

**CONEJO VALLEY UNIFIED  
SCHOOL DISTRICT**

**COUNTY OF VENTURA**

**THOUSAND OAKS, CALIFORNIA  
AUDIT REPORT**

**FISCAL YEAR ENDED JUNE 30, 2007**

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**Thousand Oaks, California**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
AND SUPPLEMENTARY INFORMATION**

*Fiscal Year Ended June 30, 2007*

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
TABLE OF CONTENTS**

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Report of Independent Auditor	1-2
Management’s Discussion and Analysis	3-10
Basic financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12-13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (GAAP) – General Fund	18
Statement of Fund Net Assets – Proprietary Fund	19
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Fund	20
Statement of Cash Flows – Proprietary Fund	21
Statement of Fiduciary Net Assets – Fiduciary Funds	22
Notes to the Basic Financial Statements	23-44

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
TABLE OF CONTENTS**

Page

**COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:**

Combining Statements – Nonmajor Funds:

Combining Balance Sheet – Nonmajor Special Revenue Funds	45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	46
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual: - Nonmajor Special Revenue Funds	47-50
Combining Balance Sheet – Nonmajor Capital Projects Funds	51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	52
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual: - Nonmajor Capital Projects Funds	53-54
Combining Balance Sheet – All Agency Funds	55
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	56

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
TABLE OF CONTENTS**

	<u>Page</u>
<b>SUPPLEMENTARY INFORMATION SECTION</b>	
Organization	57
Schedule of Average Daily Attendance	58
Schedule of Instructional Time	59
Schedule of Excess Sick Leave	60
Schedule of Financial Trends and Analysis	61-62
Schedule of Expenditures of Federal Awards	63
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	64
Notes to Supplementary Information	65
<b>OTHER REPORTS SECTION</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	66-67
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	68-69
Report of Independent Auditors on State Compliance	70-71
<b>FINDINGS AND RECOMMENDATIONS SECTION</b>	
Schedule of Audit Findings and Questioned Costs	72-75
Summary Schedule of Prior Audit Findings	76-83

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**FINANCIAL SECTION**

## REPORT OF INDEPENDENT AUDITORS

Board of Education  
Conejo Valley Unified School District  
1400 East Janss Road  
Thousand Oaks, California 91362

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Conejo Valley Unified School District (the "District") as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

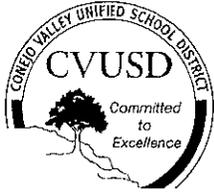
In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2008 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the District. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Quezada & Company*

Pasadena, California  
January 9, 2008



# Conejo Valley Unified School District

## BUSINESS SERVICES

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Mario Contini  
*Superintendent*

Jeff Baarstad, Ph.D  
*Deputy Superintendent  
Business Services*

This section of Conejo Valley Unified School District's 2006-2007 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2007. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

### The Financial Statements

The financial statements presented herein include all of the activities of the Conejo Valley Unified School District (the "District") and its component units using the integrated approach as prescribed by GASB Statement Number 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The Fund Financial Statements include statements for each of the three categories of activities: governmental, business-type, and fiduciary.

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

The Business-Type Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Conejo Valley Unified School District.

## FINANCIAL HIGHLIGHTS OF THE PAST YEAR

### REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2007**

companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

In the Statement of Net Assets and the Statement of Activities and Changes in Net Assets, the District's activities are categorized as follows:

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

**REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

Fund Financial Statements

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

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

**Proprietary funds** – When the District charges users for the services it provides, whether to outside customers or other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. We use internal service funds to report activities that provide supplies and services for the District's other programs and

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2007**

activities – such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

**THE DISTRICT AS TRUSTEE**

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for associated student body activities, scholarships, employee retiree benefits and pensions. The District's fiduciary activities are reported in separate Statement of Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE DISTRICT AS A WHOLE**

Net Assets

The District's net assets were \$92.703 million for the fiscal year ended June 30, 2007. Of this amount, approximately \$49.484 million was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities (in millions of dollars).

**TABLE 1**

**NET ASSETS (in millions of dollars)**

	Governmental Activities	Business-Type Activities	School District Activities
<b>Current and other assets</b>	\$ 64.639	\$ -	\$ 64.639
Inventories	0.347	-	0.347
Capital assets (land)	18.671	-	18.671
Depreciable assets (net)	108.303	-	108.303
Total assets	<u>191.960</u>	<u>-</u>	<u>191.960</u>
<b>Current liabilities</b>	14.602	-	14.602
Outstanding debt	84.655	-	84.655
Total liabilities	<u>99.257</u>	<u>-</u>	<u>99.257</u>
Total net assets	<u>\$ 92.703</u>	<u>\$ -</u>	<u>\$ 92.703</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2007**

**TABLE 2  
CHANGES IN NET ASSETS**

	<u>Governmental Activities</u>
<b>Revenues</b>	
Instruction	\$ 63,227,314
General revenue and subventions	139,308,166
Interest and investment earnings	2,915,032
Miscellaneous	22,628,481
Total revenues	<u>\$ 228,078,993</u>
<b>Expenses</b>	
Instruction	\$ 111,799,955
Instruction related	18,551,246
Pupil services	14,044,487
General administration	9,448,145
Plant services	18,923,550
Ancillary services	1,956,375
Community services	770,362
Enterprise activities	3,569,901
Interest on long-term debt	3,775,010
Other outgo	6,728,702
Depreciation (unallocated)	5,449,637
Total expenses	<u>\$ 195,017,370</u>
Change in net assets	<u>\$ 33,061,623</u>

**Governmental Activities**

As reported in Table 2, the cost of all of our governmental activities this year was \$195.017 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$76.147 million because the cost of a portion of our programs was paid by those who benefited from the programs or by other governmental and organizations who subsidized certain programs with grants and contributions.

In Table 3, we have presented the cost of each of the District's seven largest functions - regular program instruction, guidance and counseling, school administration, pupil transportation, administration and maintenance, maintenance and operations and other programs. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2007**

**TABLE 3  
NET COST OF GOVERNMENTAL ACTIVITIES  
(in millions of dollars)**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	Total Cost	Net Cost
Instruction	\$ 111.800	\$ 48.573
Supervision of Instruction	3.591	3.591
Instructional Library, Media and Technology	1.451	1.451
School Site Administrator	13.509	13.509
Home-to-School Transportation	1.616	1.616
Food Services	4.929	4.929
Other Pupil Services	7.499	7.499
Data Processing	2.631	2.631
Other General Administration	6.817	6.817
Plant Services	18.924	18.924
Ancillary Services	1.956	1.956
Community Services	0.770	0.770
Enterprise Activities	3.570	3.570
Interest on Long-Term Debt	3.775	3.775
Other Outgo	6.729	6.729
Depreciation (unallocated)	5.450	5.450
<b>Total Governmental-Type Activities</b>	<u>\$ 195.017</u>	<u>\$ 131.790</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2007**

**TABLE 4**  
**CAPITAL ASSET AND DEBT ADMINISTRATION**  
**(in millions of dollars)**

Capital Assets

At June 30, 2007, the District had \$193.980 million in a broad range of capital assets, including land, buildings, and furniture and equipment.

	<u>Governmental Activities</u>
Land	\$ 18.671
Land improvements	30.111
Buildings and improvements	135.348
Construction in progress	6.679
Equipment	3.171
Total	<u>\$ 193.980</u>

Major addition included (in millions):

HVAC Replacement	\$ 2.263
Modernization projects	5.874
NPHS Classroom	0.913

This year's major additions included the modernization projects, the Newbury Park High School classrooms and the HVAC replacements. Newbury Park High School classrooms and the HVAC replacements were paid for using Developers Fees, and Modernization projects using General Obligation Bonds. Several capital and modernization projects are planned for the 2007-2008 year. We anticipate capital additions to be over \$7 million, and modernization projects to be \$3.2 million.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2007**

Long-Term Debt

At the end of this year, the District had \$84.654 million in bonds outstanding versus \$83.111 million last year.

**TABLE 5**  
**OUTSTANDING DEBT AT YEAR-END**  
**(in millions of dollars)**

	<u>Governmental Activities</u>
General obligation bonds	\$ 77.323
Compensated absences	0.663
Capital leases payable	<u>6.668</u>
Totals	<u>\$ 84.654</u>

The District's general obligation bond rating continues to be "AA-." The State limits the amount of general obligation debt that District's can issue to a formula based on the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of \$77.323 million is significantly below this \$353.918 million statutorily - imposed limit.

Other obligations include compensated absences, and capitalized lease obligations used to augment FEMA revenues and used to repair and mitigate earthquake hazards and install energy efficient insulation and lighting systems.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2007**

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

In considering the District Budget for the 2007-2008 year, the District Board and management used the following criteria:

1. Revenue limit income.
2. Increases in the growth rate of new student enrollment.
3. Consideration of collective bargaining salary formula.
4. Increases in the cost of employee health and welfare costs.

