of Educational Programs to Director of Education and Student Services 176,200**, Coordinator of Multi Media and Digital Education to Coordinator Public Relations 103,250***, Multi-media and Communications, Coordinator of Technology to Director of Technology TBD • Reduced the following positions and reclassified as non-certificated/non-management: Food services Coordinator to .4 FTE @ 15.00/hour, Technology Technician to 1.0 from 2.0 saving 65,000, Coordinator of Attendance to .2FTE Saving 20,000
<p>2. Qualified Candidates in Administrative Positions</p> <p>3. Administrative and some classified Salaries excessive as compared to other charters and surrounding districts</p>	<ul style="list-style-type: none"> • Adoption of New Hiring Procedures/Protocols 7/2017 (Attached) • Audit of all personnel to include: Hiring procedures and Protocols, resume, reference checks, prior work experience, and qualifications 5/24/18 • Create job descriptions with qualifications to match needs of organization and actual positions 6/15/18 • Adopt Administrative salary chart for all administrative positions competitive with surrounding districts and charters 5/24/18 Savings: 106,200+ • Adoption of new classified salary chart competitive with surrounding districts and charters and positions 5/24/18 unknown savings at this time



4. Potential Conflicts with related Parties	<ul style="list-style-type: none"> Audit of relationships of management/supervisory employees completed 5/24/18 Adoption of Nepotism Policy including disclosures prior to hiring 1/3/17 Personnel Audit 5/24/18
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5. Location of Main Office outside of Orange County	<ul style="list-style-type: none"> Negotiate an early out to lease or a sublet agreement Relocate to Orange County with close proximity to schools. Desired date: August 1, 2018 or pending end to lease agreement Savings TBD
6.Excessive spending on legal fees going toward an appeal for the Chino campus and litigation in general	<ul style="list-style-type: none"> future cost of final components of Oxford Preparatory Academy v. CVUSD appeal up to \$15,000. 5/1/18 Develop a Contingency relationship with new litigation team. Potential significant reduction of legal expenses for litigation. Identify documents that will support the DA advancing charges against Sue Roche, Edlighten and other related entities. Potential Savings in litigation costs
7.Reserve funds are being used to store furniture for Chino	<ul style="list-style-type: none"> Sell the furniture in storage to eliminate storage. (Contacting new charter schools and neighboring Districts for potential purchases) Savings \$4,900/month

8. Conflict of Interest Code	<ul style="list-style-type: none"> Revise Conflict of Interest Code to ensure active enforcement. 6/15/18 No immediate savings, but positions the organization to avoid costly distractions in the future.
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Other Fiscal Issues	Corrective Actions
9. Fiscal Policies and Internal Controls	<ul style="list-style-type: none"> Revised Fiscal Policies to include restrictive internal controls and bring in line with California uniform reporting procedures and the regulatory requirements applicable to charter schools and nonprofit organizations in the state of California. 5/24/18 Adoption of Fiscal Crisis and Management Assistance Team (FCMAT) California Charter School Accounting and Best Practices Manual for internal controls and operational procedures Require Board review of all purchases monthly, and Board action on contracts/purchases over \$15,000. Add new Transfer of Funds to Related Entities



	Policy 5/24/18
10. Declining enrollment at SOC	<ul style="list-style-type: none">• Review and possible revision of MOU with CAPO to increase number of students in seat based program by 40, Maintain number of Independent Study and allow a priority to be established to admission to seat-based program Increase in ADA revenue calculated at 97% by 388,000, with an increase in expenses limited to books and materials as projected staffing already accounts for these students.
11. Fiscal Oversight and Operations	<p>Hire a new CBO to oversee all fiscal actions and budget 5/1/18</p> <p>Engage a Back Office Organization that better the needs of OPA May 24, 2018 No Savings</p>



Oxford Preparatory Academy

Board of Directors Policy

Staff Recruitment and Hiring Policy

The following guidelines shall be followed for the recruitment and hiring for Oxford Preparatory Academy ("Oxford") staff. In following this policy, achieving the best educational environment for Oxford's students will be the overriding consideration:

- I. Circumstances under which this policy is employed:
 - a. When a position other than the Executive Director position, is vacant due to resignation, dismissal, transfer, or retirement and Oxford wishes to fill the position.
 - b. When a position or part of a position is created and vacant and Oxford wishes to fill the position.
 - c. This policy does not apply to the Executive Director position.
- II. Posting Procedure
 - a. Posting on Edjoin or appropriate location is required for both I.a and I.b above. The duration of posting will be determined by the Executive Director and/or a designee designated by the Executive Director or the Board of Directors ("Designee").
 - b. All posting is to be conducted with the approval of the Executive Director or Designee.
 - c. Postings must include, at a minimum, the title of the position, and if applicable, grade/subject area, credential required, instructions for applying.
- III. Application Process for Applicants
 - a. All potential applicants must send applications through Edjoin or other appropriate location.
 - b. Because the goal is to hire the most qualified applicant, no preference in the hiring process will be shown to either internal or external candidates.
- IV. Collection and Screening Process
 - a. All applications are maintained by the Executive Director or Designee prior to the selection of top applicants and thereafter as required by law.
 - b. Screening of applications will be conducted by the Executive Director or Designee, with emphasis on subject matter qualifications, grade level appropriateness, and extracurricular expertise, if applicable to the position. The Executive Director or Designee must also confirm that the hiring of the applicant will not violate any of Oxford's policies, including nepotism and/or conflict of interest policies or any other applicable policies or requirements.
 - c. The top applicant(s) will be selected by the Executive Director or Designee and notified of the interview date. At this time notification will be given to the applicant (s) to provide credentials and transcripts to Oxford, if not already

provided through the application process. Information about Oxford may be sent to the external applicants.

V. Interview Process for Applicants:

- a. Interview questions will be compiled by the Executive Director or Designee. Questions must be the same for all interviewees.
- b. Applicants may be interviewed by the Executive Director or Designee, however, a committee may be used if the Executive Director or Designee chooses to do so.
- c. Should the Executive Director or Designee opt for a committee, the committee should be comprised of the Executive Director or Designee and at least one other Oxford employee to interview the top applicants. For teaching staff and supervisory staff, if possible, the committee should include the supervisor of the position, and a potential teaching partner(s) (if applicable to the position).
- d. When committees are used, committee members will be informed by the Executive Director or Designee of appropriate protocol for questioning during the interview process.

VI. Holding of Applications, Credentials, and Related Information

- a. Files are to be kept in the office of the Executive Director or Designee up to and through the screening process unless the Executive Director or Designee designates another location. Only the Executive Director or Designee may take the files of the top applicants out the office/location where they are stored for review.
- b. If a committee is used, committee members may view the applicant files but may not remove them from the office/location where they are stored.
- c. All information pertaining to applicants should be treated as confidential.

VII. Selection and Offering of Position

- a. For certificated staff hiring, if a committee is used, all committee members must have an opportunity to express preferences and reasons for the preferences. Consensus of the committee for a hiring decision is desired but not required. The Executive Director or Designee will have the deciding vote.
- b. The Executive Director or Designee or other designated employee(s) shall check references and share the reference information learned with the committee, if a committee is used prior to an offer of employment being made to the applicant.
- c. The Executive Director or Designee will make the decision regarding placement of the applicant on the salary schedule and assignment of extra duties consistent with Oxford's policies and practices.
- d. The Executive Director or Designee will cause an offer of employment to be made to the recommended applicant contingent upon the submission of required documentation or satisfaction of requirements prior to the first day of employment. This documentation and/or requirements include but are not limited to:
 - (1) Valid and current California Credentials, if appropriate

- (2) Proof of a successful background check
 - (3) Evidence of Tuberculin-free status or other documentation to satisfy legal requirements.
 - e. The Board of Directors must approve any offer being made to the following positions prior to the offer being extended: Chief Operating Officer, Chief Academic Officer, Chief Financial Officer, Managing Director and Chancellor.
 - f. A response regarding acceptance/rejection of the conditional offer for employment is to be given by the applicant to Oxford within a reasonable period of time to be decided by the Executive Director or Designee.
 - g. Upon receipt of the documentation included in the conditional offer and satisfaction of any applicable requirements, the Executive Director or Designee will cause the employment relationship to be finalized.
- VIII. Notification to Applicants Not Selected
- a. Applicants who applied but were not selected to be interviewed will receive written notification that they were not selected for an interview and that their applications will be on file for the minimum period of time required by law.
 - b. Applicants who were interviewed but not selected for employment will receive the notification cited in VIII.a above along with a statement of appreciation for their interest in Oxford.
- IX. Non-Discrimination
- Oxford is an equal employment opportunity employer and makes employment decisions, including, but not limited to, hiring, firing, promotion, demotion, training, and/or compensation, on the basis of merit. Oxford does not discriminate on the basis of race, religious creed (which includes religious dress and grooming practices), color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex (which includes pregnancy, childbirth, breastfeeding, and related conditions), gender, gender identity, gender expression, age, sexual orientation, military or veteran status, or any other consideration made unlawful by federal, state or local laws, ordinances, or regulations. These categories include a perception that the individual has any of these characteristics or is associated with a person who has (or is perceived to have) any of these characteristics.

**CHARTER SCHOOL
ADOPTED (PRELIMINARY) BUDGET REPORT - ALTERNATIVE FORM**

CHARTER SCHOOL CERTIFICATION

Charter School Name: Oxford Preparatory Academy - South Orange County
CDS #: 30-66464-0124743
Charter Approving Entity: Orange County Department of Education
Charter #: 1324
Fiscal Year: 2018/19

To the entity that approved the charter school:
() 2018/19 CHARTER SCHOOL BUDGET FINANCIAL REPORT -- ALTERNATIVE FORM: This report has been approved, and is hereby filed by the charter school pursuant to *Education Code* Section 47604.33.

Signed: _____ Date: _____
Charter School Official
(Original signature required)
Print Name: _____ Title: _____

To the County Superintendent of Schools:
() 2018/19 CHARTER SCHOOL BUDGET FINANCIAL REPORT -- ALTERNATIVE FORM: This report is hereby filed with the County Superintendent pursuant to *Education Code* Section 47604.33.

Signed: _____ Date: _____
Authorized Representative of
Charter Approving Entity
(Original signature required)
Print Name: Renee Hendrick Title: Assoc. Superintendent, Admin. Svcs.

For additional information on the BUDGET, please contact:

For Approving Entity:

Leila Calderon
Name
Financial Analyst - Charter Schools
Title
(714) 966-4388
Telephone
lcalderon@ocde.us
E-mail address

For Charter School:

Spencer Styles
Name
Charter Impact, Inc.
Title
(888) 474-0322
Telephone
sstyles@charterimpact.com
E-mail address

() 2018/19 CHARTER SCHOOL BUDGET FINANCIAL REPORT -- ALTERNATIVE FORM: This report verified for mathematical accuracy by the County Superintendent of Schools pursuant to *Education Code* Section 47604.33.

Signed: _____ Date: _____

CHARTER SCHOOL BUDGET REPORT

**CHARTER SCHOOL
ADOPTED (PRELIMINARY) BUDGET REPORT - ALTERNATIVE FORM**

Our school uses the following basis of accounting:

accrual Basis (Applicable Capital Assets / Interest on Long-Term Debt / Long-Term Liabilities objects are 6900, 7438, 9400-9499, & 9660-9669)

modified Accrual Basis (Applicable Capital Outlay / Debt Service objects are 6100-6170, 6200-6500, 7438, and 7439)

Charter School Name: Oxford Preparatory Academy - South Orange County

CDS #: 30-66464-0124743

Charter Approving Entity: Capistrano Unified

Charter #: 1324

Fiscal Year: 2018/19

Note: Plz answer questions in the MYP tab as well

		Est. Actuals	FY 2018-19					Reviewed by: Leila Calderon	Answers from:
Description	Object Code	Prior Year 17-18	Unrestricted	Restricted	Total	Variance Amt	%	Qts/Comments from Leila	
:NUES FF/Revenue Limit Sources State Aid - Current Year EPA State Aid - Prior Years Charter Schools In-Lieu Property Taxes Other LCFF Transfers Total, Revenue Limit Sources	Projected Enrollment-->	797	797	0	797.0	0.00	0.00%		
	Projected ADA-->	782.25	777.08	0	777.1	(5.17)	-0.66%		
	ADA %-->	98%	98%		98%	(0.01)	-0.66%	(Qts in red/yellow cells)	
	8011	787,623	1,149,332		1,149,332	361,709	45.9%		
	8012	156,450	155,415		155,415	(1,035)	-0.7%		
	8019	(42,540)	-		-	42,540	-100.0%		
	8096	5,031,909	4,998,620		4,998,620	(33,289)	-0.7%		
	8091, 8097				-	0	#DIV/0!		
		5,933,442	6,303,367	-	6,303,367	369,925	6.2%		
							#DIV/0!		
deral Revenues No Child Left Behind Special Education - Federal Child Nutrition - Federal Other Federal Revenues Total, Federal Revenues	8290 8181, 8182 8220 8110,8260-8299	 97,062 19,367 116,429	 -	 94,220 20,000 114,220	 94,220 20,000 114,220	 (2,842) 633 (2,209)	 -2.9% 3.3% -1.9%		
						#DIV/0!			
her State Revenues Special Education - State All Other State Revenues Total, Other State Revenues	StateRevSE StateRevAO	385,993 552,537	 364,116	 70,851	393,464 434,967	7,471 (117,570)	1.9% -21.3%		
		938,530	364,116	464,315	828,431	(110,099)	-11.7%		
						#DIV/0!			
her Local Revenues All Other Local Revenues Total, Local Revenues	LocalRevAO	448,564	43,000		43,000	(405,564)	-90.4%		
		448,564	43,000	-	43,000	(405,564)	-90.4%		
						#DIV/0!			
TOTAL REVENUES	Revenue per ADA	7,436,965 \$9,507	6,710,484	578,535	7,289,019 9380.010642	(147,947)	-2.0%		
						0.0%			
						#DIV/0!			
NDITURES									
rtificated Salaries									
Certificated Teachers	1100	1,904,319	2,084,291	100,000	2,184,291	279,972	14.7%		
Certificated Pupil Support	1200	165,382	157,044	142,000	299,044	133,662	80.8%		
Certificated Supervisors & Administrators	1300	437,091	351,115	52,000	403,115	(33,976)	-7.8%		
Other Certificated Salaries	1900				-	0	#DIV/0!		
Total, Certificated Salaries		2,506,792	2,592,451	294,000	2,886,451	379,659	15.1%		
						#DIV/0!			
n-certificated Salaries						#DIV/0!			
Non-certificated Instructional	2100	535,232	97,933	74,057	171,990	(363,242)	-67.9%		
Non-certificated Support	2200	272,113	175,510		175,510	(96,603)	-35.5%		
Non-certificated Supervisors & Administrators	2300	77,281	89,278		89,278	11,997	15.5%		
Clerical and Office Salaries	2400	473,569	225,711		225,711	(247,858)	-52.3%		
Other Non-certificated Salaries	2900				-	0	#DIV/0!		
Total, Non-certificated Salaries		1,358,195	588,431	74,057	662,488	(695,707)	-51.2%		
						#DIV/0!			
mployee Benefits						#DIV/0!			
STRS	3101-3102	413,829	408,997	46,383	455,379	41,550	10.0%		
PERS	3201-3202	170,711	120,859	15,211	136,070	(34,641)	-20.3%		
OASDI / Medicare / Alternative	3301-3302	141,017	87,522	10,547	98,069	(42,948)	-30.5%		
Health and Welfare Benefits	3401-3402	453,266	341,621	39,529	381,150	(72,116)	-15.9%		
Unemployment Insurance	3501-3502	13,321	12,141	1,405	13,545	224	1.7%		
Workers' Compensation Insurance	3601-3602	48,362	44,532	5,153	49,685	1,323	2.7%		
OPEB, Allocated	3701-3702				-	0	#DIV/0!		
OPEB, Active Employees	3751-3752				-	0	#DIV/0!		
Other Employee Benefits	3901-3902				-	0	#DIV/0!		
Total, Employee Benefits		1,240,506	1,015,672	118,227	1,133,899	(106,607)	-8.6%		
		69%			64%		0.0%		
ooks and Supplies						#DIV/0!			
Approved Textbooks and Core Curricula Materials	4100	51,380	139,850	10,151	150,000	98,620	191.9%		
Books and Other Reference Materials	4200	5,317	1,000		1,000	(4,317)	-81.2%		
Materials and Supplies	4300	93,134	27,000	20,000	47,000	(46,134)	-49.5%		
Noncapitalized Equipment	4400	14,764	5,000		5,000	(9,764)	-66.1%		
Food	4700	85,038	63,900	21,100	85,000	(38)	0.0%		
Total, Books and Supplies		249,633	236,750	51,251	288,000	38,367	15.4%		
						#DIV/0!			
ervices and Other Operating Expenditures						#DIV/0!			
Subagreements for Services	5100	77,865	6,000	41,000	47,000	(30,865)	-39.6%		
Travel and Conferences	5200	17,559	13,000		13,000	(4,559)	-26.0%		
Dues and Memberships	5300	6,069	14,000		14,000	7,931	130.7%		
Insurance	5400	169,112	210,000		210,000	40,888	24.2%		
Operations and Housekeeping Services	5500	235,325	188,000		188,000	(47,325)	-20.1%		
Rentals, Leases, Repairs, and Noncap. Improvements	5600	419,614	401,000		401,000	(18,614)	-4.4%		
Professional/Consulting Services & Operating Expend.	5800	479,915	410,800		410,800	(69,115)	-14.4%		
Communications	5900	27,000	26,000		26,000	(1,000)	-3.7%		
Total, Services and Other Operating Expenditures		1,432,459	1,268,800	41,000	1,309,800	(122,659)	-8.6%		
						#DIV/0!			
ipital Outlay (Obj. 6100-6170, 6200-6500 for mod. accrual)						#DIV/0!			
Sites and Improvements of Sites	6100-6170				-		#DIV/0!		
Buildings and Improvements of Buildings	6200				-		#DIV/0!		
Books and Media for New/Major Expansion Libraries	6300				-		#DIV/0!		
Equipment	6400				-		#DIV/0!		
Equipment Replacement	6500				-		#DIV/0!		
Depreciation Expense (for full accrual only)	6900	428,525	540,000		540,000	111,475	26.0%		
Total, Capital Outlay		428,525	540,000	-	540,000	111,475	26.0%		
						0	#DIV/0!		
her Outgo						0	#DIV/0!		
Tuition to Other Schools	7110-7143				-	0	#DIV/0!		
Transfers of Pass-through Revenues to Other LEAs	7211-7213				-	0	#DIV/0!		
Transfers of Apportionments to Other LEAs - Spec.Ed.	7221-7223SE				-	0	#DIV/0!		
Transfers of Apportionments to Other LEAs - All Other	7221-7223AO				-	0	#DIV/0!		
All Other Transfers	7281-7299	59,334	63,034		63,034	3,700	6.2%		
						#DIV/0!			
Debt Service:						0	#DIV/0!		