Expenditures are based on the following forecasts:

	Staffing Ratio	First Month Enrollment
Elementary	19:1 kindergarten - 3rd, 30:1 4th - 5th	9,074
Intermediate	30:1	4,968
High School	30:1	7,524
Special Education	30:1	496
Totals		<u>22,062</u>

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Dr. Jeff Baarstad, Deputy Superintendent, Business Services, at Conejo Valley Unified School District,

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**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

	<u>Government</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Component Unit</u> <u>Conejo Valley</u> <u>Educational</u> <u>Foundation</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 51,118,651	\$ -	\$ 51,118,651	\$ 362,020
Accounts receivables	13,520,577	-	13,520,577	15,000
Inventories and prepaid expenses	346,928	-	346,928	-
Capital assets:				
Land	18,671,449	-	18,671,449	-
Land improvement	30,110,806	-	30,110,806	-
Construction in progress	6,678,970	-	6,678,970	-
Buildings and improvements	135,347,767	-	135,347,767	-
Furniture and equipment	3,170,985	-	3,170,985	-
Less: accumulated depreciation	(67,005,480)	-	(67,005,480)	-
Total capital assets, net of depreciation	<u>126,974,497</u>	<u>-</u>	<u>126,974,497</u>	<u>-</u>
Total assets	<u>\$ 191,960,653</u>	<u>\$ -</u>	<u>\$ 191,960,653</u>	<u>\$ 377,020</u>
<b>Liabilities</b>				
Accounts payable and other current liabilities	\$ 12,444,494	\$ -	\$ 12,444,494	\$ 112,874
Accrued interest	706,580	-	706,580	-
Deferred revenue	1,202,711	-	1,202,711	-
Long-term liabilities:				
Due within one year	7,970,997	-	7,970,997	-
Due after one year	<u>76,683,860</u>	<u>-</u>	<u>76,683,860</u>	<u>-</u>
Total liabilities	<u>99,008,642</u>	<u>-</u>	<u>99,008,642</u>	<u>112,874</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	42,276,225	-	42,276,225	-
Restricted for:				
Other activities	942,474	-	942,474	-
Unrestricted	<u>49,733,312</u>	<u>-</u>	<u>49,733,312</u>	<u>264,146</u>
Total net assets	<u>\$ 92,952,011</u>	<u>\$ -</u>	<u>\$ 92,952,011</u>	<u>\$ 264,146</u>

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Government Activities</b>			
Instruction	\$ 111,799,955	\$ 5,156,763	\$ 36,417,641
Instructional-related services:			
Supervision of instruction	3,591,293		
Instructional library, media and technology	1,451,116		
School site administration	13,508,837		
Pupil services:			
Home-to-school transportation	1,615,823		
Food services	4,929,222		
All other pupil services	7,499,442		
General administration:			
Data processing	2,631,099		
All other general administration	6,568,499		
Plant services	18,923,550		
Ancillary services	1,956,375		
Community services	770,362		
Enterprise activities	3,569,901		
Interest on long-term debt	3,775,010		
Other outgo	6,728,702		
Depreciation (unallocated)	5,449,637		
<b>Total governmental activities</b>	<u>\$ 194,768,823</u>	<u>\$ 5,156,763</u>	<u>\$ 36,417,641</u>
<b>Component unit</b>			
Conejo Valley Educational Foundation	<u>\$ 261,515</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes and subventions:

Property taxes levied for general purposes

Property taxes levied for debt services

Federal and state aid not restricted to specific purposes

Interest and investment earnings

Interagency revenues

Miscellaneous

Total general revenue

Change in net assets

Net assets - beginning

Net assets - ending

The notes to the financial statements are an integral part of this statement

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Governmental Activities	Business-type Activities	Total	Conejo Valley Educational Foundation
\$ 21,652,910	\$ (48,572,641)	\$ -	\$ (48,572,641)	\$ -
	(3,591,293)	-	(3,591,293)	-
	(1,451,116)	-	(1,451,116)	-
	(13,508,837)	-	(13,508,837)	-
	(1,615,823)	-	(1,615,823)	-
	(4,929,222)	-	(4,929,222)	-
	(7,499,442)	-	(7,499,442)	-
	(2,631,099)	-	(2,631,099)	-
	(6,568,499)	-	(6,568,499)	-
	(18,923,550)	-	(18,923,550)	-
	(1,956,375)	-	(1,956,375)	-
	(770,362)	-	(770,362)	-
	(3,569,901)	-	(3,569,901)	-
	(3,775,010)	-	(3,775,010)	-
	(6,728,702)	-	(6,728,702)	-
	(5,449,637)	-	(5,449,637)	-
<u>\$ 21,652,910</u>	<u>\$ (131,541,509)</u>	<u>\$ -</u>	<u>\$ (131,541,509)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (261,515)</u>
	\$ 69,944,086	\$ -	\$ 69,944,086	\$ -
	6,203,350	-	6,203,350	-
	63,160,730	-	63,160,730	-
	2,289,226	-	2,289,226	-
	625,806	-	625,806	-
	22,628,481	-	22,628,481	408,774
	<u>164,851,679</u>	<u>-</u>	<u>164,851,679</u>	<u>\$ 408,774</u>
	33,310,170	-	33,310,170	147,259
	59,641,841	-	59,641,841	116,887
	<u>\$ 92,952,011</u>	<u>\$ -</u>	<u>\$ 92,952,011</u>	<u>\$ 264,146</u>

The notes to the financial statements are an integral part of this statement

CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash in county treasury	\$ 5,058,178	\$ 8,954,679	\$ 16,144,477	\$ 6,658,723	\$ 7,756,901	\$ 44,572,958
Cash on hand and in banks	3,000	-	-	-	4,520	7,520
Cash in revolving fund	30,000	-	-	-	-	30,000
Cash with fiscal agent	-	-	44,282	-	-	44,282
Accounts receivable:						
Federal government	1,749,207	-	-	-	255,282	2,004,489
State government	7,158,801	-	38,699	-	408,472	7,605,972
Other sources:						
Interest	383,150	50,145	91,394	70,972	106,815	702,476
Other	2,561,943	-	-	-	293,380	2,855,323
Due from other funds	195,046	5,986,983	66,236	-	124,931	6,373,196
Stores inventory	272,770	-	-	-	74,158	346,928
<b>Total assets</b>	<b>\$ 17,412,095</b>	<b>\$ 14,991,807</b>	<b>\$ 16,385,088</b>	<b>\$ 6,729,695</b>	<b>\$ 9,024,459</b>	<b>\$ 64,543,144</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 2,416,485	\$ 1,454,455	\$ 18,020	\$ -	\$ 833,362	\$ 4,722,322
Due to other funds	210,828	81,241	5,728,104	-	456,170	6,476,343
Deferred revenue	800,503	18,500	-	-	383,708	1,202,711
<b>Total liabilities</b>	<b>3,427,816</b>	<b>1,554,196</b>	<b>5,746,124</b>	<b>-</b>	<b>1,673,240</b>	<b>12,401,376</b>
<b>Fund balances:</b>						
Reserved funds	305,770	-	-	-	74,158	379,928
Unreserved:						
Designated funds	11,240,260	-	-	-	3,555	11,243,815
Undesignated funds	2,438,249	13,437,611	10,638,964	6,729,695	7,273,506	40,518,025
<b>Total fund balances</b>	<b>13,984,279</b>	<b>13,437,611</b>	<b>10,638,964</b>	<b>6,729,695</b>	<b>7,351,219</b>	<b>52,141,768</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,412,095</b>	<b>\$ 14,991,807</b>	<b>\$ 16,385,088</b>	<b>\$ 6,729,695</b>	<b>\$ 9,024,459</b>	<b>\$ 64,543,144</b>