CHARTER SCHOOL BUDGET REPORT

Charter School Name: Oxford Preparatory Academy - South Orange County

CDS #: 30-66464-0124743

Charter Approving Entity: Capistrano Unified

Charter #: 1324

Fiscal Year: 2018/19

Note: Plz answer questions in the MYP tab as well

Description	Object Code	Est. Actuals	FY 2018-19		Total	Variance Amt	%	Reviewed by: Leila Calderon	Answers from:
		Prior Year 17-18	Unrestricted	Restricted				Qts/Comments from Leila	
Interest	7438	346	600		600	254	73.4%		
Principal	7439				-	0	#DIV/0!		
Total, Other Outgo		59,680	63,634	-	63,634	3,954	6.6%		
						0	#DIV/0!		
ITAL EXPENDITURES		7,275,790	6,305,737	578,535	6,884,272	(391,518)	-5.4%		
		\$9,301			\$8,859		0.0%		
							#DIV/0!		
SS (DEFICIENCY) OF REVENUES OVER EXPEND.							151.1%		
IRE OTHER FINANCING SOURCES AND USES (A5-B)		161,175	404,746	-	404,746	243,571	151.1%		
						0	#DIV/0!		
IR FINANCING SOURCES / USES						0	#DIV/0!		
her Sources	8930-8979				-	0	#DIV/0!		
ss: Other Uses	7630-7699				-	0	#DIV/0!		
ntributions Between Unrestricted and Restricted Account	8980-8999				-	0	#DIV/0!		
ITAL OTHER FINANCING SOURCES / USES		-	-	-	-	0	#DIV/0!		
						0	#DIV/0!		
NCREASE (DECREASE) IN FUND BALANCE (C+D4)		161,175	404,746	-	404,746	243,571	151.1%		
							#DIV/0!		
BALANCE, RESERVES							#DIV/0!		
eginning Fund Balance							#DIV/0!		
As of July 1	9791	1,735,612	1,896,787		1,896,787	161,175	9.3%		
Adjustments to Beginning Balance	9793, 9795				-	0	#DIV/0!		
Adjusted Beginning Balance		1,735,612	1,896,787		1,896,787	161,175	9.3%		
ding Fund Balance, June 30		1,896,787	2,301,534	-	2,301,534	404,746	21.3%		
Reserves % (Fund balance / Total Exp)		26%	36%		33%	0	28.2%		
ents of Ending Fund Balance (Modified Accrual Basis):						0	#DIV/0!		
Nonspendable						0	#DIV/0!		
Revolving Cash (equals object 9130)	9711					0	#DIV/0!		
Stores (equals object 9320)	9712					0	#DIV/0!		
Prepaid Expenditures (equals object 9330)	9713					0	#DIV/0!		
All Others	9719					0	#DIV/0!		
Restricted	9740					0	#DIV/0!		
Committed	9750, 9760					0	#DIV/0!		
Assigned	9780					0	#DIV/0!		
Unassigned/Unappropriated						0	#DIV/0!		
1. Reserve for Economic Uncertainties	9789					0	#DIV/0!		
2. Unassigned/Unappropriated Amount	9790M		-	-	-		#VALUE!		
ents of Ending Net Position (Accrual Basis):						0	#DIV/0!		
Net Investment in Capital Assets	9796					0	#DIV/0!		
Restricted Net Position	9797					0	#DIV/0!		
Unrestricted Net Position	9790A	1,896,787	2,301,534	-	2,301,534	404,746	21.3%		
Unrestricted Reserves % (Unrestricted Net Position / Total Exp)		26%	36%		33%	0	28.2%		

**CHARTER SCHOOL
ADOPTED (PRELIMINARY) BUDGET REPORT - ALTERNATIVE FORM
MULTI-YEAR PROJECTIONS (MYP)**

Charter School Name: Oxford Preparatory Academy - South Orange County

CDS #: 30-66464-0124743

Charter Approving Entity: Capistrano Unified

Charter #: 1324

Fiscal Year: 2018/19

Enter data in peach cells only

Description	Object Code	FY 2018-19			Totals		Variance betw.	Variance betw.	Reviewed by Leila Calderon	Answers from:
		Unrestricted	Restricted	Total	FY 2019-20	FY 2020-21				
	Projected Enrollment-->	797	-	797	797	797	0	0		
	Projected ADA-->	777	-	777	777.08	777.08	0	0		
	ADA %-->	1	#DIV/0!	1.0	0.975006274	0.975006274	0	0	(Qts in red/yellow cells)	
NUES										
FF/Revenue Limit Sources										
State Aid - Current Year	8011	1,149,332	-	1,149,332	1,319,700	1,485,974	170,368	166,274		
EPA	8012	155,415	-	155,415	155,415	155,415	(0)	0		
State Aid - Prior Years	8019	-	-	-	-	-	0	0		
Charter Schools In Lieu Property Taxes	8096	4,998,620	-	4,998,620	4,998,620	4,998,620	(0)	0		
Other Revenue Limit Transfers	8091, 8097	-	-	-	-	-	0	0		
Total, Revenue Limit Sources		6,303,367	-	6,303,367	6,473,735	6,640,009	170,368	166,274		
ederal Revenues							0	0		
No Child Left Behind	8290	-	-	-	-	-	0	0		
Special Education - Federal	8181, 8182	-	94,220	94,220	94,220	94,220	(0)	0		
Child Nutrition - Federal	8220	-	20,000	20,000	20,000	20,000	0	0		
Other Federal Revenues	8110, 8260-8299	-	-	-	-	-	0	0		
Total, Federal Revenues		-	114,220	114,220	114,220	114,220	(0)	0		
her State Revenues							0	0		
Special Education - State	StateRevSE	-	393,464	393,464	393,464	393,464	(0)	0		
All Other State Revenues	StateRevAO	364,116	70,851	434,967	204,119	204,119	(230,848)	0		
Total, Other State Revenues		364,116	464,315	828,431	597,583	597,583	(230,848)	0		
her Local Revenues							0	0		
All Other Local Revenues	LocalRevAO	43,000	-	43,000	43,000	43,000	0	0		
Total, Local Revenues		43,000	-	43,000	43,000	43,000	0	0		
TOTAL REVENUES		6,710,484	578,535	7,289,019	7,228,538	7,394,812	(60,481)	166,274		
NDITURES							(78)	214		
rtificated Salaries				9380.010642	9302.179956	9516.152777	0	0		
Certificated Teachers	1100	2,084,291	100,000	2,184,291	2,206,134	2,228,196	21,843	22,062		
Certificated Pupil Support	1200	157,044	142,000	299,044	302,035	305,055	2,991	3,020		
Certificated Supervisors & Administrators	1300	351,115	52,000	403,115	407,147	411,218	4,032	4,071		
Other Certificated Salaries	1900	-	-	-	-	-	0	0		
Total, Certificated Salaries		2,592,451	294,000	2,886,451	2,915,316	2,944,469	28,865	29,153		
in-certificated Salaries							0	0		
Non-certificated Instructional	2100	97,933	74,057	171,990	173,710	175,447	1,720	1,737		
Non-certificated Support	2200	175,510	-	175,510	171,925	173,644	(3,585)	1,719		
Non-certificated Supervisors & Administrators	2300	89,278	-	89,278	112,689	113,816	23,411	1,127		
Clerical and Office Salaries	2400	225,711	-	225,711	227,968	230,248	2,257	2,280		
Other Non-certificated Salaries	2900	-	-	-	-	-	0	0		
Total, Non-certificated Salaries		588,431	74,057	662,488	686,292	693,155	23,804	6,863		
mployee Benefits							0	0		
STRS	3101-3102	408,997	46,383	455,379	528,547	562,393	73,168	33,846		
PERS	3201-3202	120,859	15,211	136,070	142,749	164,971	6,679	22,222		
OASDI / Medicare / Alternative	3301-3302	87,522	10,547	98,069	94,773	95,722	(3,296)	949		
Health and Welfare Benefits	3401-3402	341,621	39,529	381,150	389,961	393,861	8,811	3,900		
Unemployment Insurance	3501-3502	12,141	1,405	13,545	14,330	14,332	785	2		
Workers' Compensation Insurance	3601-3602	44,532	5,153	49,685	50,423	50,927	738	504		
OPEB, Allocated	3701-3702	-	-	-	-	-	0	0		
OPEB, Active Employees	3751-3752	-	-	-	-	-	0	0		
Other Employee Benefits	3901-3902	-	-	-	-	-	0	0		
Total, Employee Benefits		1,015,672	118,227	1,133,899	1,220,783	1,282,206	86,884	61,423		
Total Sal & Ben % of Rev				64%	72 of 104	67%	0	(0)		

EXHIBIT #1

**CHARTER SCHOOL
ADOPTED (PRELIMINARY) BUDGET REPORT - ALTERNATIVE FORM
MULTI-YEAR PROJECTIONS (MYP)**

Charter School Name: Oxford Preparatory Academy - South Orange County

CDS #: 30-66464-0124743

Charter Approving Entity: Capistrano Unified

Charter #: 1324

Fiscal Year: 2018/19

Enter data in peach cells only

Description	Object Code	FY 2018-19			Totals	Totals	Variance betw.	Variance betw.	Reviewed by Leila Calderon	Answers from:
		Unrestricted	Restricted	Total	FY 2019-20	FY 2020-21	18-19 & 19-20	19-20 & 20-21	Qts/Comments red/yellow cells	
Books and Supplies							0	0		
Approved Textbooks and Core Curricula Materials	4100	139,850	10,151	150,000	55,169	56,273	(94,831)	1,104		
Books and Other Reference Materials	4200	1,000	-	1,000	1,020	1,040	20	20		
Materials and Supplies	4300	27,000	20,000	47,000	47,940	48,899	940	959		
Noncapitalized Equipment	4400	5,000	-	5,000	5,100	5,202	100	102		
Food	4700	63,900	21,100	85,000	86,700	88,434	1,700	1,734		
Total, Books and Supplies		236,750	51,251	288,000	195,929	199,848	(92,071)	3,919		
Services and Other Operating Expenditures							0	0		
Subagreements for Services	5100	6,000	41,000	47,000	47,940	48,899	940	959		
Travel and Conferences	5200	13,000	-	13,000	13,260	13,525	260	265		
Dues and Memberships	5300	14,000	-	14,000	14,280	14,566	280	286		
Insurance	5400	210,000	-	210,000	214,200	218,484	4,200	4,284		
Operations and Housekeeping Services	5500	188,000	-	188,000	191,760	195,595	3,760	3,835		
Rentals, Leases, Repairs, and Noncap. Improvements	5600	401,000	-	401,000	409,020	417,200	8,020	8,180		
Professional/Consulting Services & Operating Expend.	5800	410,800	-	410,800	390,216	398,020	(20,584)	7,804		
Communications	5900	26,000	-	26,000	26,520	27,050	520	530		
Total, Services and Other Operating Expenditures		1,268,800	41,000	1,309,800	1,307,196	1,333,339	(2,604)	26,143		
Capital Outlay (Obj. 6100-6170, 6200-6500 for mod. accrual basis)							0	0		
Sites and Improvements of Sites	6100-6170	-	-	-			0	0		
Buildings and Improvements of Buildings	6200	-	-	-			0	0		
Books and Media for New/Major Expansion School Libraries	6300	-	-	-			0	0		
Equipment	6400	-	-	-			0	0		
Equipment Replacement	6500	-	-	-			0	0		
Depreciation Expense (for full accrual only)	6900	540,000	-	540,000	90,000	91,800	(450,000)	1,800		
Total, Capital Outlay		540,000	-	540,000	90,000	91,800	(450,000)	1,800		
Other Outgo							0	0		
Tuition to Other Schools	7110-7143	-	-	-			0	0		
Transfers of Pass-through Revenues to Other LEAs	7211-7213	-	-	-			0	0		
Transfers of Apportionments to Other LEAs - Spec. Ed.	7221-7223SE	-	-	-			0	0		
Transfers of Apportionments to Other LEAs - All Other	7221-7223AO	-	-	-			0	0		
All Other Transfers	7281-7299	63,034	-	63,034	64,737	66,400	1,703	1,663		
Debt Service:		-	-	-			0	0		
Interest	7438	600	-	600	600		0	(600)		
Principal	7439	-	-	-			0	0		
Total, Other Outgo		63,634	-	63,634	65,337	66,400	1,703	1,063		
TOTAL EXPENDITURES		6,305,737	578,535	6,884,272	6,480,853	6,611,217	(403,419)	130,364		
EXPENSE PER ADA				\$8,859	\$8,340	\$8,508	(519)	168		
NET (DEFICIENCY) OF REVENUES OVER EXPENDITURES							0	0		
OTHER FINANCING SOURCES AND USES (A5-B8)		404,746	-	404,746	747,685	783,595	342,939	35,910		
OTHER FINANCING SOURCES / USES							0	0		
Other Sources	8930-8979	-	-	-			0	0		
Other Uses	7630-7699	-	-	-			0	0		
Contributions Between Unrestricted and Restricted Accounts (A5-B8)	8980-8999	-	-	-			0	0		
OTHER FINANCING SOURCES / USES		-	-	-	-	-	0	0		
INCREASE (DECREASE) IN FUND BALANCE (C + D4)		404,746	-	404,746	747,685	783,595	342,939	35,910		
Beginning Fund Balance							0	0		
As of July 1	9791	1,896,787	-	1,896,787	2,301,534	3,049,219	404,746	747,685		
Adjustments to Beginning Balance	9793, 9795	-	-	-			0	0		
Adjusted Beginning Balance		1,896,787	-	1,896,787	2,301,534	3,049,219	404,746	747,685		
Ending Fund Balance, June 30		2,301,534	-	2,301,534	3,049,219	3,832,814	747,685	783,595		

**CHARTER SCHOOL
ADOPTED (PRELIMINARY) BUDGET REPORT - ALTERNATIVE FORM
MULTI-YEAR PROJECTIONS (MYP)**

Charter School Name: Oxford Preparatory Academy - South Orange County
 CDS #: 30-66464-0124743
 Charter Approving Entity: Capistrano Unified
 Charter #: 1324
 Fiscal Year: 2018/19

Enter data in peach cells only

Description	Object Code	FY 2018-19			Totals	Totals	Variance betw.	Variance betw.	Reviewed by Leila Calderon	Answers from:
		Unrestricted	Restricted	Total	FY 2019-20	FY 2020-21	18-19 & 19-20	19-20 & 20-21	Qts/Comments red/yellow cells	
Reserves % (Fund balance / Total Exp)				33%	47%	58%	0	0		

**CHARTER SCHOOL
ADOPTED (PRELIMINARY) BUDGET REPORT - ALTERNATIVE FORM
MULTI-YEAR PROJECTIONS (MYP)**

Charter School Name: Oxford Preparatory Academy - South Orange County

CDS #: 30-66464-0124743

Charter Approving Entity: Capistrano Unified

Charter #: 1324

Fiscal Year: 2018/19

Enter data in peach cells only

Description	Object Code	FY 2018-19			Totals	Totals	Variance betw.	Variance betw.	Reviewed by Leila Calderon	Answers from:
		Unrestricted	Restricted	Total	FY 2019-20	FY 2020-21	18-19 & 19-20	19-20 & 20-21	Qts/Comments red/yellow cells	
ents of Ending Fund Balance (Mod. Accrual Basis):							0	0		
Nonspendable							0	0		
Revolving Cash (<i>equals object 9130</i>)	9711	-	-	-			0	0		
Stores (<i>equals object 9320</i>)	9712	-	-	-			0	0		
Prepaid Expenditures (<i>equals object 9330</i>)	9713	-	-	-			0	0		
All Others	9719	-	-	-			0	0		
Restricted	9740	-	-	-			0	0		
Committed	9750, 9760	-	-	-			0	0		
Assigned	9780	-	-	-			0	0		
Unassigned/Unappropriated							0	0		
1. Reserve for Economic Uncertainties	9789	-	-	-			0	0		
2. Unassigned/Unappropriated Amount	9790M	-	-	-	-	-	0	0		
ents of Ending Net Position (Accrual Basis):							0	0		
Net Investment in Capital Assets	9796	-	-	-			0	0		
Restricted Net Position	9797	-	-	-			0	0		
Unrestricted Net Position	9790A	2,301,534	-	2,301,534	3,049,219	3,832,814	747,685	783,595		
Unrestricted Reserves % (Unrestricted Net Position / Total Exp)				33%	47%	58%				

**Oxford Preparatory Academy - South Orange County Budget Report - Cash Flow Worksheet
2018/19**

		Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Accruals	TOTAL	Budget Report Amounts	Matches Budget Report
GINNING CASH	9110	1,165,203	1,308,707	1,055,577	1,232,014	1,292,874	1,315,011	1,375,565	1,430,563	1,503,436	1,505,540	1,598,752	1,616,204				
CEIPTS																	
FF Sources																	
State Aid, EPA	8011-8019		64,053	102,906	115,295	115,295	154,149	115,295	115,295	88,951	135,576	88,951	88,951	120,034	1,304,747	1,304,747	YES
In Lieu Property Taxes	8096		301,915	603,829	402,553	402,553	402,553	402,553	402,553	413,778	413,778	413,778	413,778	425,003	4,998,620	4,998,620	YES
Other LCFF/Revenue Limit Transfers	8091, 8097														0	0	
deral Revenue	8100-8299	4,742	6,561	10,354	10,354	10,354	10,354	10,354	10,229	10,229	10,229	10,229	10,229		114,220	114,220	YES
her State Revenue	8300-8599	19,804	19,904	35,748	35,748	35,748	48,498	73,687	74,824	35,224	73,163	35,224	265,987	74,874	828,431	828,431	YES
her Local Revenue	8600-8799	0	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300			43,000	43,000	YES
Other Financing Sources	8830-8979														0	0	
her Receipts/Non-Revenue															0		
TOTAL RECEIPTS		24,547	396,732	757,137	568,249	568,249	619,854	606,189	607,200	552,481	637,045	552,481	778,945	619,910	7,289,018		
SBURSEMENTS																	
rtificated Salaries	1000-1999	33,593	259,351	259,351	259,351	259,351	259,351	259,351	259,351	259,351	259,351	259,351	259,351		2,886,451	2,886,451	YES
assified Salaries	2000-2999	36,189	64,466	56,183	56,183	56,183	56,183	56,183	56,183	56,183	56,183	56,183	56,183		662,488	662,488	YES
mployee Benefits	3000-3999	49,369	100,023	97,503	97,503	97,503	97,503	102,582	100,550	98,519	97,841	97,503	97,503		1,133,899	1,133,899	YES
oks and Supplies	4000-4999	0	102,491	32,891	23,191	15,691	20,491	18,041	10,541	18,041	18,041	10,541	18,041		288,000	288,000	YES
nvoices and Operating Expenditures	5000-5999	108,900	119,872	119,273	117,673	103,773	111,773	101,423	102,423	104,923	106,922	106,422	106,422		1,309,900	1,309,900	YES
ipital Outlay	6000-6999	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000		540,000	540,000	YES
her Outgo	7000-7999		3,660	7,167	5,278	5,278	5,667	5,278	5,278	5,027	5,494	5,027	5,027	5,450	63,634	63,634	YES
Other Financing Uses	7630-7699														0	0	
er Disbursements/ Non Expenditures															0		
TOTAL DISBURSEMENTS		273,051	694,862	617,368	604,179	582,779	595,967	587,859	579,327	587,044	588,832	580,027	587,527	5,450	6,884,272		Provide an explanation for any items in line 29
PRIOR YEAR TRANSACTIONS, Other																	
counts Receivable	9200-9399	370,125			60,122									(619,910)	(189,663)		
counts Payable	9500-9630, 9650	(21,884)	(45,000)	(36,668)	(36,668)	(36,667)	(36,667)	(36,668)	(45,000)	(36,667)	(44,999)	(44,999)	(45,000)	(5,450)	(472,337)		
abilities, including Deferred Revenue)		392,009	45,000	36,668	96,790	36,667	36,667	36,668	45,000	36,667	44,999	44,999	45,000	(614,460)	282,674		
TOTAL PRIOR YEAR TRANSACTIONS, Other																	
ET INCREASE/DECREASE - C + D)		143,504	(253,130)	176,437	60,860	22,137	60,554	54,998	72,873	2,104	93,212	17,453	236,418	0	687,420		
ENDING CASH (A + E)		1,308,707	1,055,577	1,232,014	1,292,874	1,315,011	1,375,565	1,430,563	1,503,436	1,505,540	1,598,752	1,616,204	1,852,622				
ENDING CASH, PLUS ACCRUALS															1,852,622		