The notes to the financial statements are an integral part of this statement



CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED JUNE 30, 2007

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Revenue limit sources:						
State apportionment	\$ 51,595,500	\$ -	\$ -	\$ -	\$ 2,635,725	\$ 54,231,225
Local sources	70,548,177	-	-	-	-	70,548,177
Total revenue limit	122,143,677	-	-	-	2,635,725	124,779,402
Federal sources	5,755,212	-	-	-	1,367,261	7,122,473
Other state sources	26,094,296	-	21,513,563	51,215	1,249,329	48,908,403
Other local sources:						
Interest	1,457,896	235,480	139,347	187,595	566,331	2,586,649
Other	16,279,177	795	-	6,152,136	15,428,292	37,860,400
Total revenues	171,730,258	236,275	21,652,910	6,390,946	21,246,938	221,257,327
<b>Expenditures</b>						
Certificated salaries	83,678,231	-	-	-	1,565,429	85,243,660
Classified salaries	24,043,292	250,904	-	-	5,220,645	29,514,841
Employee benefits	32,608,981	90,526	-	-	1,894,543	34,594,050
Books and supplies	9,198,500	68,168	-	-	2,975,943	12,242,611
Services and other expenditures	15,083,257	5,569,832	(10,936)	-	6,033,253	26,675,406
Capital outlay	266,472	1,737,150	-	-	1,962,664	3,966,286
Other outgo	1,271,669	-	-	-	1,135,630	2,407,299
(Direct support)/indirect costs	(669,880)	-	-	-	669,880	-
Debt service:						
Principal	-	-	-	4,230,000	-	4,230,000
Interest	-	-	-	1,783,034	-	1,783,034
Total expenditures	165,480,522	7,716,580	(10,936)	6,013,034	21,457,987	200,657,187
Excess (deficiency) of revenues over (under) expenditures	6,249,736	(7,480,305)	21,663,846	377,912	(211,049)	20,600,140
<b>Other financing sources (uses)</b>						
Transfer in	129,000	13,395,819	-	-	1,419,850	14,944,669
Transfer out	(1,419,850)	-	(12,384,238)	-	(1,140,581)	(14,944,669)
Other sources/(uses)	-	-	-	-	3,918,222	3,918,222
Total other financing sources (uses)	(1,290,850)	13,395,819	(12,384,238)	-	4,197,491	3,918,222
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	4,958,886	5,915,514	9,279,608	377,912	3,986,442	24,518,362
Fund balances - July 1	9,025,393	7,522,097	1,359,356	6,351,783	3,364,777	27,623,406
Fund balances - June 30	\$ 13,984,279	\$ 13,437,611	\$ 10,638,964	\$ 6,729,695	\$ 7,351,219	\$ 52,141,768

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2007**

Total net change in fund balances - governmental funds \$ 24,518,362

Capital outlay are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	\$ 12,560,203	
Depreciation	<u>(5,449,637)</u>	7,110,566

Accretion on capital appreciation bonds is not reflected in the governmental fund financial statements, but are shown as an increases in the accreted interest on the government-wide financial statements (2,064,679)

In the statement of activities, certain operating expenses- compensated absences (vacations) are measured by the amounts earned during the year. In the governemetal funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was more than the amounts earned by \$48,020. (48,020)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. These amounts represent the current year changes in long-term liabilities:

Decrease in bonds payable (current)	4,230,000	
Increase in capital leases (principal only)	(3,673,147)	
Decrease in energy loans	<u>12,394</u>	569,247

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of acitivities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 72,703

Internal service funds are used by the District's management to charge costs of the workers compensation insurance program and health care benefits to the individual funds. The net revenue of the internal service funds are reported with the governmental activities. 3,151,991

Change in net assets of governmental activities \$ 33,310,170

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE BUDGET AND ACTUAL  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>Revenues</b>				
Revenue limit sources:				
State apportionment	\$ 53,148,124	\$ 51,948,867	\$ 51,595,500	\$ (353,367)
Local sources	68,784,630	70,042,211	70,548,177	505,966
Total revenue limit	121,932,754	121,991,078	122,143,677	152,599
Federal sources	5,744,085	6,233,613	5,755,212	(478,401)
Other state sources	23,708,557	25,867,967	26,094,296	226,329
Other local sources	14,163,495	18,016,748	17,737,073	(279,675)
Total revenues	<u>165,548,891</u>	<u>172,109,406</u>	<u>171,730,258</u>	<u>(379,148)</u>
<b>Expenditures</b>				
Certificated salaries	79,309,351	83,917,780	83,678,231	239,549
Classified salaries	20,436,448	23,143,806	24,043,292	(899,486)
Employee benefits	31,609,898	32,813,887	32,608,981	204,906
Books and supplies	15,009,776	17,330,506	9,198,500	8,132,006
Services and other expenditures	13,213,109	14,845,526	15,083,257	(237,731)
Capital outlay	122,700	297,389	266,472	30,917
Other outgo	1,380,000	1,401,505	1,271,669	129,836
Direct support/indirect costs	(724,725)	(645,019)	(669,880)	24,861
Total expenditures	<u>160,356,557</u>	<u>173,105,380</u>	<u>165,480,522</u>	<u>7,624,858</u>
Excess (deficiency) of revenues over (under) expenditures	5,192,334	(995,974)	6,249,736	7,245,710
<b>Other financing sources (uses)</b>				
Transfer in	4,000	129,000	129,000	-
Transfer out	(2,876,314)	(2,431,085)	(1,419,850)	1,011,235
Total other financing sources (uses)	<u>(2,872,314)</u>	<u>(2,302,085)</u>	<u>(1,290,850)</u>	<u>1,011,235</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	2,320,020	(3,298,059)	4,958,886	8,256,945
Fund balance - July 1	9,025,393	9,025,393	9,025,393	-
Fund balance - June 30	<u>\$ 11,345,413</u>	<u>\$ 5,727,334</u>	<u>\$ 13,984,279</u>	<u>\$ 8,256,945</u>

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUND**  
**JUNE 30, 2007**

	Governmental Activities		
	Workers Compensation	Health & Welfare	Internal Service Fund Self-Insurance Fund Totals
<b>Assets</b>			
Cash in county treasury	\$ 4,651,779	\$ 1,249,566	\$ 5,901,345
Cash in revolving fund	85,000	477,546	562,546
Accounts receivable			
Interest	52,171	10,136	62,307
Other	147,042	142,968	290,010
Due from other funds	1,013,708	86,009	1,099,717
Total assets	<u>\$ 5,949,700</u>	<u>\$ 1,966,225</u>	<u>\$ 7,915,925</u>
<b>Liabilities</b>			
Accounts payable	\$ 42,777	\$ 138,702	\$ 181,479
Due to other funds	(3,430)	1,000,000	996,570
Other general long-term debt	5,358,059	2,182,634	7,540,693
Total liabilities	<u>\$ 5,397,406</u>	<u>\$ 3,321,336</u>	<u>\$ 8,718,742</u>
<b>Net assets</b>			
Reserved	\$ 85,000	\$ 477,546	\$ 562,546
Unreserved	467,294	(1,832,657)	(1,365,363)
Total net-assets	<u>\$ 552,294</u>	<u>\$ (1,355,111)</u>	<u>\$ (802,817)</u>

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
FISCAL YEAR ENDED JUNE 30, 2007**

	<b>Governmental Activities</b>		
	<b>Internal Service Fund</b>		
	<b>Self-Insurance Fund</b>		
	<b>Workers Compensation</b>	<b>Health &amp; Welfare</b>	<b>Total</b>
<b>Operating revenues</b>			
Self-insurance premiums	\$ 3,332,490	\$ 19,626,088	\$ 22,958,578
Other local revenue	-	61,599	61,599
Total operating revenues	<u>3,332,490</u>	<u>19,687,687</u>	<u>23,020,177</u>
<b>Operating expenses</b>			
Classified salaries	47,365	113,673	161,038
Employee benefits	16,457	42,532	58,989
Books and supplies	889	84,417	85,306
Services and other expenditures	(535,551)	20,313,284	19,777,733
Total operating expenses	<u>(470,840)</u>	<u>20,553,906</u>	<u>20,083,066</u>
Operating profit/(loss)	<u>3,803,330</u>	<u>(866,219)</u>	<u>2,937,111</u>
<b>Non-operating revenues</b>			
Interest income	172,605	42,275	214,880
Total non-operating revenues	<u>172,605</u>	<u>42,275</u>	<u>214,880</u>
Change in net assets	3,975,935	(823,944)	3,151,991
Net assets (Deficit)- July 1	(3,423,641)	(531,167)	(3,954,808)
Net assets (Deficit) - June 30	<u>\$ 552,294</u>	<u>\$ (1,355,111)</u>	<u>\$ (802,817)</u>

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF CASH FLOW  
PROPRIETARY FUND  
FISCAL YEAR ENDED JUNE 30, 2007**

	<b>Governmental Activities</b>
	<b>Internal Service</b>
	<b>Fund</b>
	<b>Self-Insurance</b>
	<b>Fund</b>
	<hr/>
<b>Cash flows from operating activities</b>	
Cash received from premiums	\$ 22,143,190
Cash received for other local revenues	61,599
Cash paid for claims and administration	(21,486,494)
Cash paid to employees for services	(220,027)
Cash paid for goods and services	(85,306)
Net cash provided by operating activities	<hr/> <u>412,962</u>
<b>Cash flow from investing activities</b>	
Interest and other income	214,880
Residual Equity Transfers	-
Net cash used in investing activities	<hr/> <u>214,880</u>
Net increase in cash	627,842
Cash balance, July 1	<hr/> 5,836,049
Cash balance, June 30	<hr/> <u>\$ 6,463,891</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating profit	\$ 2,937,111
Adjustments due to decrease/(increase) in:	
Accounts receivable	263,036
Due from other funds	(1,078,424)
Adjustment due to (decrease) in:	
Accounts payable	(196,874)
Due to other funds	993,139
Other general long-term debt	(2,505,026)
Net decrease	<hr/> <u>(2,524,149)</u>
Net cash provided by operating activities	<hr/> <u>\$ 412,962</u>

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2007**

	<u>Agency            Funds</u> <u>Student            Body            Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,502,592
Accounts receivable	6,600
Prepaid Expenses	58,486
Store inventory	<u>121,612</u>
Total assets	<u>\$ 1,689,290</u>
<b>Liabilities</b>	
Accounts payable	\$ 193,990
Due to student groups	<u>1,495,300</u>
Total liabilities	<u>\$ 1,689,290</u>

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Conejo Valley Unified School District (the "District") was unified effective July 1, 1974 as a result of a general election. The District is comprised of the former Valley Oaks and Timber Elementary School Districts with a portion of the Oxnard Union High School District. The District consists of approximately 139 square miles in the southeastern portion of Ventura County. During the fiscal year 2007, there is no change in the District's boundaries.