**Oxford Preparatory Academy - South Orange County Budget Report Assumptions
2018/19**

Enter in blue cells; explanations in yellow cells

Enrollment Assumptions	FY 2018-19	FY 2019-20	FY 2020-21
Grades K-3	395	395	395
Grades 4-6	255	255	255
Grades 7-8	147	147	147
<u>Grades 9-12</u>	-		
Total Enrollment	797	797	797
Total ADA	777	777	777
<u>ADA%</u>	97.5%	97.5%	97.5%
Free and Reduced Lunch Students (FRL)			
English Language Learners (EL)			
Foster Youth			
Unduplicated Count (FRL, EL, Foster Youth)	113	118	114
Special Education Students			
Resident LEA Unduplicated % for LCFF Concentration Grant	14%	15%	14%
Percentage of LCFF gap closing increment projected	100%	100%	100%
Funding Rates:			
LCFF Rates	FY 2018-19	FY 2019-20	FY 2020-21
Grades K-3	\$ 7,409	\$ 7,599	\$ 7,802
Grades 4-6	\$ 7,520	\$ 7,713	\$ 7,919
Grades 7-8	\$ 7,744	\$ 7,943	\$ 8,155
Grades 9-12	\$ 8,973	\$ 9,204	\$ 9,450
Federal Revenues:			
Special Education - Federal per ADA	\$ 121	\$ 121	\$ 121
Child Nutrition - Federal per student:	\$ -	\$ -	\$ -
Other Federal Revenue - Provide listing, including amounts			
State Revenues:			
Special Education - State funding per ADA	\$ 506	\$ 506	\$ 506
Child Nutrition - State per student:	\$ -	\$ -	\$ -
Lottery per ADA:	\$ 194	\$ 194	\$ 194
Other State Revenue - Provide listing, including amounts			
	Mental Health Special Ed; Large difference due to Prop 39		
Local Revenue - Provide listing, including amounts	Champion Village After School Program & Fundraising		

Provide explanation for significant variances in yellow cells

Provide explanation for significant variances in yellow cells

Provide explanation for significant variances in yellow cells

**Oxford Preparatory Academy - South Orange County Budget Report Assumptions
2018/19**

Enter in blue cells; explanations in yellow cells

Expenditure Assumptions	FY 2018-19	FY 2019-20	FY 2020-21	
<u>Certificated Salaries:</u>				
Number of FTEs - Teachers	34.0	34.0	34.0	
Number of FTEs - Pupil Support Salaries	6	6	6	
Number of FTEs - Supervisor/Admin Salaries	4	4	4	
Number of FTEs - Other Certificated Salaries				
COLA percentage increase	3.0%	2.6%	2.7%	
<i>Provide description of significant changes from prior reporting period, including those expenditures detailed in LCAP</i>				Provide explanation for significant variances in yellow cells
<u>Non Certificated Salaries:</u>				
Number of FTEs - Instructional Aides' Salaries	30.0	30.0	30.0	
Number of FTEs - Non-certificated Support Salaries	5	5	5	
Number of FTEs - Supervisor/Admin Salaries	3.0	3.0	3.0	
Number of FTEs - Clerical and Office Salaries	9	9	9	
Number of FTEs - Other Non-Certificated Salaries				
<i>Provide description of significant changes from prior reporting period, including those expenditures detailed in LCAP</i>				Provide explanation for significant variances in yellow cells
<u>Benefits</u>				
STRS (rates, per AB 1469)	16.28%	18.13%	19.10%	
Number of STRS employees	42.0	44.0	44.0	
Non-certificated retirement / PERS (rate)				
Number of employees non-STRS retirement				
Health and welfare (per FTE)	\$ 8,157	\$ 8,157	\$ 8,157	
Number eligible employees for health benefits	38	39	39	
Unemployment insurance (rate)	3.0%	3.0%	3.0%	
Workers Comp Insurance (rate)	1.4%	1.4%	1.4%	
<u>Books and Supplies</u>	Projection of an increase in school supplies next year			Provide explanation for significant variances in yellow cells
<i>Provide description of significant changes from prior reporting period, including those expenditures detailed in LCAP</i>				
<u>Services & Other Operating Expenditures</u>				Provide explanation for significant variances in yellow cells
<i>Provide description of significant changes from prior reporting period, including those expenditures detailed in LCAP</i>				
<u>Capital Outlay</u>				Provide explanation for significant variances in yellow cells
<i>Provide description of significant changes from prior reporting period, including those expenditures detailed in LCAP</i>				
<u>Other Outgo</u>				Provide explanation for significant variances in yellow cells
<u>Other Financing Sources</u>				Provide explanation for significant variances in yellow cells
<u>Other Financing Uses</u>				Provide explanation for significant variances in yellow cells

Ord Preparatory Academy - South Orange County Budget Report Supplemental It 2018/19

Include a narrative for any of the following items that are applicable:

- 1) Contingent liabilities that may affect the budget, either known or identified from audit or state compliance reviews, litigation, etc. have been identified.

N/A

- 2) Use of one-time revenues for ongoing general fund expenditures have been identified

Used for books and supplies

- 3) Contingent revenues for the current year and two subsequent fiscal years that are contingent of reauthorization by the local government, special legislation, or other definitive act have been identified. If any of these revenues are for ongoing expenses, provide explanations how revenues will be replaced or expenditures reduced.

All future year revenues are based on the proposed Governor's Budget assumptions.

- 4) General Fund Contributions

- a. Contributions from unrestricted resources in the general fund to restricted resources in the general fund for the current year and two subsequent fiscal years are identified.

N/A

- b. Projected transfers to or from the general fund to cover operating deficits in the current year or two subsequent fiscal years are identified.

N/A

- c. Capital project cost overruns that may affect the general fund have been identified.

N/A

- 5) Long-term commitments

- a. All existing and new multiyear commitments (including multiyear debt agreements, and new program or contracts resulting in long-term obligations) have been identified and the current annual payment, as well as for two subsequent fiscal years, have been provided.

Repayment of CDE Revolving loan has been included.

- b. Explanations are provided for how increases in annual payments will be funded and how decreases to funding sources used to pay long-term commitments will be replaced.

The school model contains a significant number of areas with financial flexibility from year to year. Each spring, the Board carefully reviews the detailed expense budget and makes adjustments to balance prior to approving.

- 6) Status of funds with negative fund balances and explanation how it will be addressed is provided.

N/A

LCFF Calculator Universal Assumptions													
Oxford Preparatory Academy - South Orange County (124743) - SOC Budget 18.06.21													
6/21/2018													
Summary of Funding													
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
Target Components:													
Base Grant	5,744,013	5,935,793	6,189,404	5,755,803	5,700,574	5,832,960	5,982,640	6,142,421	6,352,616	6,559,701	6,559,701	6,559,701	
Grade Span Adjustment	308,873	305,597	282,617	263,883	290,022	296,932	304,249	312,337	323,120	333,903	333,903	333,903	
Supplemental Grant	124,811	139,058	161,154	154,345	171,930	173,475	186,846	185,251	191,594	197,846	197,846	197,846	
Concentration Grant	-	-	-	-	-	-	-	-	-	-	-	-	
Add-ons	-	-	-	-	-	-	-	-	-	-	-	-	
Total Target	6,177,697	6,380,448	6,633,175	6,174,031	6,162,526	6,303,367	6,473,735	6,640,009	6,867,330	7,091,450	7,091,450	7,091,450	
Transition Components:													
Target	\$ 6,177,697	\$ 6,380,448	\$ 6,633,175	\$ 6,174,031	\$ 6,162,526	\$ 6,303,367	\$ 6,473,735	\$ 6,640,009	\$ 6,867,330	\$ 7,091,450	\$ 7,091,450	\$ 7,091,450	
Funded Based on Target Formula (based on prior year P-2 certification)	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	
Floor	4,696,275	4,995,418	5,582,044	5,700,463	5,822,303	5,936,448	6,303,368	6,303,368	6,303,368	6,303,368	6,303,368	6,303,368	
Remaining Need after Gap (informational only)	1,303,626	967,303	498,682	208,006	186,544	-	-	-	-	-	-	-	
Current Year Gap Funding	177,796	417,727	552,449	265,562	153,679	366,919	-	-	-	-	-	-	
Miscellaneous Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	
Economic Recovery Target	-	-	-	-	-	-	-	-	-	-	-	-	
Additional State Aid	-	-	-	-	-	-	-	-	-	-	-	-	
Total LCFF Entitlement	\$ 4,874,071	\$ 5,413,145	\$ 6,134,493	\$ 5,966,025	\$ 5,975,982	\$ 6,303,367	\$ 6,473,735	\$ 6,640,009	\$ 6,867,330	\$ 7,091,450	\$ 7,091,450	\$ 7,091,450	
Components of LCFF By Object Code													
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
8011 - State Aid	\$ -	\$ 659,973	\$ 932,721	\$ 1,131,057	\$ 1,023,726	\$ 787,623	\$ 1,149,332	\$ 1,319,700	\$ 1,485,974	\$ 1,713,295	\$ 1,937,415	\$ 2,092,830	\$ 2,092,830
8011 - Fair Share	-	-	-	-	-	-	-	-	-	-	-	-	-
8311 & 8590 - Categoricals	450,610	-	-	-	-	-	-	-	-	-	-	-	-
EPA (for LCFF Calculation purposes)	410,712	298,914	167,298	172,518	160,312	156,450	155,415	155,415	155,415	155,415	155,415	-	-
Local Revenue Sources:	-	-	-	-	-	-	-	-	-	-	-	-	-
8021 to 8089 - Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
8096 - In-Lieu of Property Taxes	3,527,512	3,915,184	4,313,126	4,830,918	4,781,987	5,031,909	4,998,620	4,998,620	4,998,620	4,998,620	4,998,620	4,998,620	4,998,620
Property Taxes net of in-lieu	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUNDING	\$ 4,388,834	\$ 4,874,071	\$ 5,413,145	\$ 6,134,493	\$ 5,966,025	\$ 5,975,982	\$ 6,303,367	\$ 6,473,735	\$ 6,640,009	\$ 6,867,330	\$ 7,091,450	\$ 7,091,450	\$ 7,091,450
Basic Aid Status													
Less: Excess Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: EPA in Excess to LCFF Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Phase-In Entitlement	\$ 4,388,834	\$ 4,874,071	\$ 5,413,145	\$ 6,134,493	\$ 5,966,025	\$ 5,975,982	\$ 6,303,367	\$ 6,473,735	\$ 6,640,009	\$ 6,867,330	\$ 7,091,450	\$ 7,091,450	\$ 7,091,450
EPA (for LCFF Calculation purposes)	\$ 410,712	\$ 298,914	\$ 167,298	\$ 172,518	\$ 160,312	\$ 156,450	\$ 155,415	\$ 155,415	\$ 155,415	\$ 155,415	\$ 155,415	\$ -	\$ -
8012 - EPA, Current Year Receipt (P-2)	\$ 395,104	\$ 292,940	\$ 167,298	\$ 172,518	\$ 160,312	\$ 156,450	\$ 155,415	\$ 155,415	\$ 155,415	\$ 155,415	\$ 155,415	\$ -	\$ -
8019 - EPA, Prior Year Adjustment (P-A)	\$ -	\$ 15,608	\$ 5,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summary of Student Population													
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
Unduplicated Pupil Population													
Agency Unduplicated Pupil Count	80.00	92.00	131.00	100.00	125.00	114.37	114.37	114.37	114.37	114.37	114.37	114.37	
COE Unduplicated Pupil Count	-	-	-	-	-	-	-	-	-	-	-	-	
Total Unduplicated pupil Count	80.00	92.00	131.00	100.00	125.00	114.37	114.37	114.37	114.37	114.37	114.37	114.37	
Rolling %, Supplemental Grant	10.3100%	11.1400%	12.4500%	12.8200%	14.3500%	14.1500%	14.8600%	14.3500%	14.3500%	14.3500%	14.3500%	14.3500%	
Rolling %, Concentration Grant	10.3100%	11.1400%	12.4500%	12.8200%	14.3500%	14.1500%	14.8600%	14.3500%	14.3500%	14.3500%	14.3500%	14.3500%	
FUNDED ADA													
Adjusted Base Grant ADA	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	
Grades TK-3	426.62	419.20	383.47	358.05	387.73	385.13	385.13	385.13	385.13	385.13	385.13	385.13	
Grades 4-6	249.14	288.30	344.11	297.05	250.55	248.63	248.63	248.63	248.63	248.63	248.63	248.63	
Grades 7-8	140.41	128.99	135.01	146.46	143.97	143.33	143.33	143.33	143.33	143.33	143.33	143.33	
Grades 9-12	-	-	-	-	-	-	-	-	-	-	-	-	
Total Adjusted Base Grant ADA	816.17	836.49	862.59	801.56	782.25	777.08	777.08	777.08	777.08	777.08	777.08	777.08	
Necessary Small School ADA	Current year	Current year	Current year	Current year	Current year	Current year	Current year	Current year	Current year	Current year	Current year	Current year	
Grades TK-3	-	-	-	-	-	-	-	-	-	-	-	-	
Grades 4-6	-	-	-	-	-	-	-	-	-	-	-	-	
Grades 7-8	-	-	-	-	-	-	-	-	-	-	-	-	
Grades 9-12	-	-	-	-	-	-	-	-	-	-	-	-	
Total Necessary Small School ADA	-	-	-	-	-	-	-	-	-	-	-	-	
Total Funded ADA	816.17	836.49	862.59	801.56	782.25	777.08	777.08	777.08	777.08	777.08	777.08	777.08	
ACTUAL ADA (Current Year Only)													
Grades TK-3	426.62	419.20	383.47	358.05	387.73	385.13	385.13	385.13	385.13	385.13	385.13	385.13	
Grades 4-6	249.14	288.30	344.11	297.05	250.55	248.63	248.63	248.63	248.63	248.63	248.63	248.63	
Grades 7-8	140.41	128.99	135.01	146.46	143.97	143.33	143.33	143.33	143.33	143.33	143.33	143.33	
Grades 9-12	-	-	-	-	-	-	-	-	-	-	-	-	
Total Actual ADA	816.17	836.49	862.59	801.56	782.25	777.08	777.08	777.08	777.08	777.08	777.08	777.08	
Funded Difference (Funded ADA less Actual ADA)	-	-	-	-	-	-	-	-	-	-	-	-	
LCAP Percentage to Increase or Improve Services													
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
Current year estimated supplemental and concentration grant funding in the LCAP year	\$ 139,058	\$ 161,154	\$ 154,345	\$ 171,930	\$ 173,475	\$ 186,846	\$ 185,251	\$ 191,594	\$ 197,846	\$ 197,846	\$ 197,846	\$ 197,846	
Current year Percentage to Increase or Improve Services	2.64%	2.70%	2.66%	2.96%	2.83%	2.97%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	

...Highlights showing an increase in cash without added
...students

Oxford Prep - South Orange County

Multi-Year Forecast

Revised 5/12/18



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Current Year	Budget	Forecast	Forecast	Forecast	Forecast
Assumptions						
LCFF COLA	1.56%	2.51%	2.41%	2.80%	3.17%	3.12%
Non-LCFF Revenue COLA	n/a	n/a	0.00%	0.00%	0.00%	0.00%
Expense COLA	n/a	2.00%	2.00%	2.00%	2.00%	2.00%
Enrollment	797.00	797.00	797.00	797.00	797.00	797.00
Average Daily Attendance	782.25	781.06	781.06	781.06	781.06	781.06
Revenues						
State Aid - Revenue Limit						
8011 LCFF State Aid	756,002	1,182,782	1,343,375	1,524,178	1,734,847	1,948,725
8012 Education Protection Account	156,450	156,212	156,212	156,212	156,212	156,212
8019 State Aid - Prior Year	(42,540)	-	-	-	-	-
8096 In Lieu of Property Taxes	5,057,622	4,960,184	4,960,184	4,960,184	4,960,184	4,960,184
	5,927,534	6,299,178	6,459,771	6,640,574	6,851,243	7,065,121
Federal Revenue						
8181 Special Education - Entitlement	97,062	94,704	94,704	94,704	94,704	94,704
8220 Federal Child Nutrition	7,728	-	-	-	-	-
	104,790	94,704	94,704	94,704	94,704	94,704
Other State Revenue						
8311 State Special Education	385,993	395,482	395,482	395,482	395,482	395,482
8520 Child Nutrition	461	-	-	-	-	-
8550 Mandated Cost	126,171	243,144	12,731	12,731	12,731	12,731
8560 State Lottery	147,845	151,526	151,526	151,526	151,526	151,526
8598 Prior Year Revenue	3,020	-	-	-	-	-
8599 Other State Revenue	264,930	-	-	-	-	-
	928,421	790,152	559,739	559,739	559,739	559,739
Other Local Revenue						
8631 Sale of Equipment/Supplies	1,579	-	-	-	-	-
8634 Food Service Sales	44,722	45,000	45,000	45,000	45,000	45,000
8660 Interest Revenue	1,140	-	-	-	-	-
8689 Other Fees and Contracts	385,838	-	-	-	-	-
8698 ASB Fundraising	1,459	-	-	-	-	-
8699 School Fundraising	11,188	-	-	-	-	-
	445,926	45,000	45,000	45,000	45,000	45,000
Total Revenue	\$ 7,406,671	\$ 7,229,034	\$ 7,159,213	\$ 7,340,017	\$ 7,550,686	\$ 7,764,564
Expenses						
Certificated Salaries						
1100 Teachers' Salaries	1,814,006	1,855,645	1,874,201	1,892,943	1,911,873	1,930,992
1170 Teachers' Substitute Hours	44,086	40,000	40,400	40,804	41,212	41,624
1175 Teachers' Extra Duty/Stipends	28,592	55,000	55,550	56,106	56,667	57,233
1200 Pupil Support Salaries	163,506	237,741	240,118	242,519	244,944	247,394
1300 Administrators' Salaries	445,393	515,000	520,150	525,352	530,605	535,911
	2,495,582	2,703,386	2,730,420	2,757,724	2,785,301	2,813,154
Classified Salaries						
2100 Instructional Salaries	536,715	297,430	300,404	303,408	306,442	309,507
2200 Support Salaries	278,650	396,825	400,793	404,801	408,849	412,938
2300 Classified Administrators' Salaries	68,175	236,000	238,360	240,744	243,151	245,583
2400 Clerical and Office Staff Salaries	477,859	308,450	311,535	314,650	317,796	320,974
	1,361,399	1,238,705	1,251,092	1,263,603	1,276,239	1,280,002

Oxford Prep - South Orange County

Multi-Year Forecast

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	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Current Year	Budget	Forecast	Forecast	Forecast	Forecast
Benefits						
3101 STRS	408,958	440,111	495,025	526,725	531,992	537,312
3202 PERS	172,647	224,206	260,227	300,738	321,612	324,828
3301 OASDI	84,004	76,800	77,568	78,343	79,127	79,918
3311 Medicare	54,385	57,160	57,732	58,309	58,892	59,481
3401 Health and Welfare	469,594	453,750	458,288	462,870	467,499	472,174
3501 State Unemployment	13,362	9,136	9,667	9,673	9,680	9,686
3601 Workers' Compensation	51,282	55,189	55,741	56,299	56,862	57,430
	1,254,232	1,316,352	1,414,248	1,492,958	1,525,664	1,540,831
Books and Supplies						
4100 Textbooks and Core Curricula	54,380	55,383	56,491	57,621	58,773	59,949
4200 Books and Other Materials	5,917	6,000	6,120	6,242	6,367	6,495
4302 School Supplies	25,426	25,000	25,500	26,010	26,530	27,061
4303 Special Activities/Field Trips	20,667	20,000	20,400	20,808	21,224	21,649
4304 Uniforms	11,584	12,000	12,240	12,485	12,734	12,989
4305 Software	20,662	20,000	20,400	20,808	21,224	21,649
4400 Noncapitalized Equipment	25,171	25,000	25,500	26,010	26,530	27,061
4700 Food Services	84,460	85,000	86,700	88,434	90,203	92,007
	248,268	248,000	253,351	258,418	263,587	268,858
Subagreement Services						
5102 Special Education	45,000	45,000	45,900	46,818	47,754	48,709
5106 Other Educational Consultants	12,938	12,500	12,750	13,005	13,265	13,530
	57,938	57,500	58,650	59,823	61,019	62,240
Professional/Consulting Services						
5801 IT	14,313	15,000	15,300	15,606	15,918	16,236
5802 Audit & Taxes	16,758	15,000	15,300	15,606	15,918	16,236
5803 Legal	193,200	120,000	122,400	124,848	127,345	129,892
5804 Professional Development	11,451	12,000	12,240	12,485	12,734	12,989
5805 General Consulting	61,727	25,000	25,500	26,010	26,530	27,061
5810 Payroll Service Fee	17,773	17,500	17,850	18,207	18,571	18,943
5811 Management Fee	111,210	110,363	112,570	114,822	117,118	119,460
5812 District Oversight Fee	59,275	62,992	64,598	66,406	68,512	70,651
	485,708	377,855	385,758	393,989	402,647	411,469
Facilities, Repairs and Other Leases						
5601 Rent	207,768	213,000	217,260	221,605	226,037	230,558
5602 Additional Rent	25,917	25,000	25,500	26,010	26,530	27,061
5603 Equipment Leases	158,671	132,000	134,640	137,333	140,079	142,881
5605 Real/Personal Property Taxes	1,089	2,500	2,550	2,601	2,653	2,706
5610 Repairs and Maintenance	247,668	25,000	25,500	26,010	26,530	27,061
	641,113	397,500	405,450	413,559	421,830	430,267
Operations and Housekeeping						
5201 Auto and Travel	7,143	7,500	7,650	7,803	7,959	8,118
5203 Business Meals	8,842	10,000	10,200	10,404	10,612	10,824
5300 Dues & Memberships	6,489	7,500	7,650	7,803	7,959	8,118
5400 Insurance	171,480	210,000	214,200	218,484	222,854	227,311
5501 Utilities	96,005	100,000	102,000	104,040	106,121	108,243
5502 Janitorial/Trash Removal	25,621	25,000	25,500	26,010	26,530	27,061
5510 Office Expense	25,000	25,000	25,500	26,010	26,530	27,061
5511 Postage and Shipping	2,661	5,000	5,100	5,202	5,306	5,412
5512 Printing	7,068	7,500	7,650	7,803	7,959	8,118

Oxford Prep - South Orange County

Multi-Year Forecast

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	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Current Year	Budget	Forecast	Forecast	Forecast	Forecast
5513 Other taxes and fees	17,130	20,000	20,400	20,808	21,224	21,649
5514 Bank Charges	7,975	10,000	10,200	10,404	10,612	10,824
5515 Public Relations/Recruitment	846	-	-	-	-	-
5530 School Fundraising Expense	526	-	-	-	-	-
5531 ASB Fundraising Expense	652	-	-	-	-	-
5900 Communications	26,085	30,000	30,600	31,212	31,836	32,473
	403,523	457,500	466,650	475,983	485,503	495,213
Depreciation						
6900 Depreciation Expense	425,128	420,000	90,000	91,800	93,636	95,509
	425,128	420,000	90,000	91,800	93,636	95,509
Interest						
7438 Interest Expense	484	600	600	-	-	-
	484	600	600	-	-	-
Total Expenses	\$ 7,373,375	\$ 7,217,397	\$ 7,056,218	\$ 7,207,857	\$ 7,315,427	\$ 7,406,541
Surplus (Deficit)	\$ 33,296	\$ 11,636	\$ 102,995	\$ 132,160	\$ 235,259	\$ 358,022
Fund Balance, Beginning of Year	\$ 2,015,493	\$ 2,048,789	\$ 2,060,425	\$ 2,163,420	\$ 2,295,580	\$ 2,530,839
Fund Balance, End of Year	\$ 2,048,789	\$ 2,060,425	\$ 2,163,420	\$ 2,295,580	\$ 2,530,839	\$ 2,888,862
	27.8%	28.5%	30.7%	31.8%	34.6%	39.0%

Cash Flow Adjustments

Surplus (Deficit)	33,296	11,636	102,995	132,160	235,259	358,022
Cash Flows From Operating Activities						
Depreciation/Amortization	425,128	420,000	90,000	91,800	93,636	95,509
Public Funding Receivables	(161,632)	123,515	(79,911)	(16,272)	(18,960)	(19,249)
Grants and Contributions Rec.	-	-	-	-	-	-
Due To/From Related Parties	(175,713)	-	-	-	-	-
Prepaid Expenses	(178,903)	-	-	-	-	-
Other Assets	(1,185)	-	-	-	-	-
Accounts Payable	(44,296)	(6,614)	(2,618)	163	190	192
Deferred Revenue	204,746	-	-	-	-	-
Accrued Expenses	(74,816)	-	-	-	-	-
Other Liabilities	(214,329)	-	-	-	-	-
Cash Flows From Investing Activities						
Purchases of Prop. And Equip.	(272,520)	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-
Cash Flows From Financing Activities						
Proceeds(Payments) on Debt	(49,998)	(49,998)	(49,998)	-	-	-
Total Change in Cash	(510,222)	498,539	60,468	207,850	310,125	434,475
Cash, Beginning of Year	1,664,096	1,153,875	1,652,414	1,712,882	1,920,732	2,230,857
Cash, End of Year	\$ 1,153,875	\$ 1,652,414	\$ 1,712,882	\$ 1,920,732	\$ 2,230,857	\$ 2,665,331

Oxford Prep - Saddleback Valley

Multi-Year Forecast

Revised 5/12/18



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Current Year	Budget	Forecast	Forecast	Forecast	Forecast
Assumptions						
LCFF COLA	1.56%	2.51%	2.41%	2.80%	3.17%	3.12%
Non-LCFF Revenue COLA	n/a	n/a	0.00%	0.00%	0.00%	0.00%
Expense COLA	n/a	2.00%	2.00%	2.00%	2.00%	2.00%
Enrollment	593.00	593.00	593.00	593.00	593.00	593.00
Average Daily Attendance	586.54	586.48	586.48	586.48	586.48	586.48
Revenues						
State Aid - Revenue Limit						
8011 LCFF State Aid	963,698	926,768	1,042,299	1,178,177	1,336,515	1,497,265
8012 Education Protection Account	117,215	117,021	117,295	117,295	117,295	117,295
8019 State Aid - Prior Year	(34,980)	-	-	-	-	-
8096 In Lieu of Property Taxes	3,559,365	3,695,304	3,695,304	3,695,304	3,695,304	3,695,304
	<u>4,605,298</u>	<u>4,739,093</u>	<u>4,854,898</u>	<u>4,990,776</u>	<u>5,149,114</u>	<u>5,309,864</u>
Federal Revenue						
8181 Special Education - Entitlement	72,778	71,110	71,110	71,110	71,110	71,110
8220 Federal Child Nutrition	7,735	-	-	-	-	-
	<u>80,513</u>	<u>71,110</u>	<u>71,110</u>	<u>71,110</u>	<u>71,110</u>	<u>71,110</u>
Other State Revenue						
8311 State Special Education	289,422	296,957	296,957	296,957	296,957	296,957
8520 Child Nutrition	485	-	-	-	-	-
8550 Mandated Cost	94,361	179,987	9,560	9,560	9,560	9,560
8560 State Lottery	110,856	113,777	113,777	113,777	113,777	113,777
8598 Prior Year Revenue	9,642	-	-	-	-	-
8599 Other State Revenue	17,111	-	-	-	-	-
	<u>521,877</u>	<u>590,721</u>	<u>420,293</u>	<u>420,293</u>	<u>420,293</u>	<u>420,293</u>
Other Local Revenue						
8634 Food Service Sales	29,421	25,000	25,000	25,000	25,000	25,000
8660 Interest Revenue	969	-	-	-	-	-
8689 Other Fees and Contracts	314,917	-	-	-	-	-
8699 School Fundraising	66,682	-	-	-	-	-
	<u>411,989</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total Revenue	\$ 5,619,677	\$ 5,425,924	\$ 5,371,301	\$ 5,507,179	\$ 5,665,517	\$ 5,826,267
Expenses						
Certificated Salaries						
1100 Teachers' Salaries	1,375,443	1,399,804	1,413,802	1,427,940	1,442,219	1,456,642
1170 Teachers' Substitute Hours	31,046	25,000	25,250	25,503	25,758	26,015
1175 Teachers' Extra Duty/Stipends	(8,568)	35,000	35,350	35,704	36,061	36,421
1200 Pupil Support Salaries	170,138	177,295	179,068	180,859	182,668	184,494
1300 Administrators' Salaries	436,872	360,000	363,600	367,236	370,908	374,617
	<u>2,004,932</u>	<u>1,997,099</u>	<u>2,017,070</u>	<u>2,037,241</u>	<u>2,057,614</u>	<u>2,078,190</u>
Classified Salaries						
2100 Instructional Salaries	363,227	403,855	407,894	411,972	416,092	420,253
2200 Support Salaries	269,246	296,330	299,293	302,286	305,309	308,362
2300 Classified Administrators' Salaries	45,450	204,000	206,040	208,100	210,181	212,283
2400 Clerical and Office Staff Salaries	329,589	165,100	166,751	168,419	170,103	171,804
	<u>1,007,512</u>	<u>1,069,285</u>	<u>1,079,978</u>	<u>1,090,778</u>	<u>1,101,686</u>	<u>1,112,702</u>
Benefits						
3101 STRS	283,630	325,128	365,695	389,113	393,004	396,934

Oxford Prep - Saddleback Valley

Multi-Year Forecast

Revised 5/12/18



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Current Year	Budget	Forecast	Forecast	Forecast	Forecast
3202 PERS	136,994	193,541	224,635	259,605	277,625	280,401
3301 OASDI	61,637	66,296	15,660	15,816	15,974	16,134
3311 Medicare	42,369	44,463	44,907	45,356	45,810	46,268
3401 Health and Welfare	319,712	330,000	333,300	336,633	339,999	343,399
3501 State Unemployment	4,504	6,878	6,878	6,879	6,879	6,880
3601 Workers' Compensation	42,157	42,929	43,359	43,792	44,230	44,672
	891,002	1,009,234	1,034,434	1,097,195	1,123,522	1,134,689
Books and Supplies						
4100 Textbooks and Core Curricula	55,512	56,616	57,748	58,903	60,081	61,283
4200 Books and Other Materials	9,661	6,000	6,120	6,242	6,367	6,495
4302 School Supplies	23,678	20,000	20,400	20,808	21,224	21,649
4303 Special Activities/Field Trips	95,301	25,000	25,500	26,010	26,530	27,061
4304 Uniforms	10,831	9,000	9,180	9,364	9,551	9,742
4305 Software	20,751	25,000	25,500	26,010	26,530	27,061
4400 Noncapitalized Equipment	11,961	15,000	15,300	15,606	15,918	16,236
4700 Food Services	63,874	60,000	61,200	62,424	63,672	64,946
	291,568	205,000	220,948	225,367	229,875	234,472
Subagreement Services						
5102 Special Education	22,950	25,000	25,500	26,010	26,530	27,061
5105 Security	2,140	-	-	-	-	-
5106 Other Educational Consultants	6,322	10,000	10,200	10,404	10,612	10,824
	31,412	35,000	35,700	36,414	37,142	37,885
Professional/Consulting Services						
5801 IT	6,209	7,500	7,650	7,803	7,959	8,118
5802 Audit & Taxes	20,822	10,000	10,200	10,404	10,612	10,824
5803 Legal	125,694	90,000	91,800	113,636	95,909	97,827
5804 Professional Development	5,017	7,500	7,650	7,803	7,959	8,118
5805 General Consulting	41,546	20,000	20,400	20,808	21,224	21,649
5810 Payroll Service Fee	15,063	12,500	12,750	13,005	13,265	13,530
5811 Management Fee	83,827	87,824	89,581	91,372	93,200	95,064
5812 District Oversight Fee	46,053	47,391	48,549	49,908	51,491	53,099
	344,230	282,715	288,580	314,739	301,619	308,229
Facilities, Repairs and Other Leases						
5601 Rent	20,444	24,000	24,480	24,970	25,469	25,978
5602 Additional Rent	2,293	3,000	3,060	3,121	3,184	3,247
5603 Equipment Leases	86,169	102,000	104,040	106,121	108,243	110,408
5610 Repairs and Maintenance	56,288	30,000	30,600	31,212	31,836	32,473
	165,195	159,000	162,180	165,424	168,732	172,107
Operations and Housekeeping						
5201 Auto and Travel	10,059	9,000	9,180	9,364	9,551	9,742
5203 Business Meals	7,205	7,500	7,650	7,803	7,959	8,118
5300 Dues & Memberships	4,083	4,000	4,080	4,162	4,245	4,330
5400 Insurance	119,961	144,000	146,880	149,818	152,814	155,870
5501 Utilities	97,712	100,000	102,000	104,040	106,121	108,243
5502 Janitorial/Trash Removal	31,608	30,000	30,600	31,212	31,836	32,473
5510 Office Expense	25,000	25,000	25,500	26,010	26,530	27,061
5511 Postage and Shipping	2,510	3,000	3,060	3,121	3,184	3,247
5512 Printing	4,678	6,000	6,120	6,242	6,367	6,495
5513 Other taxes and fees	15,097	15,000	15,300	15,606	15,918	16,236
5514 Bank Charges	4,048	5,000	5,100	5,202	5,306	5,412

Oxford Prep - Saddleback Valley

Multi-Year Forecast

Revised 5/12/18



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Current Year	Budget	Forecast	Forecast	Forecast	Forecast
5515 Public Relations/Recruitment	1,288	-	-	-	-	-
5516 Miscellaneous Expense	350	-	-	-	-	-
5530 School Fundraising Expense	2,338	-	-	-	-	-
5900 Communications	29,132	30,000	30,600	31,212	31,836	32,473
	355,070	378,500	386,070	393,791	401,667	409,701
Depreciation						
6900 Depreciation Expense	17,233	20,000	20,400	20,808	21,224	21,649
	17,233	20,000	20,400	20,808	21,224	21,649
Interest						
7438 Interest Expense	1,484	800	800	600	-	-
	1,484	800	800	600	-	-
Total Expenses	\$ 5,109,637	\$ 5,156,633	\$ 5,246,160	\$ 5,382,357	\$ 5,443,080	\$ 5,509,623
Surplus (Deficit)	\$ 510,040	\$ 269,291	\$ 125,141	\$ 124,823	\$ 222,437	\$ 316,644

Fund Balance, Beginning of Year	\$ 1,230,937	\$ 1,740,977	\$ 2,010,267	\$ 2,135,409	\$ 2,260,231	\$ 2,482,668
Fund Balance, End of Year	\$ 1,740,977	\$ 2,010,267	\$ 2,135,409	\$ 2,260,231	\$ 2,482,668	\$ 2,799,312
	34.1%	39.0%	40.7%	42.0%	45.6%	50.8%

Cash Flow Adjustments

Surplus (Deficit)	510,040	269,291	125,141	124,823	222,437	316,644
Cash Flows From Operating Activities						
Depreciation/Amortization	17,233	20,000	20,400	20,808	21,224	21,649
Public Funding Receivables	179,767	387,027	(57,092)	(12,229)	(14,250)	(14,467)
Grants and Contributions Rec.	9	-	-	-	-	-
Due To/From Related Parties	(399,469)	-	-	-	-	-
Prepaid Expenses	(103,110)	-	-	-	-	-
Other Assets	(790)	-	-	-	-	-
Accounts Payable	11,828	(21,001)	(1,938)	122	143	145
Accrued Expenses	(105,277)	-	-	-	-	-
Cash Flows From Investing Activities						
Purchases of Prop. And Equip.	(2,009)	-	-	-	-	-
Cash Flows From Financing Activities						
Proceeds(Payments) on Debt	(49,998)	(49,998)	(49,998)	(49,998)	-	-
Total Change in Cash	58,224	605,319	36,514	83,526	229,553	323,970
Cash, Beginning of Year	1,429,509	1,487,733	2,093,052	2,129,565	2,213,091	2,442,645
Cash, End of Year	\$ 1,487,733	\$ 2,093,052	\$ 2,129,565	\$ 2,213,091	\$ 2,442,645	\$ 2,766,614

Financial Review Memorandum

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1.0 General Information

1.1 Purpose

This document summarizes the observations and findings related to C2G International, LLC's ("C2G") review and evaluation of the financial accounting and performance of Oxford Preparatory Academy ("Oxford Prep") as a whole, as well as the charter school Oxford Preparatory Academy – South Orange County ("OPA-SOC") on behalf of the Capistrano Unified School District ("CUSD").

1.2 Scope of Work

C2G was retained to provide consulting services to review and report in writing on the financial accounting records maintained by Oxford Prep and to evaluate the historical and on-going financial performance of Oxford Prep and OPA-SOC. In conducting the work, C2G identified the following tasks, including:

- Identify documents related to the review and evaluation.
- Determine whether the charter school expenses appear to be reasonably supported.
- Identify potential related-party transactions and evaluate whether there is supporting information for the services and products provided and the amounts of the transactions are reasonably supported.
- Conduct a review of financial transactions for unusual transactions.
- Evaluate the independent annual audits against available internal financial accounting records.
- Evaluate the changes to the Oxford Prep fund balance over time.

C2G conducted its work by coordinating with CUSD counsel and representatives, as well as Oxford Prep representatives to obtain documentation and information to support the reviewed financial statements.

2.0 Executive Summary

Based on a review of the historical financial statements, although the current financial condition of OPA-SOC reflects a fund surplus, the overall financial strength and financial performance of Oxford Prep and OPA-SOC appear to be deteriorating. Importantly, not only have the revenues been decreasing, but the portion of non-service related expenditures (i.e., management and general expenses) have been increasing since Fiscal Year 2016. The decreasing revenues are attributable to lower enrollment numbers, while the increasing expenditures are attributable to, in part, the loss of the Chino Valley charter school ("OPA-CV"), which had absorbed shared overhead costs, and fixed costs that cannot be easily eliminated. Moreover, additional costs associated with Oxford Prep's efforts to change management and internal controls are contributing to the increased costs allocated to OPA-SOC. This negative trend contributes to the concern regarding the long-term viability of Oxford Prep and OPA-SOC.

During interviews, Oxford Prep management appears to acknowledge past deficiencies and issues. In addition to current efforts to make changes to improve its financial internal controls, the management team is questioning current expenditures, such as staffing levels and office location, and is re-assessing its needs. Oxford Prep management has also represented that although it is still incurring costs associated with OPA-CV, it does not anticipate that the remaining funds will be depleted before the associated expenditures are no longer necessary, and that management is segregating those costs carefully. However, there is currently insufficient information or recent performance data to evaluate whether the new internal controls and cost savings measures are sustainable or sufficient to prevent the OPA-CV fund from being depleted or how the ongoing OPA-CV expenses will impact the overall financial condition of Oxford Prep as a whole. In fact, the current forecasts seem to indicate that the OPA-CV fund may be depleted in the short term.