The District operates twenty elementary schools, five middle schools and three high schools.

For financial reporting purposes, the District included all funds that are controlled by or dependent on the District's Board of Education. Board members, who are elected by the public, have decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. No entities outside the District have been combined to form the reporting entity.

The District receives funding from local, state and federal governmental sources and must comply with all the requirements of these funding source entities.

B. Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the District and its component units. Internal Services Fund activities are eliminated to avoid doubling revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements:**

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. The Internal Service Fund is presented on the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all asset and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Fund Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets for proprietary funds presents increases (i.e., revenues) and decreases (i.e., expenditures) in net total assets. The statement of cash flows provides information about how the district finances and meets the cash flow needs of its proprietary activities.

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

Fiduciary funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

**Revenues – exchange and non-exchange transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocation of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, non-major, proprietary, and fiduciary funds as follows:

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

**Major Governmental Funds**

*General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

The *County School Facilities Fund* is used to separately account for acquisitions and/or construction projects pursuant to the improvement and repair of existing facilities including but not limited to technology, board-approved modernization projects, athletic facilities and ADA issues.

The *Bond Interest and Redemption Fund* is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

**Non-Major Governmental Funds**

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains four special revenue funds:

- Child Development Fund is used to account for resources committed to child development programs maintained by the District.
- Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.
- Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeterias.
- Adult Education Fund is used to account for resources committed to adult education programs maintained by the District.

*Capital Projects Funds* are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains two capital projects funds:

- The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).
- Special Reserve for Capital Outlay is used to account for District resources designated for capital outlay purposes and related expenditures.

**Proprietary Fund:**

*Internal Service Fund* is used to account for services rendered on a cost-reimbursement basis within the District. The District maintains one internal service fund:

- Self-Insurance Fund is used to account for resources committed to pay for costs arising from property losses and liability claims that are not covered, or are only partially covered, through purchase insurance.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

**Fiduciary Funds:**

*Agency Funds* are used to account for assets of others for which the District acts as an agent. The District maintains seven agency funds, four middle schools and three high schools.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and the District Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

H. Asset, Liabilities, and Equity

1. Deposits and Investments

Cash balances held in banks and in revolving funds are insured up to \$100,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions are fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Ventura County Treasury (the County). The county pools these funds with those of other Districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FISCAL YEAR ENDED JUNE 30, 2007**

2. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual items are purchased. Inventories are valued at weighted-average cost and consists of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not available for appropriation and expenditure even though they are a component of net current assets. Transportation, maintenance and other supplies held for physical plant and equipment repair are not included in stores inventory; rather, these amounts are recorded as expenditures when purchased.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

3. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$10,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do no add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Life</u>
Buildings	20-40 years
Land Improvements	5-40 years
Furniture & Equipment	2-15 years

4. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

5. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements in the long-term debt account groups.

6. Accrued Liability and Long-Term Obligations

In the government-wide financial statements, all payables, accrued liabilities, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

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

- However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as a liability on the fund financial statements when due.

7. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. The reserve for revolving fund and the reserve for store inventory reflect the portions of fund balance represented by revolving fund cash and store inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

8. Revenue Limit/ Property Tax

The District's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources.

The County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the County. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the State Apportionment.

The District's Base Revenue Limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

**I. Implementation of New GASB Pronouncements**

The District adopted new accounting standards in order to conform to the following Government Accounting Standards Board Statement:

No. 40 – *Deposit and Investment Risk Disclosure* – This Statement addresses selected issues and amends GASB Statement No.3, *Deposits with Financial Institutions, Investments, (including Repurchase Agreements), and Reverse Repurchase Agreements*. The Statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

**NOTE 2 – CASH AND INVESTMENTS**

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Ventura County Treasury as part of the common investment pool, which totaled \$50,474,303 as of June 30, 2007. The estimated fair market value of this pool as of June 30, 2007 was \$ 50,646,156. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

The District is considered to be an involuntary participant in the external investment pool. The County pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FISCAL YEAR ENDED JUNE 30, 2007**

A summary of deposits as of June 30, 2007 is as follows:

	<u>Estimated Fair Value</u>	<u>Reported Amount</u>
Deposits:		
Cash in County Treasurer	\$50,646,156	\$50,474,303
Cash on Hand and in Bank	<u>644,348</u>	<u>644,348</u>
	<u>\$51,290,504</u>	<u>\$51,118,651</u>

Investments by the District in investment pools are considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form. Investments in external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure under GASB Statement No. 40.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rate. As of the year end, the weighted average maturity of the investments contained in the County Treasury investment pool was approximately eighteen months.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. The County of Ventura issues a financial report that includes custodial credit risk disclosures for the Cash in County Treasury. The report may be obtained by writing to the Ventura County Treasurer, 800 South Victoria Avenue, Ventura, California 93009.

Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand, in banks, and in revolving fund are insured up to \$100,000 by the Federal Depository Insurance Corporation (FDIC). The accounts are held within various financial institutions. As of June 30, 2007, the carrying amount of the District's account was \$644,348.

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledge securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by financial institutions is entirely insured.

Investments

The district directs the County Treasurer to invest excess funds in the investment pool. The fund is an investment pool managed by the County Treasurer. The aggregate cost of investment of all participants, which includes the District, in the investment pool as of June 30, 2007 is \$1,651,526,003 with a market value of \$1,657,149,063. The fair market value of the investment pool account was obtained from the County of Ventura Treasurer. The investment pool account is not subject to categorization.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

As of June 30, 2007, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriation Category</u>	<u>Excess Expenditures</u>
General Fund	
Classified salaries	\$ 899,486
Services and other expenditures	237,731
Child Development Fund	
Employee benefits	13,522
Books and supplies	3,779
Services and other expenditures	99,063
Deferred Maintenance Fund	
Books and supplies	2,284
Services and other expenditures	478,060
Cafeteria Fund	
Books and supplies	104,353
Services and other expenditures	43,390
Adult Education Fund	
Certificated salaries	164,224
Classified salaries	58,266
Capital Facilities Fund	
Classified salaries	2,887
Books and supplies	100,796
Special Reserve for Capital Outlay Fund	
Classified salaries	6,897
Employee benefits	1,653

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 4 – ACCOUNTS RECEIVABLE**

Receivables at June 30, 2007 consist of the following:

	General Fund	Other Major Governmental Funds	All other Governmental Funds	Self- Insurance Fund	Total
Federal Programs:					
Categorical Aid	\$ 1,749,207	\$ -	\$ 255,282	\$ -	\$ 2,004,489
Totals Federal Government	<u>1,749,207</u>	<u>-</u>	<u>255,282</u>	<u>-</u>	<u>2,004,489</u>
State Government:					
Revenue Limit	3,296,192	-	346,958	-	3,643,150
Lottery	1,740,150	-	-	-	1,740,150
All Other State Funds	2,122,459	38,699	61,514	-	2,222,672
Totals State Government	<u>7,158,801</u>	<u>38,699</u>	<u>408,472</u>	<u>-</u>	<u>7,605,972</u>
Local Revenues:					
Interest	383,150	212,511	106,815	62,307	764,783
Other Local Revenues	2,561,943	-	293,380	290,010	3,145,333
Total Local Sources	<u>2,945,093</u>	<u>212,511</u>	<u>400,195</u>	<u>352,317</u>	<u>3,910,116</u>
Total Receivables	<u>\$ 11,853,101</u>	<u>\$ 251,210</u>	<u>\$ 1,063,949</u>	<u>\$ 352,317</u>	<u>\$ 13,520,577</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 5 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2007 is as follows:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 18,671,449	\$ -	\$ -	\$ 18,671,449
Construction in progress	14,128,192	-	7,449,222	6,678,970
Total capital assets not being depreciated	<u>32,799,641</u>	<u>-</u>	<u>7,449,222</u>	<u>25,350,419</u>
Capital assets being depreciated				
Land improvements	13,700,295	16,410,511	-	30,110,806
Buildings and improvements	131,800,153	3,547,614	-	135,347,767
Furniture and equipment	3,119,685	68,827	17,527	3,170,985
Total capital assets being depreciated	<u>148,620,133</u>	<u>20,026,952</u>	<u>17,527</u>	<u>168,629,558</u>
Less accumulated depreciation				
Land improvements	1,758,202	1,333,237	-	3,091,439
Buildings and improvements	58,251,183	3,845,132	-	62,096,315
Furniture and equipment	1,546,458	271,268	-	1,817,726
Total accumulated depreciation	<u>61,555,843</u>	<u>5,449,637</u>	<u>-</u>	<u>67,005,480</u>
Governmental activities capital assets, net	<u>\$ 119,863,931</u>	<u>\$ 14,577,315</u>	<u>\$ 7,466,749</u>	<u>\$ 126,974,497</u>