Based on its work through February 26, 2018, C2G also identified significant deficiencies in the accounting records, consistent with the acknowledged deficiencies in documentation and internal controls prior to 2017. The current leadership of Oxford Prep has indicated that it is committed to making changes and is attempting to unravel and better understand the past financial transactions. Oxford Prep's current efforts to

understand past financial transactions are, in large part, due to on-going litigation efforts. However, due to the nature of the on-going litigation, much of the requested information relevant to the evaluation of Oxford Prep's financial condition and past performance is currently unavailable. As such, there is insufficient information for C2G to conclude whether the expenditures are appropriate and relevant to OPA-SOC.

3.0 Review and Evaluation Process

Over the course of its work, C2G identified and requested relevant accounting records related to the financial performance and accounting transactions since Oxford Preparatory Academy - South Orange County was opened in 2011, including:

- Master contracts/agreements and amendments in effect between July 1, 2010 and the present between Oxford Preparatory Academy and various potential related-party entities;
- Audited financial statements for the fiscal years ending 2011 through 2017;
- Form 990 for the fiscal years ending 2016 and 2017;
- School interim and final budgets;
- General Ledger reports for the fiscal years ending 2011 through 2017 for each charter school;
- Internal accounting records reflecting the breakdown of revenues, functional expenses and SCRIPS transactions;
- Loan documents;
- Internal accounting reports for testing against audited financial statements;
- Employment agreements;
- Invoices and evidence of payment to potential related parties;
- Bank statements; and

- Credit card statements.

Throughout the review and evaluation process, C2G noted the incomplete nature of the documentation provided. C2G was further advised that the information provided was all that could be located and made available by the Oxford Prep team.

In its evaluation of Oxford Prep and OPA-SOC's financial performance, C2G evaluated historical financial statements and budgets and performed various financial ratio and trend analyses. Some of the metrics evaluated included average daily attendance, changes to revenue, expenses and margins, liquidity and debt service.

C2G reviewed the provided accounting information and performed various testing and analytical procedures based on the data. For example, C2G tested the revenues reported against enrollment data provided. In addition, the amount of expenditures, such as the management services fee paid to Edlighten Learning Solutions ("ELS") and payroll costs were tested against the executed agreements. Further, C2G tested select expenditure transactions recorded against invoices and payment records. C2G also identified transactions with potential related parties or parties with potential self-dealing interests to test and verify.

To the extent potential discrepancies were identified, C2G submitted a list of questions to Oxford Prep to better understand its accounting procedures and to request alternative supporting documentation and information.

4.0 Evaluation

4.1 Financial Performance

General Observations

Since the charter school opened in 2011, OPA-SOC's fund balance has increased over time, with a fund balance as of June 31, 2017 totaling \$1,735,614. During Fiscal Year ("FY") 2017, however, OPA-SOC's revenues decreased by 13.6% from FY 2016, while its expenditures did not commensurately decrease, resulting in a limited growth to the

fund balance. Moreover, based on current projections and budgets, the financial performance of OPA-SOC for FY 2018 will result in limited fund growth, and will result in a potential deficit if the costs grow by an immaterial amount.

Given the decreasing enrollment trend, it is critical that Oxford Prep identified methods to increase revenues or to develop measures to control its costs. Moreover, based on the most recent financial update for Oxford Prep that was prepared in January 2018, the FY 2018 budgeted surplus for OPA-SOC was again adjusted downward to \$129,335. Significantly, an increase of less than 2% in costs would result in Oxford Prep operating at a deficit, thus reducing its fund balance. Notably, the annual forecasted costs increased by 1.2% for the two-month period between November 2017 and January 2018, which seems to indicate that there is a strong likelihood that OPA-SOC could quickly realize an operating deficit.

The current fund balance as of June 31, 2017 of \$1,735,614 can sustain deficits in the short run, but will likely not be sustainable for the long term. A continually growing fund balance is important to support growth or sustain the school in an uncertain funding environment. Moreover, when the current deteriorating financial performance of OPA-SOC is considered alongside the overall financial condition of Oxford Prep, the deteriorating financial condition is more apparent.

Notably, the fund balance of OPA-CV has been diminishing and, based on extrapolating the current projected costs, will be depleted by June 2018. It is unclear how Oxford Prep will continue to fund and pay for the OPA-CV related expenses and obligations without impacting the overall viability of the Oxford Prep organization, or the impacts to OPA-SOC and OPA-SV fund balances.

Below is a discussion of key financial information and ratios detailing indicators of OPA-SOC's financial condition.

Enrollment

Enrollment variance tells whether or not the school is meeting its enrollment projections. As enrollment is a key driver of revenues, variance is important to track the sufficiency of revenues generated to fund ongoing operations.

Average Daily Attendance for OPA-SOC

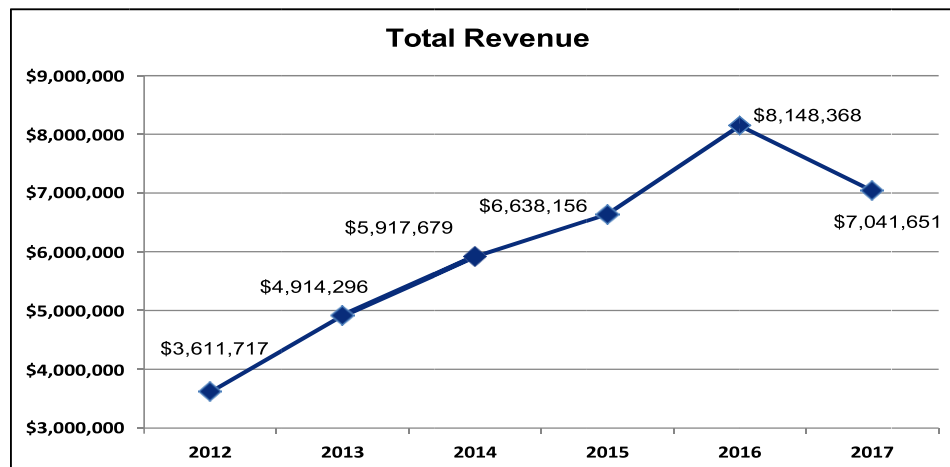
	For the Year Ending June 30,						17-18 Forecast
	2012	2013	2014	2015	2016	2017	
	Total	Total	Total	Total	Total	Total	
Average Daily Attendance ("ADA") for SOC							
ADA - SOC Total	560.21	763.30	821.22	837.53	861.65	800.25	781.00
% Change in ADA	n/a	36.3%	7.6%	2.0%	2.9%	-7.1%	-2.4%

As shown in the table above, the average daily attendance for OPA-SOC increased slightly in FY 2015 and FY 2016 and then began a declining trend in FY 2017, which is forecasted to continue to decline in FY 2018. As revenues are dependent upon enrollment figures, the declining enrollment trend will result in declining revenues, assuming that the revenue per student remains relatively consistent.

Revenue and Profitability

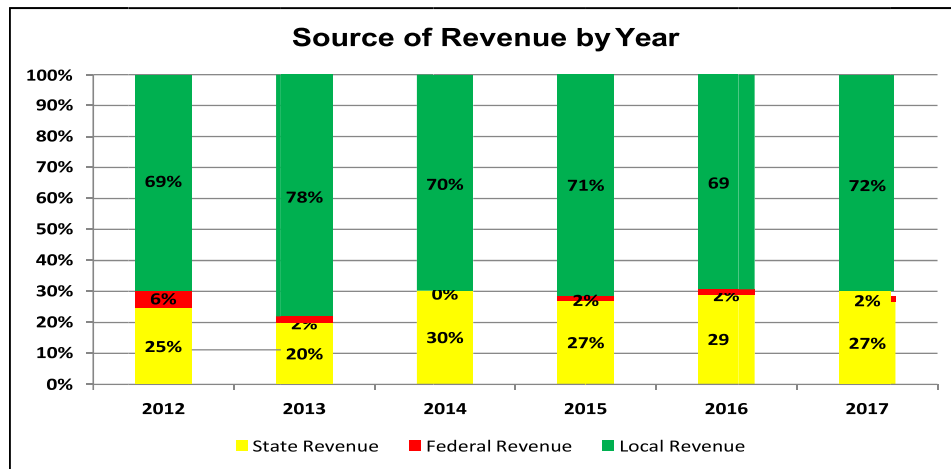
Revenue

OPA-SOC's annual revenue increased from \$3.6M in FY 2012 to \$8.1M in FY 2016. Annual revenue declined from FY 2016 to FY 2017 by 13.6% to \$7.0M due to lower enrollment. As noted above, student enrollment is forecasted to decline in FY 2018.



Sources of Revenue by Year

Between FY 2016 and FY 2017, state revenue and federal grants and entitlements decreased approximately 20% while local revenue decreased 11%. Local revenue remains the largest source of revenue to OPA-SOC. Understanding the sources of revenue is important because the changing funding environment could materially impact OPA-SOC's future revenues and fund balances must be sufficient to sustain school operations during any funding deficiencies and uncertainties.

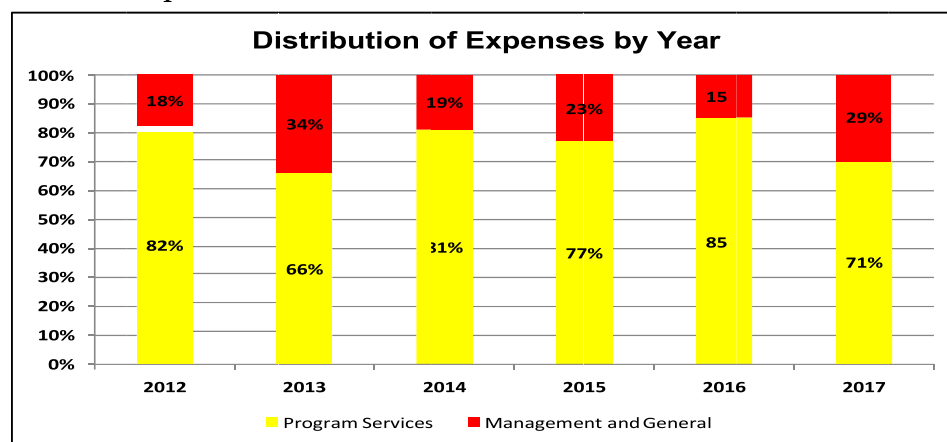


Distribution of Expenses by Year

Program services expenses are costs incurred by OPA-SOC to provide the services and programs in accordance with its defined mission. As expected, the program services expenses are the majority of the overall expenses of the organization. For example, in FY 2016, program services expenses made up 85% of the overall expenses incurred. In FY 2017, program services expenses made up 71% of the overall expenses incurred. This change reflects that expenses not directly utilized to perform educational services were more proportionally more significant in 2017. Between FY 2016 and FY 2017, program services expenses decreased from 77% to 68% of revenues, which is typically a positive trend and would allow a bigger proportion of revenues to be available as a surplus for the fund balances. However, increasing management and general expense expenditures in FY 2017 eliminated this benefit.

Management and general expenses are for costs related to the overall management of the organization other than the direct expenses of operating its programs and fundraising. For example, the accounting and budgeting expenses are part of management and general expenses. Between FY 2016 and FY 2017, management and general expenses have significantly increased from 13% to 28% of revenue. The increase in the management and general expenses in FY 2017 appear to be related to the change in Oxford Prep's management and organizational structure, resulting in added costs that were not direct expenses of providing the services and programs related to Oxford Prep's mission.

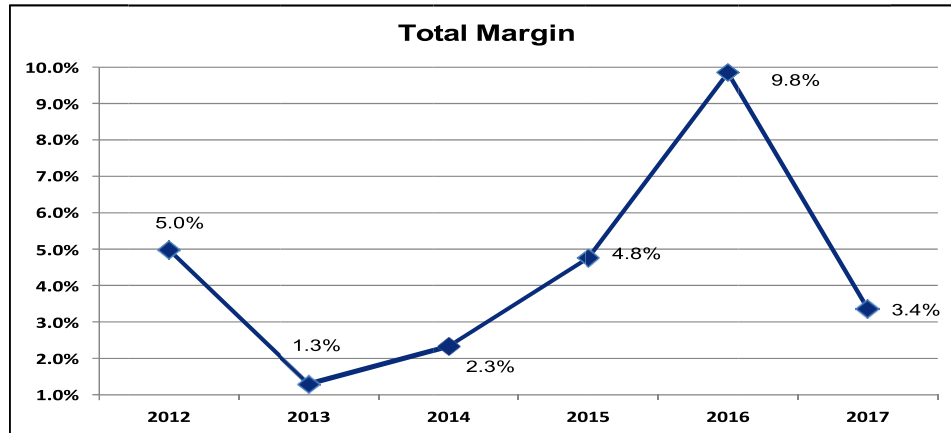
As shown in the chart below, the increased proportion of management and general expenses in FY 2017 is material when compared to FY 2016. Importantly, the increased expenditures did not provide a direct benefit to the educational services of OPA-SOC.



Total Margin

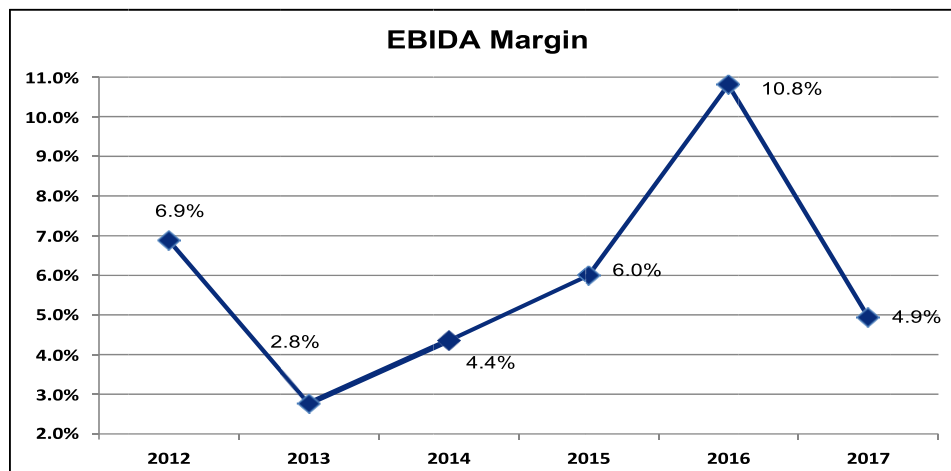
The total margin measures whether a school operates at a surplus or a deficit in a given period of time. The total margin reflects the portion of every revenue dollar that contributes to or depletes the fund balance. The total margin is important to track, as schools cannot operate at deficits for a sustained period of time without risk of closure. Though as a not-for-profit organization the intent of a school is not to make money, it is important for charter schools to build, rather than deplete, a reserve to support growth or sustain the school in an uncertain funding environment.

OPA-SOC's total margin increased each year between FY 2013 (1.3% of revenues) and FY 2016 (9.8% of revenues). However, total margin declined materially in FY 2017 to 3.4% of revenues. This negative trend may quickly be reflected in deficits to the fund balance.



EBIDA Margin

EBIDA (Earnings before interest, depreciation and amortization) margin is a financial performance measure which eliminates the effects of financing and accounting decisions. Consistent with the total margin discussed above, OPA-SOC's EBIDA margin increased each year between FY 2013 (2.8% of revenues) and FY 2016 (10.8% of revenues). In FY 2017, EBIDA margin declined significantly to 4.9%, which is 50% of FY 2016.



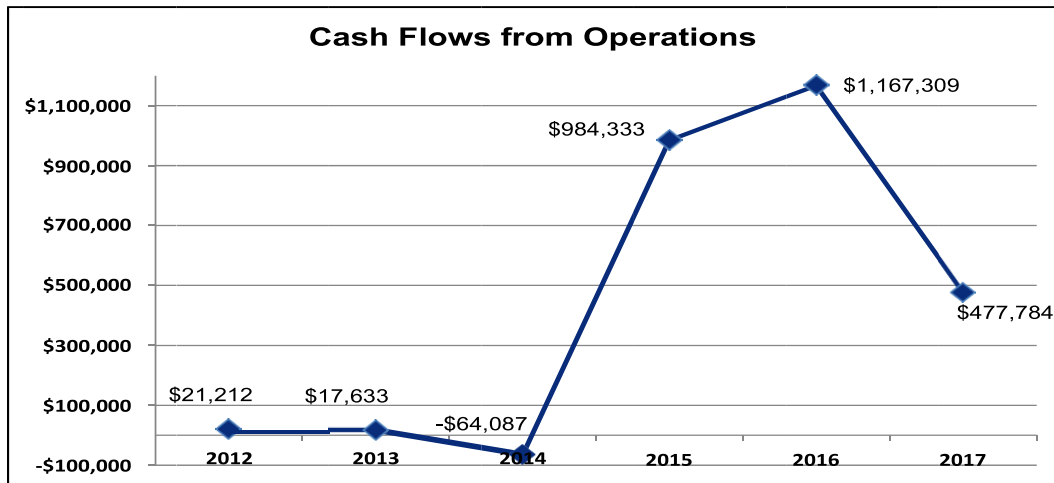
Cash Flow Analysis

Cash flow is a liquidity measure that reflects a school's change in cash balance from one period to another. Cash flow indicates the trend in the school's cash balance over a period of time. This measure indicates long-term stability versus near term. Since cash flow fluctuations from year to year can have a long-term impact on a school's financial health, this metric assesses both multi-year cumulative cash flow and annual cash flow.

OPA-SOC experienced a negative cash flow in 2015 is primarily due to the pay down of debt in the amount of \$0.8M. The increase in cash flow in 2016 is primarily due to an increase in the change in net assets and an increase in account payable and accrued liabilities. This means that OPA-SOC was paying to its service providers and vendors amounts less than it was incurring during the same period, which results in an increase in the organization's liabilities.

Cash flow from operations is a liquidity measure that reflects an organization's ability to use revenues to meet operational requirements before investing and financing transactions. OPA-SOC's cash flows from operations increased from a deficit of \$0.064M in FY 2014 to a surplus of \$1.2M in FY 2016. Similar to the cash flow analysis discussion above, this increase in available cash is primarily due to an increase in the change in net assets and a stretching of accounts payable from FY 2015 to FY 2016.

Importantly, the cash flow from operations for OPA-SOC in FY 2017 decreased by almost 60% due to the decreasing revenues and margin rates.

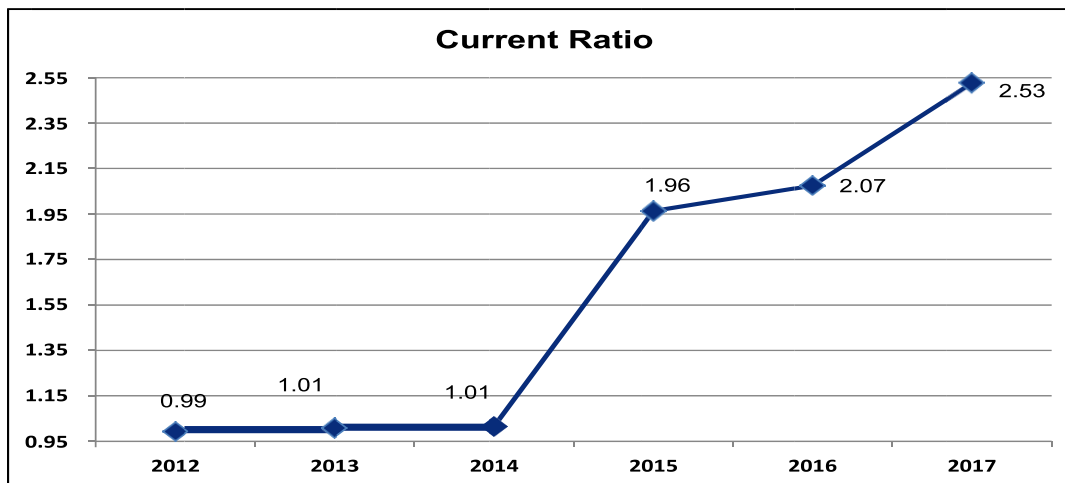


Notably, the overall cash flow from operations in FY 2017 for Oxford Prep decreased significantly due to the expenditures related to OPA-CV. Moreover, as of January 2018, the fund balance for OPA-CV was \$793,535 with a projection to decrease by approximately \$400,000 by March 31, 2018. Based on the forecasted expenditures for February and March 2018, it is unlikely that any OPA-CV funds would be left as of June 2018. It is unclear how Oxford Prep is mitigating or eliminating its OPA-CV expenditures, or how it will continue to fund the expenditures. CUSD should consider how the ongoing OPA-CV will impact Oxford Prep's obligations and financial condition as an organization, and how it might impact OPA-SOC's viability.

Current Ratio

The Current Ratio measures a school's ability to meet financial obligations over the next twelve months. The ratio is expressed as the number of times current assets exceed current liabilities. A current ratio greater than 1.0 indicates that the school's assets exceed its liabilities, thus indicating ability to meet current obligations. A ratio of less than 1.0 indicates that the school does not have sufficient current assets to cover the current liabilities and is not in a satisfactory position to meet its financial obligations over the next twelve months.

The Current Ratio shows that currently OPA-SOC is able to meet its near-term financial obligations without difficulty.



Debt Ratios

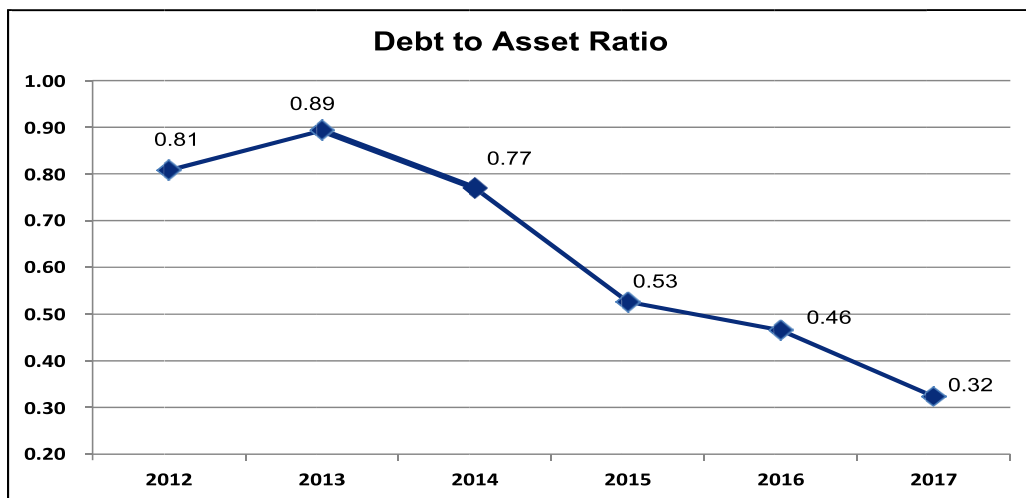
As of June 30, 2017 total Oxford Prep debt outstanding was \$450,006 comprised of Charter Revolving Loans (\$350,006) and a loan from Edlighten Learning Solutions (\$100,000). Of this amount, \$150,004 is allocated to OPA-SOC and \$300,002 is allocated to Oxford Preparatory Academy – Saddleback Valley (“OPA-SV”).

In August of 2014, OPA-SOC was approved to borrow \$250,000 through the Charter Revolving Loan Fund Program administered by the California School Finance Authority. The funds were borrowed to assist with start-up costs for the OPA-SOC site. The loan is to be repaid in six equal monthly payments (September – March) every year for the term of the loan. The loan has a term of five years ending June 20, 2020 and bears an annualized interest rate of 0.26%. As of June 30, 2017, the outstanding balance on the loan was \$150,004.

In June 2016, OPA-SV was approved to borrow \$250,000 through the Charter Revolving Loan Fund Program administered by the California School Finance Authority. The funds were borrowed to assist with start-up costs for the OPA-SV site. The loan is to be repaid in six equal monthly payments (September – March) every year for the term of the loan. The loan has a term of five years ending June 30, 2021 and bears an annualized interest rate of 0.57%. As of June 30, 2017, the outstanding balance on the loan was \$200,002. OPA-SV also received a loan from Edlighten Learning Solutions during the fiscal year ended June 30, 2016. The funds were borrowed to assist with

start-up costs for the OPA-SV site. The loan is to be repaid in semi-annual payments. As of June 30, 2017, the outstanding balance on this loan was \$100,000.

The debt to asset ratio indicates the percentage of the school's assets that are financed through debt. In other words, it measures the extent to which the school relies on borrowed funds to finance its operations. High debt to asset ratios may indicate a low borrowing capacity, which in turn lowers the school's financial flexibility. As shown in the chart below, OPA-SOC's debt to asset ratio declined every year from 0.89 in FY 2013 to 0.46 in FY 2016 as the School's debt was paid down. OPA-SOC did not have material debt for funding its operations and that there should be no issue for OPA-SOC to pay its debt obligations.



4.2 Past Financial Transactions

General Observations

Throughout its testing and review process, C2G identified gaps in the provided accounting information that led to questions on the propriety of the amount and purpose of expenditures, as well as the allocation of shared costs among the various Oxford Prep Charter Schools, including Chino Hills, South Orange County, and

Saddleback Valley. Oxford Prep has been unable to provide sufficient supporting documentation to explain the basis or purpose for amounts expended and, in some cases, the amounts recorded in the accounting records did not tie to the source documentation. In addition, Oxford Prep has been unable to provide explanations for certain transactions and amounts due, in part, to not having been involved in operations during the relevant periods.

The current leadership of Oxford Prep has stated that is committed to making changes and is attempting to unravel and better understand the past financial transactions. Oxford Prep's current efforts to understand past financial transactions are, in large part, due to on-going litigation efforts. However, due to the nature of the on-going litigation, much of the requested information relevant to the evaluation of Oxford Prep's financial condition and past performance is currently unavailable.

Oxford Prep's current accounting services provider, Charter Impact, has not attempted to review and revise historical transactions, as its scope is currently to implement new accounting control procedures intended to better control and provide transparency of costs incurred.

Transactions with Edlighten Learning Solutions

C2G evaluated the transactions between Oxford Prep and ELS (including its predecessor names of Oxford Preparatory Academy Schools and Oxford Preparatory Alliance, which herein are jointly referred to as ELS). Oxford Prep had entered into a Master Agreement for Management Services with ELS. Susan Roche, the then Executive Director of Oxford Prep was also the Chief Executive Officer of ELS. The management services fee was to be based on a percentage of revenue that Oxford Prep received. Through FY 2016, it appears that OPA-SOC has paid \$1.76M for ELS services. Although C2G has requested supporting invoices and documentation for the ELS services provided, Oxford Prep has been unable to provide relevant details and has indicated the content is subject to its on-going litigation with and investigation of ELS. Moreover, no one has been able to explain discrepancies between available source documentation and accounting entries.

In addition, ELS began to charge rent for a portion of the facilities in Yorba Linda. Although C2G has requested rental agreements and documentation for the rental amounts, Oxford Prep has been unable to provide relevant details and has indicated the content is subject to its on-going litigation with and investigation of ELS. Moreover, no one has been able to explain why there were inconsistent charged amounts.

Lastly, in the agreements executed between Oxford Prep and ELS, ELS could lease Oxford Prep employees to provide services to ELS. It is unclear as to what services Oxford Prep employees would be asked to provide to ELS, which would, in turn, be part of the management services ELS provided back to Oxford Prep. Although C2G has requested invoices and timesheets related to the leased employees, Oxford Prep has been unable to provide relevant details and has indicated the content is subject to its on-going litigation with and investigation of ELS. Given the magnitude of the transactions, the lack of documentation and understanding of the transactions reflects the lack of internal controls and the potential for self-dealing with related party entities.

Transactions with Other Related Entities

During its work, C2G identified other transactions with potential related-parties. For example, other seemingly related parties included The Academies of Oxford Prep ("TAOP") which operated the charter school Oxford Preparatory Academy – San Marcos ("OPA-SM"). Not only did TAOP enter into a master agreement for management services with ELS, OPA-SM entered into an employee leasing agreement with OPA for the services of Susan Roche. Although C2G has requested invoices and timesheets related to these transactions, Oxford Prep has been unable to provide relevant details and has indicated the content is subject to its on-going litigation with and investigation of ELS. Moreover, the transactions are questionable because the Renewed Employee Leasing Agreement for the period of July 1, 2014 through June 19, 2015 was executed after the performance period, with no support of any work performed. Given the magnitude of the transactions, the lack of documentation and understanding of the transactions reflects the lack of internal controls and the potential for self-dealing with related party entities.

Another related party for which OPA-SOC was charged expenses was for payments to Brian Roche, Susan Roche's son. Again, C2G requested supporting transaction information to understand the nature and amount of the transaction; however, Oxford Prep has been unable to provide any substantiating documents.

Legal Expenses

Legal expenses for several law firms, including Theodora Oringher PC; Procopio, Cory, Hargreaves & Savitch LLP; and Law Offices of Young, Minney & Corr LLP, were identified in the accounting records for OPA-SOC. C2G requested supporting transaction information to understand the nature and amount of the transaction; however, Oxford Prep has been unable to provide any documents due to attorney-client privilege. Oxford Prep's management team has represented that the invoices for legal expenses are currently carefully reviewed to determine the appropriate schools against which to charge the expense; however, no information has been provided to C2G to allow for any evaluation. Moreover, no similar representations were made for past invoices and transactions. Therefore, C2G has no basis for any conclusions regarding these costs.

Inconsistencies between Internal Financial Records and Audited Financial Statements

During the course of its work, C2G attempted to reconcile the available internal financial records, such as general ledgers, accounts receivable reports, accounts payable reports, and allocation of functional expenses between schools. Based on C2G's evaluation, there were inconsistencies between the amounts reflected in the available internal financial records and the audited financial statements. Although Oxford Prep could not identify contemporaneous documentation to explain or reconcile the differences, it attempted to internally perform a reconciliation after-the-fact related to the functional expenses and still could not explain the differences. In fact, Oxford Prep acknowledged in one of its responses that it was "unable to identify the allocation between the different school sites or determine why amounts reported and the audited financials do not reconcile." The deficiencies and inconsistencies support the previously identified conclusion that there were insufficient internal controls and that the accounting transactions may be questionable.

5.0 Conclusion

Based on C2G's analysis of the historical financial performance, in conjunction with the internal control deficiencies that should be addressed going forward, the long-term sustainability of OPA-SOC is questionable. Importantly, the financial performance of OPA-SOC materially deteriorated in FY 2017 and is forecasted to deteriorate in FY 2018 due to increased costs and decreasing enrollment.

CUSD should consider the viability of Oxford Prep as an entire entity. Specifically, Oxford Prep is continuing to incur costs associated with OPA-CV and, based on extrapolating the most current projections, the OPA-CV fund balance will be depleted and the liability for those costs will need to be addressed.

C2G identified significant deficiencies in the accounting records, consistent with the acknowledged deficiencies in documentation and internal controls prior to 2017. Oxford Prep management appears to acknowledge and recognize these deficiencies and has indicated that it is committed to making changes and is attempting to unravel and better understand the past financial transactions. Oxford Prep's current efforts to understand past financial transactions are, in large part, due to on-going litigation efforts. However, at this time, there is insufficient information for C2G to conclude whether the expenditures are appropriate and relevant to OPA-SOC.

CAPISTRANO UNIFIED SCHOOL DISTRICT

NOTICE OF PUBLIC HEARING

During the Board meeting of July 11, 2018, the Capistrano Unified School District Board of Trustees will hold a hearing to accept comments from members of the public.

TOPIC OF HEARING

The issue of whether evidence exists to support the revocation of the Oxford Preparatory Academy's (OPA) charter in accordance with Education Code § 47607(e). No action will be taken at the Public Hearing.

Copies of the District's Notice of Intent to Revoke is available for the public inspection, upon request, at:

CUSD Reception
33122 Valle Road, San Juan Capistrano, CA
between the hours of 9:00 a.m. and 4:30 p.m.

HEARING DATE: July 11, 2018
TIME: 6:00 pm
LOCATION: CUSD Education Center
33122 Valle Road
San Juan Capistrano, CA
949-234-9200

CAPISTRANO UNIFIED SCHOOL DISTRICT
BOARD REPORT

To: Board of Trustees

From: Susan Holliday, Associate Superintendent, Education Services
Prepared by: Heidi Crowley, Coordinator Charter Schools and Strategic Initiatives

Date: June 20, 2018

Board Item: Notice of Intent to Revoke Oxford Preparatory Academy Charter Pursuant to
Education Code § 47607(e)

HISTORY

On November 22, 2016 the Fiscal Crisis and Management Assistance Team (FCMAT) Extraordinary Audit ordered by the San Bernardino County Superintendent of Schools regarding the Oxford Preparatory Academy (OPA) Charter School was published. Following the release of the FCMAT report, the District took the following steps to address concerns in the FCMAT report and additional concerns raised in OPA's responses to these notices:

- December 15, 2016 Notice of Violations
 - FCMAT Audit
- January 30, 2017 Letter
 - Response to Deficiencies in OPA's January 17, 2017 Response
 - December 15, 2016 Vicenti, Lloyd & Stutzman Independent Auditor's Report
 - OPA's Governance
 - Efforts to collect misappropriated public funds
- March 3, 2017 Letter
 - Further Response to Deficiencies in OPA's February 14, 2017's Response
- April 24, 2017 Letter
 - Request for Additional Information in Response to OPA's March 17, 2017 Response
- July 11, 2017 Notice of Concern
 - Withholding of Accrediting Commission for Schools (ACS) Western Association of Schools and Colleges (WASC) Accreditation
- September 15, 2017 Notice of Concern
 - OPA's fiscal management and stability
 - Notice of intent to audit
 - Demand to hold and retain all documents
- October 24, 2017 Letter
 - Follow-up to OPA's September 28, 2017 Response
 - Shared employees
 - Accounting errors
 - Funding for OPA Rise Petition
 - Revised budget
- December 15, 2017 Letter
 - Continuing document request related to District audit
- January 23, 2018 Letter

- Missing documents necessary for District audit

On March 14, 2018 the District Board issued a *Notice of Violation* (“NOV”) to OPA pursuant to Education Code section 47607(d) and Title 5 of the California Code of Regulations, §§ 11965(f) and 11968.5.2. In the NOV, the District identified OPA’s violations and provided OPA with a reasonable opportunity to respond to and/or remedy the violations by April 13, 2018. The NOV documented specific factual findings and provided evidence to support each of the legal grounds for revocation.

BACKGROUND INFORMATION

Education Code § 47607(e):

Before revoking a charter for failure to remedy a violation pursuant to subdivision (d), and after expiration of the school’s reasonable opportunity to remedy without successfully remedying the violation, the chartering authority shall provide a written notice of intent to revoke and notice of facts in support of revocation to the charter school. No later than 30 days after providing the notice of intent to revoke a charter, the chartering authority shall hold a public hearing, in the normal course of business, on the issue of whether evidence exists to revoke the charter. No later than 30 days after the public hearing, the chartering authority shall issue a final decision to revoke or decline to revoke the charter, unless the chartering authority and the charter school agree to extend the issuance of the decision by an additional 30 days. The chartering authority shall not revoke a charter, unless it makes written factual findings supported by substantial evidence, specific to the charter school, that support its findings.

CURRENT CONSIDERATIONS

Issuing a Notice of Intent to Revoke notifies a charter school of the authorizer’s decision to pursue revocation of a school’s charter due to the charter school’s failure to remedy one or more violations identified in the Notice of Violation. Staff will present information on the Oxford Preparatory Academy: Notice of Intent to Revoke and Notice of Facts in Support of Revocation to Oxford Preparatory Academy (OPA) Pursuant to Education Code § 47607(e). OPA’s response and supporting evidence to the Notice of Violation identified remedial actions taken or proposed but did not successfully remedy the material violations.

A Notice of Intent to Revoke and Notice of Facts in Support of Revocation to OPA providing findings of fact and substantial evidence pursuant to Education Code § 47607(e) is attached. Due to the size of the supporting documentation, complete information can be found at the following link:

<https://drive.google.com/file/d/1sFnSUrAoLk12jZv5M98Sq-XWM9F3PcAF/view?usp=sharing>

FINANCIAL IMPLICATIONS

The budget impact will be dependent on the resolution of revocation proceedings.

STAFF RECOMMENDATION

It is recommended the Board President recognize Susan Holliday, Associate Superintendent, Education Services, to present this item.

Following discussion, it is recommended the Board of Trustees approve the recommendation to issue a Notice of Intent to Revoke and Notice of Facts in Support of Revocation to Oxford Preparatory Academy (OPA) Pursuant to Education Code § 47607(e)

PREPARED BY: Heidi Crowley, Coordinator Charter Schools and Strategic Initiatives

APPROVED BY: Susan Holliday, Associate Superintendent, Education Services

Notice of Intent to Revoke and Notice of Facts in Support of Revocation
Oxford Preparatory Academy (OPA)
Pursuant to Education Code Section 47607(e)

*This Notice of Intent to Revoke and Notice of Facts in Support of Revocation will be issued upon approval by the
Capistrano Unified School District Board of Trustees*

June 20, 2018

I. EXECUTIVE SUMMARY

Since December 2016, Capistrano Unified School District (“District”) has issued the following notices to Oxford Preparatory Academy (“OPA”) with respect to the operation of Oxford Preparatory Academy-South Orange County (“OPA-SOC”)¹:

- December 15, 2016 Notice of Violations
 - FCMAT Audit
- January 30, 2017 Letter
 - Response to Deficiencies in OPA’s January 17, 2017 Response
 - December 15, 2016 Vicenti, Lloyd & Stutzman Independent Auditor’s Report
 - OPA’s Governance
 - Efforts to collect misappropriated public funds
- March 3, 2017 Letter
 - Further Response to Deficiencies in OPA’s February 14, 2017’s Response
- April 24, 2017 Letter
 - Request for Additional Information in Response to OPA’s March 17, 2017 Response
- July 11, 2017 Notice of Concern
 - Withholding of Accrediting Commission for Schools (ACS) Western Association of Schools and Colleges (WASC) Accreditation
- September 15, 2017 Notice of Concern
 - OPA’s fiscal management and stability
 - Notice of intent to audit
 - Demand to hold and retain all documents
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 - Shared employees
 - Accounting errors
 - Funding for OPA Rise Petition
 - Revised budget
- December 15, 2017 Letter
 - Continuing document request related to District audit
- January 23, 2018 Letter
 - Missing documents necessary for District audit

On March 14, 2018, the District Board of Trustees issued a *Notice of Violation* (“NOV”) to OPA pursuant to Education Code § 47607(d) and Title 5 of the California Code of Regulations, §§ 11965(f) and 11968.5.2. In the NOV, the District identified OPA’s violations and provided OPA with a reasonable opportunity to

¹ These notices have been incorporated as part of the District’s March 14, 2018 *Notice of Violation*.

respond to and/or remedy the violations by April 13, 2018. The NOV documented specific factual findings and provided evidence to support each of the legal grounds for revocation. (See NOV, Exhibits A-C.)

At OPA's request, the District granted an extension for OPA to respond no later than May 14, 2018. Over the course of that period, District staff met with OPA to discuss its pending response and provided feedback on OPA's draft response.

On May 14, 2018, OPA submitted its timely response and supporting evidence to the NOV ("OPA Response").² (See OPA Response, Exhibits A-V.)

II. NOTICE OF INTENT TO REVOKE

District staff recommends the Capistrano Unified School District Board of Trustees ("District Board") issue this *Notice of Intent to Revoke and Notice of Facts in Support of Revocation* ("NIR") because substantial evidence exists that OPA has failed to meet generally accepted accounting principles, engaged in fiscal mismanagement, and committed material violations of the conditions, standards, and procedures set forth in its charter.