**NOTE 6 – INTERFUND TRANSACTIONS**

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FISCAL YEAR ENDED JUNE 30, 2007**

Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2007, interfund receivable and payable were as follows:

Funds	Interfund Receivables	Interfund Payables
General fund	\$ 195,046	\$ 210,828
Adult education fund	838	20,167
Child development fund	(948)	80
Cafeteria fund	15	126,000
Deferred maintenance fund	-	28,922
Building fund	5,986,983	81,241
Capital facilities fund	15,005	184,669
County school facilities fund	66,236	5,728,104
Special reserve fund for capital outlay projects	110,021	96,332
Self-insurance fund	1,099,717	996,570
Total	<u>\$ 7,472,913</u>	<u>\$ 7,472,913</u>

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. Interfund transfers for fiscal year 2006-07 were as follows:

Funds	Transfer In	Transfer Out
General fund	\$ 129,000	\$ 1,419,850
Building fund	13,395,819	-
County school facilities fund	-	12,384,238
All other funds:		
Adult education fund	128	125,000
Deferred maintenance fund	929,832	-
Capital facilities fund	-	581,945
Special reserve fund for capital outlay projects	489,890	433,636
Total	<u>\$ 14,944,669</u>	<u>\$ 14,944,669</u>

Transfer of \$4,000 from the Special Reserve for Capital Outlay Fund to the General Fund for payment of interest on loan.

Transfer of \$12,384,238 from County School Facilities Fund to the Building Fund to fund which expenses incurred.

Transfer of \$581,945 from Capital Facilities Fund to the Building Fund to reimburse project costs.

Transfer of \$429,636 from Special Reserve Fund for Capital Outlay Projects to the Building Fund to reimburse project costs.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

Transfer of \$125,000 from Adult education fund to the General fund for the repayment of loan from general fund.

Transfer of \$128 from the General fund to the Adult education fund to reimburse custodial supplies for the Century High Schools students.

Transfer of \$929,832 from the General fund to the Deferred maintenance fund for the contribution match.

**NOTE 7 – FUND BALANCES**

The following is a summary of fund balances at June 30, 2007:

	General	Major Governmental Funds	All Other Governmental Funds	Internal Service Fund	Totals
Reserved:					
Revolving cash	\$ 30,000	\$ -	\$ -	\$ 562,546	\$ 592,546
Stores inventory	272,770	-	74,158	-	346,928
Others	3,000	-	-	-	3,000
Total reserved	305,770	-	74,158	562,546	942,474
Unreserved:					
Designated:					
Economic uncertainties	5,014,134	-	-	-	5,014,134
Other uses	6,226,126	-	3,555	-	6,229,681
Total designated funds	11,240,260	-	3,555	-	11,243,815
Undesignated	2,438,249	30,806,270	7,273,506	(1,365,363)	39,152,662
Total unreserved	13,678,509	30,806,270	7,277,061	(1,365,363)	50,396,477
Total fund balances	\$ 13,984,279	\$ 30,806,270	\$ 7,351,219	\$ (802,817)	\$ 51,338,951

**NOTE 8 – CHANGES TO LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2007 is shown below:

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007	Due within One Year
General obligation bonds - current interest	\$ 42,125,000	\$ -	\$ 4,230,000	\$ 37,895,000	\$ 4,690,000
General obligation bonds - capital appreciation	37,364,151	2,064,679	-	39,428,830	2,179,066
Compensated absences	615,145	48,020	-	663,165	-
Capital lease payable	2,994,715	4,552,045	878,898	6,667,862	1,101,931
Energy loans	12,394	-	12,394	-	-
	\$ 83,111,405	\$ 6,664,744	\$ 5,121,292	\$ 84,654,857	\$ 7,970,997

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 9 – BONDED DEBT**

The District has issued four general obligation bonds, which are included in the General Long-Term Debt Account Group. Series A Bond was sold on April 1, 1998 with a face value of \$30,000,000. Series B Bond was sold on November 5, 2000 with a face value of \$33,775,115. Series C was sold on April 4, 2002 with a face value of \$8,205,028. Series D was sold in August 2004 with a face value of \$16,015,000. In addition, the District also issued Refunding Bonds on November 5, 2000 to refund a portion of the Series A Bonds.

The outstanding general obligation bonded debts of the District at June 30, 2007 are as follow:

Bonded Debt - Current Interest:

Date of Issue	Series	Intrest Rate	Maturity Date	Amount of Original Issue	Outstanding June 30, 2006	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2007
5/1/1999	A	4.00%-4.750%	2013	\$30,000,000	\$ 9,245,000	\$ -	\$ -	\$ 9,245,000
10/10/2000	B	2.850%-4.300%	2009	13,785,000	6,920,000	-	2,090,000	4,830,000
10/10/2000	B- Refunding	4.125%-5.750%	2010	19,020,000	10,150,000	-	2,140,000	8,010,000
08/2004	D	2.500%-4.500%	2019	16,015,000	15,810,000	-	-	15,810,000
				<u>\$78,820,000</u>	<u>\$ 42,125,000</u>	<u>\$ -</u>	<u>\$4,230,000</u>	<u>\$ 37,895,000</u>

Bonded Debt - Capital Appreciation:

Date of Issue	Series	Intrest Rate	Maturity Date	Amount of Original Issue	Outstanding June 30, 2006	Principal Acreed	Redeemed Current Year	Outstanding June 30, 2007
10/10/2000	B	4.75%-5.40%	8/1/2015	\$19,990,115	\$ 26,950,276	\$1,458,397	\$ -	\$ 28,408,673
4/4/2002	C	5.55%-5.60%	8/1/2017	8,205,028	10,413,875	606,282	-	11,020,156
				<u>\$28,195,143</u>	<u>\$ 37,364,151</u>	<u>\$2,064,679</u>	<u>\$ -</u>	<u>\$ 39,428,830</u>

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2007 are as follows:

Amortization of the Series A bond with an original issue amount of \$30,000,000 is:

Year Ending June 30	Principal	Interest	Total
2008	\$ -	\$ 400,345	\$ 400,345
2009	-	400,345	400,345
2010	-	400,345	400,345
2011	3,300,000	400,345	3,700,345
2012	1,900,000	261,745	2,161,745
2013-2014	4,045,000	272,970	4,317,970
	<u>\$ 9,245,000</u>	<u>\$ 2,136,095</u>	<u>\$ 11,381,095</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

Amortization of the Series B bond with an original issue amount of \$13,785,000 is:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 2,300,000	\$ 205,390	\$ 2,505,390
2009	2,530,000	108,790	2,638,790
	<u>\$ 4,830,000</u>	<u>\$ 314,180</u>	<u>\$ 5,144,180</u>

Amortization of the Refunding bond with an original issue amount of \$19,020,000 is:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 2,390,000	\$ 328,416	\$ 2,718,416
2009	2,660,000	216,713	2,876,713
2010	2,960,000	77,600	3,037,600
	<u>\$ 8,010,000</u>	<u>\$ 622,729</u>	<u>\$ 8,632,729</u>

Amortization of the Series D bond with an original issue amount of \$16,015,000 is:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ -	\$ 711,450	\$ 711,450
2009	-	711,450	711,450
2010	-	711,450	711,450
2011	-	711,450	711,450
2012	-	711,450	711,450
2013-2017	-	3,557,250	3,557,250
2018-2020	15,810,000	1,430,325	17,240,325
	<u>\$ 15,810,000</u>	<u>\$ 8,544,825</u>	<u>\$ 24,354,825</u>

Amortization of the Capital Appreciation bond with an original issue amount of \$19,990,115 is:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,804,638	\$ 970,362	\$ 2,775,000
2011	1,793,756	1,131,244	2,925,000
2012	2,732,853	2,002,147	4,735,000
2013	2,897,792	2,447,208	5,345,000
2014	2,920,011	2,824,989	5,745,000
2015-2019	7,841,065	9,248,935	17,090,000
	<u>\$ 19,990,115</u>	<u>\$ 18,624,885</u>	<u>\$ 38,615,000</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