District staff have evaluated the OPA Response and all documentation produced by OPA. The District has also continued its oversight responsibilities related to OPA, including ongoing review of OPA's financials. After careful review, District staff determined that significant violations continue to exist, including material violations of the conditions, standards, or procedures of its charter; fiscal mismanagement; and violations of law. Consequently, and as explained in further detail below, the District Board intends to revoke OPA's charter on the grounds that there is "substantial evidence that the charter school has failed to refute to the chartering authority's satisfaction, or remedy a violation identified in the notice of violation." (5 CCR §11968.5.2(d)(1).)

Upon the District Board's determination that the OPA Board failed to refute, remedy, or propose remedy to the violations of the charter and the fiscal violations identified in the NOV, it will adopt and issue this NIR to OPA and its Governing Board based on the grounds for revocation set forth below:

1. OPA failed to meet generally accepted accounting principles and engaged in fiscal mismanagement. (Ed. Code § 47607(c)(1)(C).)
2. OPA committed a material violation of the conditions, standards, or procedures set forth in the charter. (Ed. Code § 47607(c)(1)(A).)

The findings below and substantial evidence in support of issuing the NIR to OPA conform to the standards and procedures of California Education Code section 47607 and the California Code of Regulations, Title 5 section 11968.5.2.

This report provides the District Board with a summary of its legal authority, the violations identified in the NOV, OPA Response, District staff's analysis of OPA Response, and an analysis of academic performance.

² For purposes of this *Notice of Intent to Revoke and Notice of Facts in Support of Revocation*, the District hereby incorporates by reference the following: (1) the Notice of Violation, dated March 14, 2018, including all corresponding exhibits and enclosures, issued to OPA; and (2) OPA's Response, dated May 14, 2018, including all corresponding exhibits and enclosures.

III. LEGAL AUTHORITY

The revocation of a charter is governed by Education Code section 47607. Education Code section 47607(c) sets forth the grounds for revocation:

A charter may be revoked by the authority that granted the charter under this chapter if the authority finds, through a showing of substantial evidence, that the charter school did any of the following:

- (A) Committed a material violation of any of the conditions, standards, or procedures set forth in the charter.
- (B) Failed to meet or pursue any of the pupil outcomes identified in the charter.
- (C) Failed to meet generally accepted accounting principles or engaged in fiscal mismanagement.
- (D) Violated any provision of law.

The charter-authorizing agency precedes revocation with a Notice of Violation and a reasonable opportunity to remedy the violation under Education Code section 47607(d):

Prior to revocation, the authority that granted the charter shall notify the charter public school of any violation of this section and give the school a reasonable opportunity to remedy the violation, unless the authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils.

Prior to revocation, the charter-authorizing agency provides the charter school with a Notice of Intent to Revoke and conducts a public hearing on the potential revocation. (Ed. Code § 47607(e).) The charter school may appeal the revocation to the County Board within 30 days of any Board final action to revoke. (Ed. Code § 47607(f)(1).)

California Code of Regulations, Title 5, section 11968.5.2 describes the charter school's obligations once a Notice of Violations is served:

(c) Upon receipt of a Notice of Violation, the charter school's governing body as described in the school's charter, if it chooses to respond, shall take the following actions:

- (1) Submit to the chartering authority a detailed, written response addressing each identified violation which shall include the refutation, remedial action taken, or proposed remedial action by the charter school specific to each alleged violation. The written response shall be due by the end of the remedy period identified in the Notice of Violation.
- (2) Attach to its written response supporting evidence of the refutation, remedial action, or proposed remedial action, if any, including written reports, statements, and other appropriate documentation.

(d) After conclusion of the reasonable opportunity to remedy, the chartering authority shall evaluate the response of the charter school's governing body as described in the school's charter response to the Notice of Violation and any supporting evidence, if submitted, and shall take one of the following

actions:

- (1) If the chartering authority has substantial evidence that the charter school has failed to refute to the chartering authority's satisfaction, or remedy a violation identified in the Notice of Violation, continue revocation of the school's charter by issuing a Notice of Intent to Revoke to the charter school's governing body as described in the school's charter; or
- (2) Discontinue revocation of the school's charter and provide timely written notice of such action to the charter school's governing body as described in the school's charter.

(e) If the chartering authority does not act, as specified in subdivision (d), within 60 calendar days of the conclusion of the Remedy Period specified in the Notice of Violation, the revocation process is terminated and the Notice of Violation is void.

IV. NOTICE OF FACTS AND FINDINGS IN SUPPORT OF REVOCATION UNDER ED. CODE § 47607(e).

The factual bases for issuance of this NIR are set forth below. The District incorporates all of the substantial evidence and supporting documentation contained in the March 14, 2018 NOV.

Ed. Code § 47607(c)(1)(A): OPA committed a material violation of any of the conditions, standards, or procedures set forth in the charter.

A. Violation of Charter Element 4 – Governance

1. District NOV Findings

OPA-SOC Charter Petition states that OPA Board is responsible for providing general oversight and monitoring and evaluating the performance of the school's Executive Director. The OPA Board's duties also include promoting and guiding the mission and vision of the school, acting as a fiscal agent, developing and reviewing performance measures, including school goals. The Charter Petition also states that the Executive Director must ensure that the school is fiscally sound and stable, provide leadership in identifying school needs and in determining goals and objectives for developing long and short-range goals.

OPA Board violated the Charter Petition by failing to hire a permanent Executive Director. Since the retirement of Sue Roche as Executive Director in 2015, and the ensuing FCMAT Audit, there has been a revolving door of interim Executive Directors and/or Managing Directors. This turmoil and lack of a permanent Executive Director meant that there was no one to ensure that the school was fiscally sound and stable. There was no continuity in leadership to identify the school's needs and develop goals for the students to succeed.

Additionally, the OPA Board and administration staff have gone through a number of Board members and employees. This constant change in leadership meant that the OPA Board failed to act as a responsible fiscal agent by developing and revising a viable fiscal recovery plan to ensure the students would have a long future at these schools.

2. OPA's Response to NOV

OPA Board recognizes that they are responsible for governance responsibilities. OPA added a fifth member to its Board, and now all Board members are parents from the two OPA schools. The composition of the OPA Board now exclusively represents the schools it serves with two parents from the Saddleback Valley ("SV") campus and three from the SOC campus. The new OPA Board underwent Brown Act and governance training, as well as identifying its next steps in setting goals.

Furthermore, the OPA Board revised its Board Bylaws regarding board composition, filling vacancies, locations of meeting, adding items to the agenda, terms, and officers. It also hired Joshua Arnold to be the new Executive Director, and Oswaldo Diaz as its new Chief Business Officer. OPA is also in the process of creating an alternative executive leadership plan to ensure that the organization and schools continue to move forward in case there is a loss of any of the executive leadership personnel and expects to have this plan completed by June 30, 2018.

The OPA Response included exhibits to support its remedies, including biographies of the new Board members, Brown Act and governance training, OPA Board self-evaluation, draft Governance Team Handbook, revised Board Bylaws, resume of Kathleen Daugherty, and biographies and 90-day plans from the new Executive Director and Chief Business Officer.

3. District's Evaluation of OPA Response

While the District acknowledges that OPA has actively taken steps to remedy its charter violations through its new Board members, the OPA Response is insufficient to remedy the violations. Many of the changes that OPA has proposed in its Response have not yet been implemented. For example, the draft Governance Team Handbook is simply a shell without any substance identifying OPA's priorities, core values, or its Board goals, and it has not been adopted yet by the Board. Brown Act and governance training does not guarantee that regulations will be followed. Thus, these are insufficient remedies to the violation.

OPA hired a new Executive Director; however, the position is not slated to start until July 1, 2018. The Executive Director's 90-day plan submitted by OPA lacks sincerity, as there is no statement that verifies the FCMAT Audit, the Notices of Concern, or the Notice of Violation would be reviewed to gain understanding of OPA's past conduct. Furthermore, the 90-day plan fails to state how the recovery plan that was submitted in the OPA Response would be implemented. The 90-day plan also seems to be from a boilerplate template that could have been applied to any educational institute, as it makes multiple references to the "District's Strategic Plan," which the OPA Response does not mention anywhere else, nor explains what this Strategic Plan is. It also shows a lack of understanding of OPA culture through the absence of OPA-specific vocabulary. For example, there is no reference to students as "champions," teachers as "professors," or principals as "chancellors." There is a noticeable lack of reference to Multiple Intelligences ("MI") anywhere in the 90-day plan, which is the foundation of OPA's philosophy, leading the District to question whether MI will continue as OPA's focus of its program. The frequent reference to OPA as a "district" also raises some confusion. Finally, a picture used in the 90-day plan includes a photo of former OPA staff members whose contracts were terminated and no longer work for the OPA organization.

District staff reviewed the new Executive Director's resume that was submitted with the OPA Response. Staff was unable to verify one aspect of the Executive Director's education listed on the resume. Staff reached out to OPA for clarification, and did not receive a satisfactory response.

The resume also shows short stints in a career pathway which could result in a lack of stability for OPA: Principal at Los Alamitos High School from 2012-2014; Assistant Superintendent, Ed. Services, at Los Alamitos Unified School District from 2014-2016; and Superintendent for Culver City Unified School District from 2016-2017.

The new Chief Business Officer (“CBO”) started his position effective May 15, 2018. The CBO’s 90-day entry plan also lacks substance and is generic. There is no indication that a cash flow analysis would be developed or reviewed for the remainder of the 2017-2018 fiscal year, nor were there any set dates for when these goals would be accomplished, which raises accountability concerns..

These remedies, proposed and implemented, are insufficient to rectify the material violations of OPA-SOC’s charter. These action items have either not yet taken place, or they are vague and boilerplate, to the extent that it is not realistic to count on. For the above reasons, it has been determined that OPA has failed to refute or remedy this violation to the satisfaction of the District.

B. Violation of Charter – Administrative Services.

1. District NOV Findings

The OPA-SOC Charter Petition provides that the OPA Board needs to set the school’s administrative and fiscal policy, and the Executive Director must ensure that the educational philosophy and mission continue to be implemented.

OPA committed material violations of its charter by not implementing a strong fiscal policy to ensure that OPA’s educational philosophy and mission had viability to be implemented. From the inception of the District’s notices to OPA regarding its fiscal management, OPA has been unable to articulate and implement a financial recovery plan stemming from its prior fiscal misconduct. This absence of a stable fiscal recovery plan has left the future of OPA uncertain and an ongoing concern.

2. OPA’s Response to NOV

At the time of the OPA Response, the OPA Board had not adopted the revised fiscal policies or the FCMAT California Charter School Accounting and Best Practices manual and was anticipating doing so at their May 24, 2018 meeting. These policies will be effective July 1, 2018 once the CBO has an opportunity to train employees on these new policies. The OPA Response included the draft fiscal policies to substantiate its claims.

OPA also approved a revised organizational chart that reduces the number of administrative positions in the organization and will be reducing the salaries of remaining positions to a level commensurate with similar positions in local school districts and charter schools. OPA also submitted a fiscal recovery plan and three-year budget projections showing that OPA will have a budget surplus in the next three fiscal years.

With regards to declining enrollment, OPA plans to make changes to its Independent Study Program in terms of marketing, as well as raising the cap on seat-based students to increase revenue.

3. District's Evaluation of OPA Response

At the time of OPA's Response, the revised fiscal policies mirroring FCMAT's Accounting and Best Practices Manual had not yet been adopted by OPA's Board and therefore are not a remedy to the violations. By reducing OPA administration and cutting some of the salaries, OPA recognizes that not only was its administration top-heavy, but also overpaid compared to local school districts and other charter schools. With OPA's plan to bring in more revenue by increasing its Independent Study seat-based program, it is unclear from the budget how OPA will incorporate the costs of adding additional students, such as needing additional space and staff. The fiscal recovery plan did not have an outline of when certain action items will be implemented and when the savings are anticipated to start. Additionally, there is no way to determine accountability if there are no dates or milestones set in the plan. Finally, all these remedies had not been implemented by OPA at the time the Response was submitted, and therefore did not cure or satisfy the violations.

The three-year forecast submitted shows a recovery plan for OPA-SOC and OPA-SV. The OPA-SOC forecast raised additional questions on understanding its budget and anticipated expenses. The OPA-SOC multi-year forecast does not include outstanding penalties and interest fees owed for STRS. Furthermore, OPA budgeted one-time mandate funds in the amount of \$243,000 in 2018-2019 but has not advised on a contingency plan in the event this is not funded. It also shows a big increase in administrators' salaries and classified administrators' salaries (Object Codes 1300 and 2300) despite OPA's statements that they are reducing administrative positions and salaries. All these questions regarding the three-year forecast, without any indication of what OPA-Chino Valley's ("OPA-CV") reserves and outstanding liabilities are, do not refute or remedy this violation to the satisfaction of the District.

C. Evidence of Charter Violations

1. District NOV Findings

The District hired its own auditor to analyze OPA's future financial condition as well as to review its past fiscal conduct. The C2G Financial Review Memorandum made a finding that OPA's financial strength and performance is deteriorating to the point of a deficit if OPA is unable to implement a successful recovery plan. The report found that OPA's revenues were decreasing while non-service related expenditures (e.g. management and general expenses) have been increasing since Fiscal Year 2016. Enrollment had declined 7.1% from FY 2016 to FY 2017. The decrease in revenues is largely due to lower enrollment numbers, while the increase in expenditures was a result of the loss of the OPA-CV charter school. As a result, OPA-SOC and OPA-SV were now absorbing OPA-CV's costs.

There was also evidence that OPA-CV's fund balance had been quickly diminishing and was expected to be depleted by June 2018. There was no plan from OPA on how it would continue to fund and pay for OPA-CV's expenses and obligations without impacting the viability of the other two OPA schools.

As revenues for a school depend substantially on enrollment numbers, OPA needed to articulate a plan on how to reverse the declining trend on enrollment and revenue.

2. OPA's Response to NOV

OPA points to the revised organizational chart to show that it now has a sustainable staffing plan due to the reduced overhead. In its Response, OPA states that they will be presenting a new salary schedule at their

May 24, 2018 meeting to reduce the current administrative salaries by approximately 20%. As previously stated above, OPA plans to increase revenue by materially revising its Independent Study Program to raise the cap on seat-based students.

OPA acknowledges that it incurred significant costs to return the OPA-CV school back to Chino Unified School District, but no further funds are due to the district by OPA. OPA states that all one-time expenses are now completed and do not predict forward deficits or that the two OPA schools will need to absorb these deficits.

OPA also states that it will continue to litigate against Chino Unified School District, with appeal costs borne by California Charter Schools Association (“CCSA”) and submits a copy of the agreement as an exhibit. OPA also affirmatively states that it will litigate until completion its claims against Edlighten Learning Solutions (“ELS”) and Sue Roche.

3. District’s Evaluation of OPA Response

OPA states that OPA-CV no longer has forward deficits, but the District cannot verify this because OPA did not submit OPA-CV’s budget or accounting. It is unclear what OPA-CV’s current reserves are, although the District is aware that OPA-CV is paying \$4900/month to store its furniture and owes penalties and interest in STRS and CDE payments. OPA has not provided evidence to show that OPA-CV no longer has forward deficits, nor has it provided any showing that OPA-SOC and OPA-SV are not in danger of absorbing OPA-CV costs. Furthermore, OPA does not address the possibility that the District may deny OPA’s request for a material revision to increase its Independent Study seat-based program, thereby foreclosing any increase in revenue. Thus, these remedies are insufficient to cure the violations.

OPA demonstrated questionable governance by failing to evaluate and make necessary changes to OPA’s administration team for nearly a year after OPA-CV shut down in July 2017. Only when the District’s NOV made a finding that OPA’s management expenditures were increasing did OPA Board approve a new organizational chart that reduces the number of top administration and support positions by almost 40%. Additionally, not only was the size of OPA’s administration and support unnecessary to operate the two schools, some of these salaries were inflated in comparison to school districts and other charter schools. The failure of OPA to spot these issues earlier on highlights OPA’s ineffective governance, and OPA’s remedies are insufficient to cure these matters. Finally, these remedies have not been implemented yet; e.g. an updated salary schedule has not been approved by the OPA Board, and therefore the District has determined that OPA has failed to refute or remedy this violation to the satisfaction of the District.

Ed. Code § 47607(c)(1)(C): OPA failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement.

D. OPA Engaged in Fiscal Mismanagement

1. District NOV Findings

The District’s NOV relied on the FCMAT Audit and the C2G Financial Review Memorandum to support its findings that OPA failed to follow Generally Accepted Accounting Principles (“GAAP”) as well as engaged in egregious fiscal mismanagement that caused OPA to divert millions of public funds away from the students. Specifically, the NOV made the following findings regarding OPA practices: (i) inability to

explain its past financial transactions, (ii) lack of effective internal controls, (iii) related-party transactions, (iv) gift of public funds, (v) loans, (vi) payments to ELS, and (vii) diversion of funds.

During the course of the District's audit, the C2G auditor identified gaps in the accounting information and discrepancies that OPA was unable to explain or provide sufficient supporting documentation to explain the basis for some of the amounts expended. Furthermore, with the nature of the ongoing litigation against Sue Roche and ELS, OPA was unable to provide much of the requested information the auditor sought. The limited information available is a serious concern to the District as it raises questions about OPA's past financial practices, and whether its new internal controls are sufficient to prevent future fiscal mismanagement. The District also noted that the FCMAT Audit concluded that about \$4.7 million of public funds were misappropriated as a result of OPA's prior conduct.

The lack of effective internal controls allowed Sue Roche, her relatives, and close associates to commit fraud and funnel public funds through transactions with related parties. For example, OPA's relationships with ELS, The Academies of Oxford Prep ("TAOP"), and Brian Roche, raised red flags in the audits due to questionable transactions unsupported by documentation that opened the door to self-dealing.

The FCMAT Audit found evidence that these related parties (ELS, TAOP, etc.) were intentionally created to divert and launder public funds from OPA to private individuals and to conceal these transactions from the District and auditors. Evidence from contracts, tax returns, and internal documents showed that these parties were sharing employees, equipment, and office space.

According to the FCMAT Audit, OPA also improperly gifted public funds to ELS by paying upfront for ELS health premiums, equipment leases, travel costs, and other payments. Although OPA was subsequently reimbursed for these payments, public funds cannot be used to advance pay expenditures for other corporations. Thus, these were improper gifts by OPA.

The FCMAT Audit also uncovered loans totaling \$376,000 from ELS to TAOP using the fees collected from OPA. These transactions lacked arms-length dealings between related parties and therefore inappropriate use of public funds.

OPA paid exorbitant management fees to OPAS/ELS (\$4 million over the course of 3 years) without disclosing that these were related parties. The deliberate concealment of the related nature of these relationships allowed the diversion of public funds.

The District found that despite the ongoing dialogue with OPA regarding its past fiscal misconduct and its road to recovery, OPA still had not corrected its fiscal and governance shortfalls identified in the audits. Furthermore, OPA's Board did not demonstrate effective governance as it had not recovered any of the public funds that were illegally diverted to Sue Roche, her associates, and related parties through its ongoing litigation efforts.

2. OPA's Response to NOV

- **Inability to explain past financial transactions.** OPA acknowledges past deficiencies in its finances and operations, but states that its new management team, better advisors, new fiscal policies, and a fiscal recovery plan will serve to cure these past issues. In addition, OPA is searching for a new back office provider to provide stronger support and guidance. OPA will also direct its new CBO to reconcile accounting records based on new financial documents that were discovered by OPA in late

April. OPA has released its litigation team and retained a new law firm, Conner Fletcher & Hedenkamp LLP, to pursue claims against Sue Roche and others.