Amortization of the Series C bond with an original issue amount of \$8,205,028 is:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,117,319	\$ 5,112,682	\$ 9,230,001
2018	4,087,709	5,637,291	9,725,000
	<u>\$ 8,205,028</u>	<u>\$ 10,749,973</u>	<u>\$ 18,955,001</u>

**NOTE 10 - LEASES**

Capital Leases

The District has agreed to construct, acquire and install certain capital improvements (the "Project") and to finance the Project by leasing the Project to Public Property Financing Corporation of California (the "Corporation") pursuant to a Site Lease Agreement dated June 14, 2005, and leasing back from the Corporation the site pursuant to the terms of the Sublease/Option Agreement. The Corporation assigned the Site Lease Agreement and the Sublease/Option Agreement to Citimortgage, Inc. (the "Assignee"). The Corporation is required to either deposit or cause to be deposited with the escrow agent the amount to be used to pay the cost of the Project in accordance with the terms and provisions of the Sublease/Option Agreement and as provided in the Escrow Agreement.. Future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Lease Payments</u>
2008	\$ 1,370,250
2009	1,370,250
2010	1,370,250
2011	1,370,250
2012	1,370,250
2013	685,123
Total	<u>7,536,373</u>
Less: amount representing interest	868,511
Present value of net minimum lease	<u>\$ 6,667,862</u>

**NOTE 11 - ENERGY LOANS**

The District has entered into several long term financing agreements for energy-saving fixed assets. The value of the future loan payments for these assets has been recorded in the General Long-Term Debt Account Group. The District has paid off the energy loans during the fiscal year and the balance as of June 30, 2007 is \$0.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, the District believes that any required reimbursement will not be material.

Litigation

The District has been named as defendant in numerous lawsuits. Management believes that the ultimate outcome of such lawsuits will not have a significant effect on the District's financial position.

**NOTE 13 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers' compensation and health and welfare. The District utilizes the Internal Service Fund to account for these activities. Effective February 28, 1996 the District purchased insurance for workers' compensation. The District continues to be self-insured for claims prior to that date.

Estimates of the liabilities for incurred, both reported and unreported, but unpaid claims are actuarially determined. This method uses past observed patterns of time between claim incurred and payment to estimate incurred claims from available claims data. Liabilities are based on the estimated ultimate cost of settling the claims.

Benefits are financed through collection of premiums, based on an actuarial estimate which provides a stable cash flow for payment of claims.

A number of claims and suits are pending against the District arising out of proposed claim settlement in the Self Insurance Fund. In the opinion of the District administration, the related liability, if any, will not materially affect the financial position of the fund.

As of June 30, 2007, liability for claims in the Internal Service Fund amounted to \$7,540,693. Changes in the funds' claims liability in the fiscal year 2006-2007 are as follows:

	<b>Beginning Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Ending Fiscal Year Liability</b>
Workers' Compensation Fund	\$ 7,863,086	\$ (737,969)	\$ 1,767,058	\$ 5,358,059
Health and Welfare Fund	2,182,634	20,430,280	20,430,280	2,182,634
Total	<u>\$ 10,045,720</u>	<u>\$ 19,692,311</u>	<u>\$ 22,197,338</u>	<u>\$ 7,540,693</u>

The 2006-07 Ending Fiscal Year Liability in the Worker's Compensation Fund of \$5,358,059 as reported above was obtained from an actuarial study of the Fund conducted for the Conejo Valley Unified School District by an independent actuary. The figure represents the estimated cost of all workers compensation

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

claims, both reported and unreported, as of June 30, 2007. This liability represents a multi-year obligation of the District. The deficit will be eliminated over a five to seven year period utilizing accumulated reserves, as well as future year contributions to the Fund. The liability as reported did not produce a negative cash flow balance in the Workers Compensation Fund in 2006-07. In order to reduce the liability in the Workers Compensation Fund as reported, District staffs are working to significantly improve claims management practices, and close out long-term claims. In addition, the District is fully funding the 2006-07 contribution to the Workers Compensation Fund as recommended in the actuarial study.

**NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS**

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

**A. CalPERS**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. PERS issues a separate comprehensive annual financial report that includes financial statements and require supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**Funding Policy**

Active plan members are required to contribute 7.1% of their salary (over \$133.33 if the member participates in Social Security) and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2006-2007 was 9.12% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to the CalPERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$1,970,885, \$1,832,711, and \$1,965,303, respectively.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

**B. STRS**

**Plan Description**

The District contributes to the State Teachers' Retirement System, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

**Funding Policy**

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution requirements of the plan members are established by state statute and was set at 8.25% for the fiscal year 2006-2007. The District's contributions to the STRS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$6,905,985, \$6,521,822, and \$6,311,999, respectively, and equal 100% of the required contributions for each year. The State of California may make additional direct payments for retirement benefits to STRS on behalf of all school Districts within the State. The revenues and expenditures associated with these payments, if any, have not been included in these financial statements.

**NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

In addition to providing pension benefits, the District provides post-retirement health insurance benefits to all employees who retire from the District on or after attaining age 55 and prior to their 61<sup>st</sup> birthday, and with 15 years of district service for classified employees and 20 years of service for certificated employees.

Under the plan the District will continue to cover and pay for the employee in addition to allowing the retiree to purchase coverage for the employee's spouse only under the District's Health Management Organization (HMO) program until the retiree reaches age 65 or until such retiree is eligible for Medicare, whichever comes first.

The right of retiring employees to take advantage of the program shall exist only when the total of retirees enrolled in the program does not exceed 13% for the 2006-07 year for certificated employees, and 13% for classified employees. The retiring employee who otherwise would not be able to take advantage of the program, because the District's HMO carrier does not provide service at their domicile, may elect to receive the equivalent dollar amount of insurance benefits.

On June 30, 2007, 148 retirees met these eligibility requirements. The expenditures for post-retirement health benefits are recognized on a pay as you go basis.

During the fiscal year ended June 30, 2007, expenditures of \$446,563 were recognized for post-retirement health care. The amount of the long-term debt has not been determined and is therefore not included in the general long-term debt account group.



**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 18 - SUBSEQUENT EVENT**

**Tax and Revenue Anticipation Notes**

On July 6, 2007, the District participated with other districts in California for the issuance of tax and revenue anticipation notes to supplement cash flow. The District's participating share was \$19,935,000. These notes mature on July 1, 2008. The notes have a stated interest rate of 4.25% and were sold to yield 3.62%.

**COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES**

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2007**

	Child Development	Deferred Maintenance	Cafeteria	Adult Education	Totals
<b>Assets</b>					
Cash in county treasury	\$ 180,315	\$ 3,569,290	\$ 235,540	\$ 28,040	\$ 4,013,185
Cash on hand and in banks	3,000	-	220	1,300	4,520
Accounts receivable:					
Federal government	-	-	225,296	29,986	255,282
State government	12,177	-	-	396,295	408,472
Other sources:					
Interest	2,679	44,911	5,019	3,581	56,190
Other	266,529	-	11,531	-	278,060
Due from other funds	(948)	-	15	838	(95)
Stores inventory	-	-	74,158	-	74,158
<b>Total assets</b>	<b>\$ 463,752</b>	<b>\$ 3,614,201</b>	<b>\$ 551,779</b>	<b>\$ 460,040</b>	<b>\$ 5,089,772</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 46,716	\$ 470,712	\$ 18,789	\$ 143,499	\$ 679,716
Due to other funds	80	28,922	126,000	20,167	175,169
Deferred revenues	294,610	-	-	89,098	383,708
<b>Total liabilities</b>	<b>341,406</b>	<b>499,634</b>	<b>144,789</b>	<b>252,764</b>	<b>1,238,593</b>
<b>Fund balances:</b>					
Reserved funds	-	-	74,158	-	74,158
Unreserved:					
Designated	-	-	-	3,555	3,555
Undesignated funds	122,346	3,114,567	332,832	203,721	3,773,466
<b>Total fund balances</b>	<b>122,346</b>	<b>3,114,567</b>	<b>406,990</b>	<b>207,276</b>	<b>3,851,179</b>
<b>Total liabilities and fund balances</b>	<b>\$ 463,752</b>	<b>\$ 3,614,201</b>	<b>\$ 551,779</b>	<b>\$ 460,040</b>	<b>\$ 5,089,772</b>

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FISCAL YEAR ENDED JUNE 30, 2007**

	Child Development	Deferred Maintenance	Cafeteria	Adult Education	Totals
<b>Revenues</b>					
Revenue limit sources:					
State apportionment	\$ -	\$ -	\$ -	\$ 2,635,725	\$ 2,635,725
Total revenue limit	-	-	-	2,635,725	2,635,725
Federal revenues:					
Child nutrition	-	-	1,243,738	-	1,243,738
Other	3,579	-	-	119,944	123,523
State revenues:					
Child nutrition	-	-	84,247	-	84,247
Other	199,523	910,119	-	55,440	1,165,082
Local revenues:					
Interest	11,116	133,472	15,036	9,569	169,193
Other local revenues	4,256,476	-	3,875,177	1,405,717	9,537,370
Total revenues	4,470,694	1,043,591	5,218,198	4,226,395	14,958,878
<b>Expenditures</b>					
Certificated salaries	155,203	-	-	1,410,226	1,565,429
Classified salaries	2,299,001	-	1,915,623	881,122	5,095,746
Employee benefits	871,418	-	546,246	434,284	1,851,948
Books and supplies	237,366	2,284	2,344,053	291,444	2,875,147
Services and other expenditures	366,652	1,976,737	174,390	472,127	2,989,906
Capital outlay	180,000	-	12,102	6,154	198,256
Direct support/indirect costs	249,795	-	-	420,085	669,880
Total expenditures	4,359,435	1,979,021	4,992,414	3,915,442	15,246,312
Excess (deficiency) of revenues over (under) expenditures					
	111,259	(935,430)	225,784	310,953	(287,434)
<b>Other financing sources</b>					
Transfer in	-	929,832	-	128	929,960
Transfer out	-	-	-	(125,000)	(125,000)
Total other financing sources	-	929,832	-	(124,872)	804,960
Excess (deficiency) of revenues and other financing sources over (under) expenditures					
	111,259	(5,598)	225,784	186,081	517,526
Fund balances - July 1	11,087	3,120,165	181,206	21,195	3,333,653
Fund balances - June 30	\$ 122,346	\$ 3,114,567	\$ 406,990	\$ 207,276	\$ 3,851,179

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
FISCAL YEAR ENDED JUNE 30, 2007**

	Child Development			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual (Budgetary Basis)	
<b>Revenues</b>				
Revenue limit sources:				-
State apportionment	\$ -	\$ -	\$ -	\$ -
Total revenue limit	-	-	-	-
Federal revenues:				
Child nutrition	-	-	-	-
Other	-	3,579	3,579	-
State revenues:				
Child nutrition	-	-	-	-
Other	273,732	271,158	199,523	(71,635)
Local revenues:				
Interest	7,000	7,000	11,116	4,116
Other	4,433,971	4,020,525	4,256,476	235,951
Total revenues	4,714,703	4,302,262	4,470,694	168,432
<b>Expenditures</b>				
Certificated salaries	172,382	156,696	155,203	1,493
Classified salaries	2,578,262	2,304,636	2,299,001	5,635
Employee benefits	882,972	857,896	871,418	(13,522)
Books and supplies	230,540	233,587	237,366	(3,779)
Services and other expenditures	428,560	267,589	366,652	(99,063)
Capital outlay	-	180,000	180,000	-
Other Outgo	-	-	-	-
Direct support/indirect costs	249,795	249,795	249,795	-
Total expenditures	4,542,511	4,250,199	4,359,435	(109,236)
Excess (deficiency) of revenues over (under) expenditures	172,192	52,063	111,259	59,196
<b>Other financing sources</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	172,192	52,063	111,259	59,196
Fund balances - July 1	11,087	11,087	11,087	-
Fund balances - June 30	\$ 183,279	\$ 63,150	\$ 122,346	\$ 59,196

The notes to the financial statements are an integral part of this statement

Deferred Maintenance				Cafeteria			
Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	1,162,000	1,191,680	1,243,738	52,058
-	-	-	-	-	-	-	-
-	-	-	-	73,000	104,725	84,247	(20,478)
875,189	910,119	910,119	-	-	-	-	-
45,000	53,783	133,472	79,689	3,000	3,000	15,036	12,036
-	-	-	-	3,628,000	3,726,303	3,875,177	148,874
920,189	963,902	1,043,591	79,689	4,866,000	5,025,708	5,218,198	192,490
-	-	-	-	-	-	-	-
-	-	-	-	1,846,976	1,970,211	1,915,623	54,588
-	-	-	-	539,467	553,072	546,246	6,826
-	-	2,284	(2,284)	2,279,700	2,239,700	2,344,053	(104,353)
2,253,000	1,498,677	1,976,737	(478,060)	81,000	131,000	174,390	(43,390)
-	-	-	-	-	12,102	12,102	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,253,000	1,498,677	1,979,021	(480,344)	4,747,143	4,906,085	4,992,414	(86,329)
(1,332,811)	(534,775)	(935,430)	(400,655)	118,857	119,623	225,784	106,161
875,189	929,832	929,832	-	-	-	-	-
-	-	-	-	-	-	-	-
875,189	929,832	929,832	-	-	-	-	-
(457,622)	395,057	(5,598)	(400,655)	118,857	119,623	225,784	106,161
3,120,165	3,120,165	3,120,165	-	181,206	181,206	181,206	-
\$ 2,662,543	\$ 3,515,222	\$ 3,114,567	\$ (400,655)	\$ 300,063	\$ 300,829	\$ 406,990	\$ 106,161-

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
FISCAL YEAR ENDED JUNE 30, 2007**

	Adult Education			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Revenue limit sources:				
State apportionment	\$ 2,520,257	\$ 2,505,345	\$ 2,635,725	\$ 130,380
Total revenue limit	2,520,257	2,505,345	2,635,725	130,380
Federal revenues:				
Child nutrition	-	-	-	-
Other	34,200	119,944	119,944	-
State revenues:				
Child nutrition	-	-	-	-
Other	-	55,440	55,440	-
Local revenues:				
Interest	10,000	5,000	9,569	4,569
Other	1,627,184	1,480,374	1,405,717	(74,657)
Total revenues	4,191,641	4,166,103	4,226,395	60,292
<b>Expenditures</b>				
Certificated salaries	1,402,580	1,246,002	1,410,226	(164,224)
Classified salaries	837,159	822,856	881,122	(58,266)
Employee benefits	511,182	445,318	434,284	11,034
Books and supplies	453,162	323,927	291,444	32,483
Services and other expenditures	459,681	518,416	472,127	46,289
Capital outlay	4,000	10,154	6,154	4,000
Other Outgo	-	-	-	-
Direct support/indirect costs	474,930	420,085	420,085	-
Total expenditures	4,142,694	3,786,758	3,915,442	(128,684)
Excess (deficiency) of revenues over (under) expenditures	48,947	379,345	310,953	(68,392)
<b>Other financing sources</b>				
Transfer in	-	128	128	-
Transfer out	-	(125,000)	(125,000)	-
Total other financing sources	-	(124,872)	(124,872)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	48,947	254,473	186,081	(68,392)
Fund balances - July 1	21,195	21,195	21,195	-
Fund balances - June 30	\$ 70,142	\$ 275,668	\$ 207,276	\$ (68,392)

The notes to the financial statements are an integral part of this statement

Totals			
Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
\$ 2,520,257	\$ 2,505,345	\$ 2,635,725	\$ 130,380
2,520,257	2,505,345	\$2,635,725	130,380
1,162,000	1,191,680	1,243,738	52,058
34,200	123,523	123,523	-
73,000	104,725	84,247	(20,478)
1,148,921	1,236,717	1,165,082	(71,635)
65,000	68,783	169,193	100,410
9,689,155	9,227,202	9,537,370	310,168
14,692,533	14,457,975	14,958,878	500,903
1,574,962	1,402,698	1,565,429	(162,731)
5,262,397	5,097,703	5,095,746	1,957
1,933,621	1,856,286	1,851,948	4,338
2,963,402	2,797,214	2,875,147	(77,933)
3,222,241	2,415,682	2,989,906	(574,224)
4,000	202,256	198,256	4,000
-	-	-	-
724,725	669,880	669,880	-
15,685,348	14,441,719	15,246,312	(804,593)
(992,815)	16,256	(287,434)	(303,690)
875,189	929,960	929,960	-
-	(125,000)	(125,000)	-
875,189	804,960	804,960	-
(117,626)	821,216	517,526	(303,690)
3,333,653	3,333,653	3,333,653	-
\$ 3,216,027	\$ 4,154,869	\$ 3,851,179	\$ (303,690)

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2007**

	<b>Capital Facilities</b>	<b>Special Reserve for Capital Outlay</b>	<b>Totals</b>
<b>Assets</b>			
Cash in county treasury	\$ 583,213	\$ 3,160,503	\$ 3,743,716
Accounts receivable:			
Other sources:			
Interest	19,281	31,344	50,625
Other	14,346	974	15,320
Due from other funds	15,005	110,021	125,026
<b>Total assets</b>	<b>\$ 631,845</b>	<b>\$ 3,302,842</b>	<b>\$ 3,934,687</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 153,646	\$	\$ 153,646
Due to other funds	184,669	96,332	281,001
<b>Total liabilities</b>	<b>338,315</b>	<b>96,332</b>	<b>434,647</b>
<b>Fund balances:</b>			
<b>Unreserved:</b>			
Undesignated funds	293,530	3,206,510	3,500,040
<b>Total fund balances</b>	<b>293,530</b>	<b>3,206,510</b>	<b>3,500,040</b>
<b>Total liabilities and fund balances</b>	<b>\$ 631,845</b>	<b>\$ 3,302,842</b>	<b>\$ 3,934,687</b>