- **Lack of effective internal controls.** OPA again acknowledges past deficiencies in its finances and operations. It states that the new management team, better advisors, new fiscal policies, and a fiscal recovery plan will cure these issues. OPA has severed its relationship with all related party entities and adopted a new policy regarding intra-company loan transfers for operational expenditures. OPA states that Board approval is required before any related party entities can be established in the future. It has also provided all available documents regarding ELS and leased employees, Sue Roche, Brian Roche, TAOP and other entities to District staff. OPA recently discovered additional documents that may shed further light between OPA and TAOP, OPAS, and Edlighten, and provide support current and future litigation against Sue Roche and other parties. OPA requests that it be given until September 30, 2018 to find all supporting documentation and make reconciliations to the extent possible. It also acknowledges that these parties were likely related parties in some of the fiscal years.
- **Related party transactions.** OPA acknowledges that these parties likely were related parties in some of the fiscal years. OPA states that while these related party transactions occurred under the prior administration, the new OPA administration has proactively sought the recovery of funds through civil litigation and assisting in an ongoing criminal investigation. OPA recently hired Connor, Fletcher & Hedenkamp LLP to assist them on this matter. Additionally, the Board has adopted a policy that addresses related party entities through its Intra-Company Loan Transfers for Operational Expenditures, that the new CBO will help implement.
- **Gift of public funds.** Please see response above to related party transactions.
- **Loans.** OPA administration is currently looking into this matter, as they recently discovered new electronic files that will hopefully be responsive to this matter. OPA will supplement this response and asks for an extension until August 30, 2018 to fully respond.
- **Payments to ELS.** Please see response above to related party transactions.
- **Diversion of funds.** Please see response above to related party transactions.
- **OPA Board failed to make necessary changes to address and correct these findings.** OPA has a new Board composition and members have received training regarding job responsibilities and roles. It also has a new experienced senior interim management team led by Kathleen Daugherty, which will be joined by the new CBO. Revised fiscal policies, fiscal recovery plan, policy regarding related party entities, and a nepotism policy will be adopted or have already been implemented to prevent any related party transactions in the future. OPA Board receives weekly updates on all actions of the interim team, is reviewing and revising all policies and procedures, conducted an in-depth personnel audit, and provided opportunities for the staff, parents, and community to give input to the Board.
- **Questionable governance as it has not recovered any of the public funds that were illegally diverted.** OPA has provided documents to show that it is aggressively pursuing litigation against Sue Roche and ELS, but currently it is up on appeal on whether the matter must be arbitrated. Until the appellate court issues a decision, OPA cannot proceed further with recovery efforts. Once the

appeal is finished, OPA will pursue the litigation to its conclusion through its new legal counsel, Connor, Fletcher & Hedenkamp LLP. OPA is also examining newly discovered digital documents and intends to seek individual restitution for unacceptable travel and other expenditures by prior employees.

- **Potentially low morale of the campus, communication to stakeholders, and actions of the Board.**
OPA is in the process of adopting norms and protocols to allow for the collective and transparent oversight and decision making necessary to keep the schools fiscally sound and high achieving. Kathleen Daugherty, the interim Executive Director, created multiple channels to keep the staff and community informed, such as implementing Weekly Administrative Team Talks, weekly messages and organization updates, executive administration participation in Advisor Council meetings, ensuring that all policies directly affecting school sites or families are sent to the Advisory Councils before Board action, creating salary committees to help with the development of new salary schedules with representatives from the respective employees, creation of an interview committee to assist in selecting the new Chancellor for OPA-SOC with representation from parents and staff. These strategies share the same goal of allowing the students, staff and families to experience and grow in a safe and secure environment, and to trust the OPA Board and Executive team.

3. District's Evaluation of OPA Response

OPA failed to refute or remedy the finding that OPA failed to follow generally accepted accounting principles, or engaged in fiscal mismanagement.

OPA is responsible for providing to the District, as the oversight agency, accurate financial information. Failure to provide such information hinders the District's ability to oversee and effectively monitor OPA's fiscal actions. In its Response, OPA explains why it cannot provide all the documents and revealed that it recently discovered additional financial documents that are being reviewed now before being produced to the District. Considering the potential amount of public funds that are believed to have been diverted to private individuals as a result of OPA's fiscal mismanagement, and in light of the District's year-and-a-half dialogue with OPA on these matters, OPA has not refuted or remedied this violation. In fact, the discovery of additional documents previously undisclosed to the District illustrates OPA's continuing lack of internal controls, inability to manage its finances, and failure to ensure full transparency related to its financial affairs.

OPA is attempting to cure its past related party transactions by adopting fiscal policies, replacing its Board with new members, and seeking stronger advisors, to prevent any such questionable relationship with businesses in the future. It is also recognizing that these entities were likely related to OPA, something OPA has been reluctant to admit before. However, many of these changes OPA discusses in its Response have not yet been adopted or are too premature to conclusively determine whether these changes will remedy the District's concerns. At the time of the OPA Response, OPA had not yet hired a new back office provider. The new policy regarding related-party transactions had also just been adopted by the OPA Board and therefore it is unclear whether this revised policy will prevent future related-party transactions with possible fraud and/or conflicts of interest. The existence of policies and procedures does not guarantee implementation. At best, these are minimal remedies insufficient to address the material violations that have occurred.

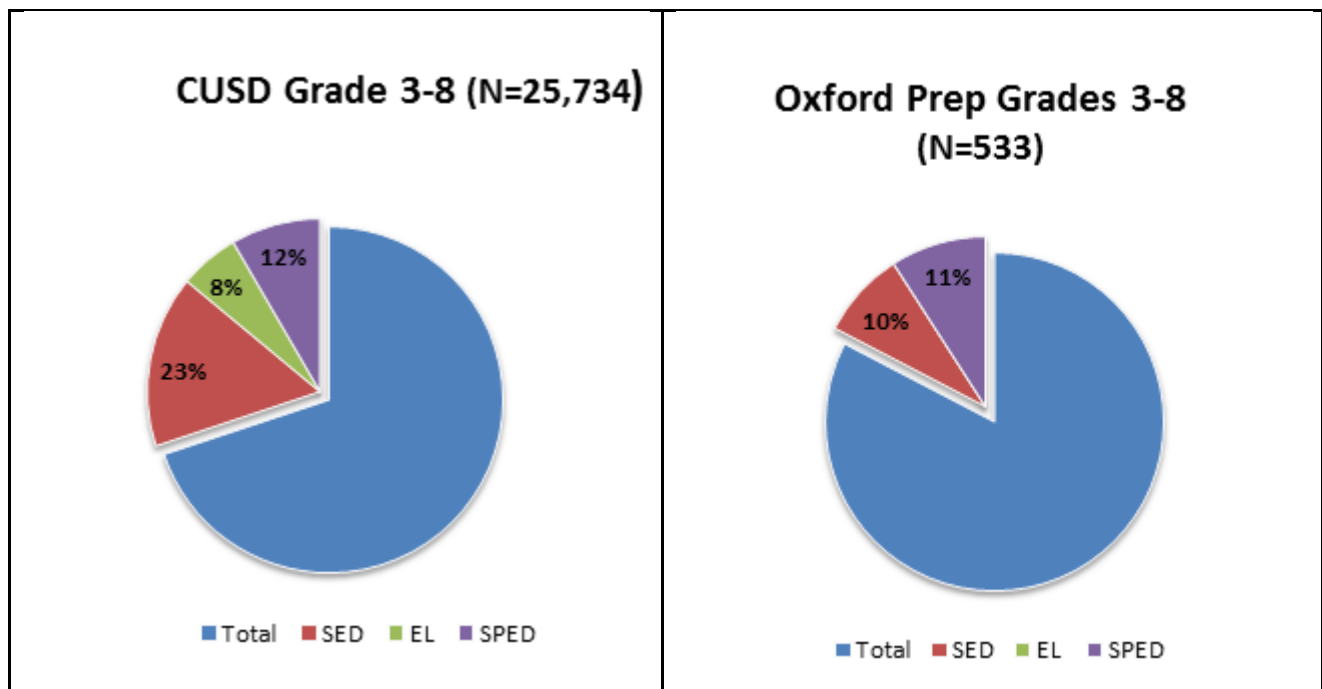
Again, as stated previously, the District has engaged with OPA in a transparent and open dialogue from 2016 to present regarding OPA's fiscal condition and its management. Throughout this dialogue, OPA has always distanced itself from Sue Roche and the prior administration and pointed to them when asked to answer for these questionable fiscal practices. However, it is important to emphasize that the District's concern is not solely with Sue Roche and her bad acts in misappropriating public funds, but also the continued lack of answers and remedies offered by OPA post-Sue Roche. It speaks volumes that although the FCMAT Audit came out in 2016, a year and a half later, OPA is still scrambling to remedy its past violations. The recent discovery of records by OPA administration that were stored offsite is just another example of the extent to which OPA concealed its actions from the District, all the while telling the District and the public that the documents requested were not in OPA's possession.

Overall, based on the OPA Response, it is evident that the new OPA Board is diligently attempting to remedy the past violations of OPA and to secure the public's trust that OPA is able and ready to protect and provide for its students. However, despite multiple notices of concern and dialogue, the District continues to have concerns regarding OPA's practices, past and future, based on information currently available, and the District has concluded that OPA has failed to refute and/or remedy the violations to the satisfaction of the District. Ultimately, the substantial diversion of public funds by OPA to private individuals requires the District to take revocation action to promote the sound policy of zero tolerance for such transgressions. Therefore, for the above reasons, the District has determined that OPA has failed to refute or remedy this violation to the satisfaction of the District.

V. COMPLIANCE WITH EDUCATION CODE SECTION 47607(c)(2).

Pursuant to Education Code section 47607(c)(2), the District Board “shall consider increases in pupil academic achievement for all groups of pupils served by the charter school as the most important factor in determining whether to revoke a charter.”³

Demographic comparison for the District and OPA-SOC: The District has a much larger student population, 25,734 students compared to OPA-SOC’s 533 in grades 3-8. The District has 8% of its student population classified as English Learners (EL), whereas, OPA-SOC has no reported English Learners at their school site. Also, the District has a much larger percentage of Socially Economically Disadvantaged (SED) students with 23% compared to 10% for OPA. The Special Education (SPED) student percentage is relatively the same.



Source: California Department of Education – CAASPP 2016-17

³ For purposes of this section, any reference to “CUSD” or “District” will be referring to Capistrano Unified School District. Any reference to “OPA-SOC” or “Oxford Prep” will be referring to Oxford Preparatory Academy-South Orange County.

The District conducted an analysis of OPA-SOC's increases in pupil academic achievement in all groups of pupils served by the charter school for the California Assessment of Student Performance and Progress (CAASPP).

Oxford Preparatory Academy CAASPP Results
% Met or Exceeded Standards

Student Groups	ELA						Math					
	2015	2016	2017	Change 2015-16	Change 2016-17	Change 2015 to 2017	2015	2016	2017	Change 2015-16	Change 2016-17	Change 2015 to 2017
All Students	87	87	90	-	+3	+3	68	76	82	+8	+6	+14
SED	73	83	75	+10	-8	+2	45	66	67	+21	+1	+22
EL	77	76	*	-1	*	*	85	58	*	-27	*	*
SWD	68	67	60	-1	-7	-8	47	54	50	+7	-4	+3
White	86	88	91	+2	+3	+5	70	76	82	+6	+6	+12
African American	*	*	*	*	*	*	*	*	*	*	*	*
Asian	89	88	92	-1	+4	+3	81	89	92	+8	+3	+11
Filipino	*	73	*	*	*	*	*	82	*	*	*	*
Hispanic	81	86	80	+5	-6	-1	59	68	71	+9	+3	+12

*no data due to small sample size or no students in the subgroup

Source: California Department of Education – CAASPP 2016-17

This is an analysis of CAASPP student scores for the past three years. English Language Arts (ELA) scores have increased slightly among All Students, Socio-Economically Disadvantaged (SED), White, and Asian student groups with inconsistency among SED students. ELA student scores have decreased among Students with Disabilities (SWD) and Hispanic Students.

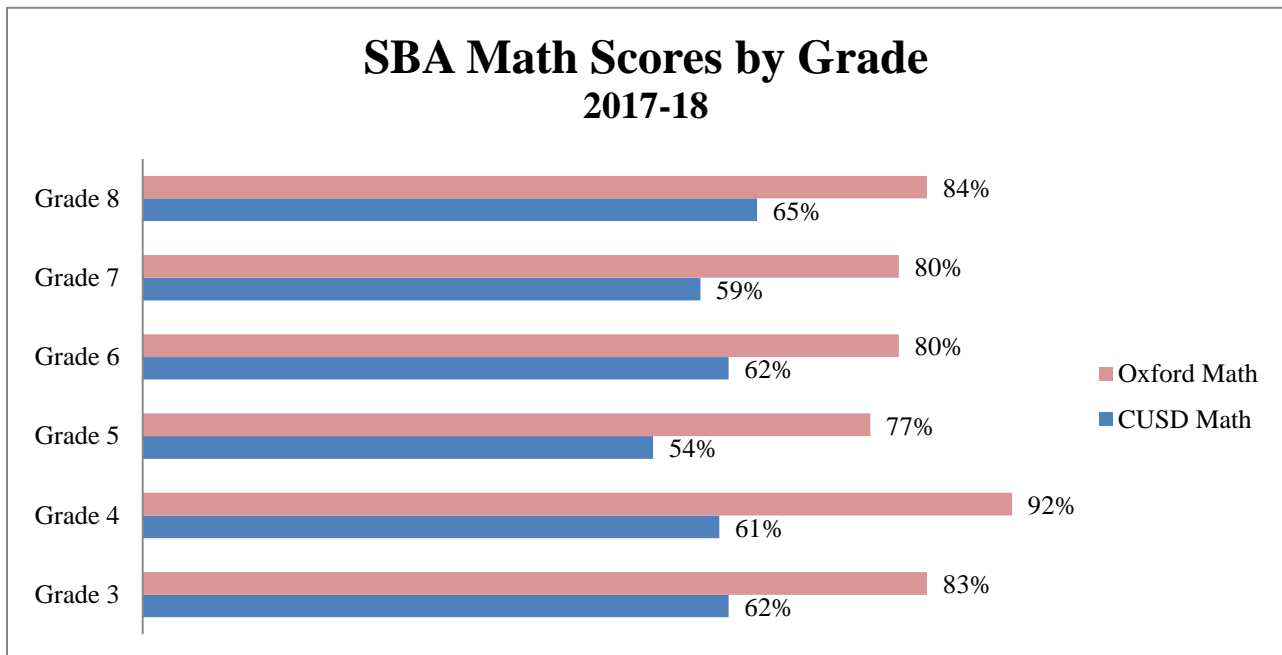
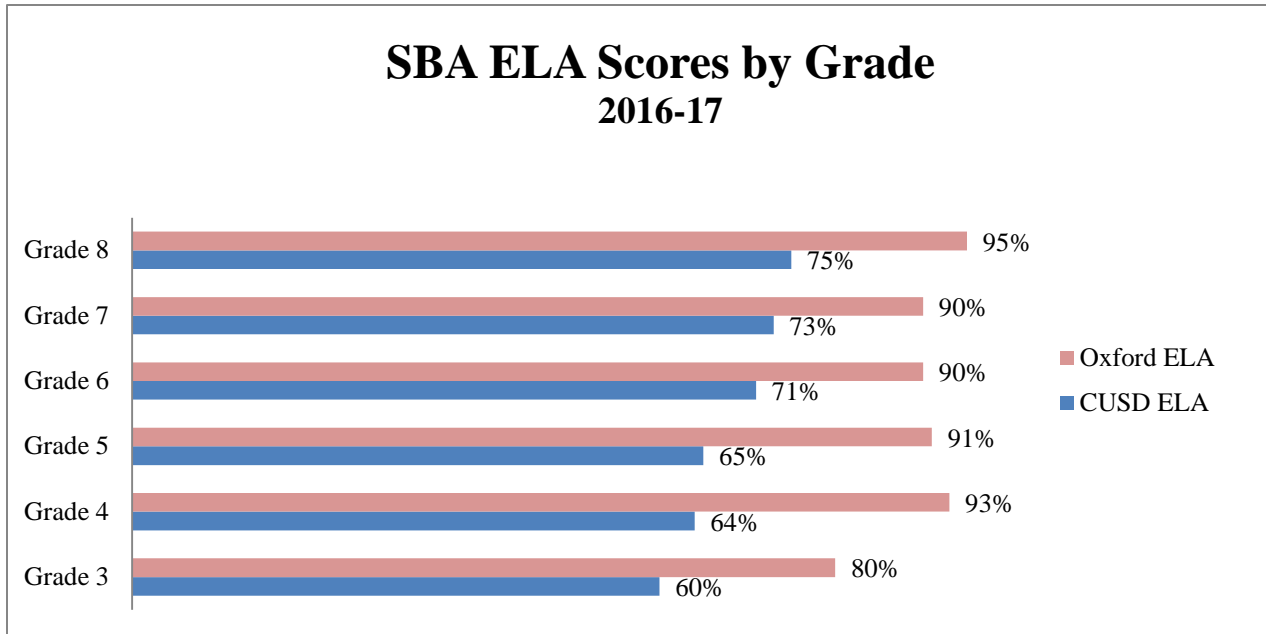
Math student scores have increased overall among all student groups with some inconsistency among SWD.

As for English Learner (EL) students, data is only available for 2015 and 2016 due to the small number of students. When comparing the two years, student scores have decreased in both ELA and Math with significant decreases in Math.

The study below compares OPA-SOC's academic performance to that of the District's.

The District and OPA-SOC Smarter Balanced Assessment Analysis

This report analyzes the Smarter Balanced Assessment (SBA) scores for the District and OPA-SOC for the 2016-2017 school year. When SBA scores are compared, OPA-SOC's ELA and Math scores are significantly higher than the District across all grade levels. OPA-SOC's SBA scores are higher than the District by as much as 15 to 20 percentage points. However, per the demographic comparison chart provided, the demographic makeup of OPA differs significantly from that of the District.



Source: California Department of Education – CAASPP 2016-17

The District has given extra weight to this data when considering all the factors for revocation, as is required under the Education Code. However, even using increases in pupil performance as the most important factor in whether to revoke OPA-SOC's charter, it would not override the serious violations discussed above. OPA-SOC's pupil achievement does not outweigh OPA's lack of internal financial controls, fiscal mismanagement, and serious concern of ongoing fiscal stability, to the ultimate detriment to its students' education. Upon consideration of this information, good cause exists to issue this NIR.

VI. CONCLUSION

The District Board has determined that OPA has failed to cure the violations set forth in the March 14, 2018 NOV. The OPA Response is inadequate as detailed above and substantial evidence exists to support the District Board's grounds for revocation.

Accordingly, the District Board hereby issues this *Notice of Intent to Revoke and Notice of Facts in Support of Revocation* to the governing board of OPA.

The date and time specified for a public hearing concerning revocation is as follows:

DATE:	July 11, 2018
TIME:	4:00 pm
LOCATION:	Capistrano Unified School District 33122 Valle Road San Juan Capistrano, California 92675

VII. SERVICE

Upon the District Board's approval of issuance of the *Notice of Intent to Revoke and Notice of Facts in Support of Revocation* at the regularly scheduled board meeting, to be held in open session in accordance with the *Brown Act*, on June 20, 2018, the District Superintendent shall issue the *Notice of Intent to Revoke and Notice of Facts in Support of Revocation* to:

Kathleen Daugherty
Interim Executive Director
Oxford Preparatory Academy Charter Schools
4740 Green River Road, Suite 210
Corona, CA 92880
(951) 496-4964