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECT FUNDS  
FISCAL YEAR ENDED JUNE 30, 2007**

	<b>Capital Facilities</b>	<b>Special Reserve for Capital Outlay</b>	<b>Totals</b>
<b>Revenues</b>			
Local revenues:			
Interest	\$ 360,030	\$ 37,108	\$ 397,138
Other	5,890,922	-	5,890,922
<b>Total revenues</b>	<b>6,250,952</b>	<b>37,108</b>	<b>6,288,060</b>
<b>Expenditures</b>			
Certificated salaries	-	-	-
Classified salaries	80,666	44,233	124,899
Employee benefits	26,682	15,913	42,595
Books and supplies	100,796	-	100,796
Services and other expenditures	2,143,245	900,102	3,043,347
Capital outlay	1,764,408	-	1,764,408
Other outgo	1,135,630	-	1,135,630
<b>Total expenditures</b>	<b>5,251,427</b>	<b>960,248</b>	<b>6,211,675</b>
Excess (deficiency) of revenues over (under) expenditures	999,525	(923,140)	76,385
<b>Other financing sources (uses)</b>			
Transfer in	-	489,890	489,890
Transfer out	(581,945)	(433,636)	(1,015,581)
Other sources/(uses)	-	3,918,222	3,918,222
<b>Total other financing sources (uses)</b>	<b>(581,945)</b>	<b>3,974,476</b>	<b>3,392,531</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	417,580	3,051,336	3,468,916
Fund balances - July 1	(124,050)	155,174	31,124
<b>Fund balances - June 30</b>	<b>\$ 293,530</b>	<b>\$ 3,206,510</b>	<b>\$ 3,500,040</b>

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
NONMAJOR CAPITAL PROJECT FUNDS  
FISCAL YEAR ENDED JUNE 30, 2007**

	Capital Facilities			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual (Budgetary Basis)	
<b>Revenues</b>				
Local revenues:				
Interest	\$ 25,000	\$ 25,000	\$ 360,030	\$ 335,030
Other	6,463,401	4,344,320	5,890,922	1,546,602
Total revenues	<u>6,488,401</u>	<u>4,369,320</u>	<u>6,250,952</u>	<u>1,881,632</u>
<b>Expenditures</b>				
Certificated Salaries				
Classified salaries	84,677	77,779	80,666	(2,887)
Employee benefits	30,337	28,708	26,682	2,026
Books and supplies	-	-	100,796	(100,796)
Services and other expenditures	3,874,699	3,066,000	2,143,245	922,755
Capital outlay	-	2,500,000	1,764,408	735,592
Other outgo	1,135,630	1,370,250	1,135,630	234,620
Total expenditures	<u>5,125,343</u>	<u>7,042,737</u>	<u>5,251,427</u>	<u>1,791,310</u>
Excess (deficiency) of revenues over (under) expenditures	1,363,058	(2,673,417)	999,525	3,672,942
<b>Other financing sources (uses)</b>				
Transfer in	-	-	-	-
Transfer out	(909,568)	-	(581,945)	(581,945)
Other Sources/(Uses)	-	-	-	-
Total other financing sources (uses)	<u>(909,568)</u>	<u>-</u>	<u>(581,945)</u>	<u>(581,945)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	453,490	(2,673,417)	417,580	3,090,997
Fund balances - July 1	(124,050)	(124,050)	(124,050)	-
Fund balances - June 30	<u>\$ 329,440</u>	<u>\$ (2,797,467)</u>	<u>\$ 293,530</u>	<u>\$ 3,090,997</u>

The notes to the financial statements are an integral part of this statement

Special Reserve for Capital Outlay				Totals			
Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
\$ 18,900	\$ 18,900	\$ 37,108	\$ 18,208	\$ 43,900	\$ 43,900	\$ 397,138	\$ 353,238
3,900,000	3,900,000		(3,900,000)	10,363,401	8,244,320	5,890,922	(2,353,398)
3,918,900	3,918,900	37,108	(3,881,792)	10,407,301	8,288,220	6,288,060	(2,000,160)
			-				
43,154	37,336	44,233	(6,897)	127,831	115,115	124,899	(9,784)
15,685	14,260	15,913	(1,653)	46,022	42,968	42,595	373
-	-	-	-	-	-	100,796	(100,796)
1,490,709	1,490,600	900,102	590,498	5,365,408	4,556,600	3,043,347	1,513,253
-	-	-	-	-	2,500,000	1,764,408	735,592
-	-	-	-	1,135,630	1,370,250	1,135,630	234,620
1,549,548	1,542,196	960,248	581,948	6,674,891	8,584,933	6,211,675	2,373,258
2,369,352	2,376,704	(923,140)	(3,299,844)	3,732,410	(296,713)	76,385	373,098
1,501,125	1,501,125	489,890	(1,011,235)	1,501,125	1,501,125	489,890	(1,011,235)
(858,089)	(858,089)	(433,636)	424,453	(1,767,657)	(858,089)	(1,015,581)	(157,492)
-	-	3,918,222	3,918,222	-	-	3,918,222	3,918,222
643,036	643,036	3,974,476	3,331,440	(266,532)	643,036	3,392,531	2,749,495
3,012,388	3,019,740	3,051,336	31,596	3,465,878	346,323	3,468,916	3,122,593
155,174	155,174	155,174	-	31,124	31,124	31,124	-
\$ 3,167,562	\$ 3,174,914	\$ 3,206,510	\$ 31,596	\$ 3,497,002	\$ 377,447	\$ 3,500,040	\$ 3,122,593

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 AGENCY FUNDS  
 FISCAL YEAR ENDED JUNE 30, 2007**

	<u>High School</u>	<u>Middle School</u>	<u>Totals</u>
<b>Assets</b>			
Cash on Hand and in Banks	\$ 1,197,430	\$ 305,162	\$ 1,502,592
Accounts Receivable - Miscellaneous	5,516	1,084	6,600
Stores Inventory	81,653	39,959	121,612
Prepaid Expenditures	23,113	35,373	58,486
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 1,307,712</u>	<u>\$ 381,578</u>	<u>\$ 1,689,290</u>
<b>Liabilities</b>			
Accounts Payable	\$ 118,899	\$ 75,091	\$ 193,990
Due to Student Groups	1,188,813	306,487	1,495,300
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>\$ 1,307,712</u>	<u>\$ 381,578</u>	<u>\$ 1,689,290</u>

The notes to the financial statements are an integral part of this statement.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FISCAL YEAR ENDED JUNE 30, 2007**

	<b>Balance June 30 2006</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30 2007</b>
<b><i>HIGH SCHOOLS</i></b>				
<b><u>ASSETS</u></b>				
Cash on Hand and in Banks	\$ 1,230,160	\$ 5,013,699	\$ 5,046,429	\$ 1,197,430
Accounts Receivable	4,338	8,336	7,158	5,516
Prepaid Expenses	24,890	23,470	25,247	23,113
Loans Receivable	6,000	15,003	21,003	-
Stores Inventory	78,311	7,068	3,726	81,653
<b>TOTAL ASSETS</b>	<b>\$ 1,343,699</b>	<b>\$ 5,067,576</b>	<b>\$ 5,103,563</b>	<b>\$ 1,307,712</b>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 330,277	\$ 347,104	\$ 558,482	\$ 118,899
Due to Student Groups	1,013,422	3,646,194	3,470,803	1,188,813
<b>TOTAL LIABILITIES</b>	<b>\$ 1,343,699</b>	<b>\$ 3,993,298</b>	<b>\$ 4,029,285</b>	<b>\$ 1,307,712</b>
<b><i>INTERMEDIATE SCHOOLS</i></b>				
<b><u>ASSETS</u></b>				
Cash on Hand and in Banks	\$ 271,685	\$ 1,655,820	\$ 1,622,343	\$ 305,162
Accounts Receivable	173	11,661	10,750	1,084
Prepaid Expenses	32,866	17,572	15,065	35,373
Stores Inventory	38,688	15,895	14,624	39,959
<b>TOTAL ASSETS</b>	<b>\$ 343,412</b>	<b>\$ 1,700,948</b>	<b>\$ 1,662,782</b>	<b>\$ 381,578</b>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 54,486	\$ 75,620	\$ 55,015	\$ 75,091
Due to Student Groups	288,926	1,379,251	1,361,690	306,487
<b>TOTAL LIABILITIES</b>	<b>\$ 343,412</b>	<b>\$ 1,454,871</b>	<b>\$ 1,416,705</b>	<b>\$ 381,578</b>
<b><i>TOTALS - ALL STUDENT BODY FUNDS</i></b>				
<b><u>ASSETS</u></b>				
Cash on Hand and in Banks	\$ 1,501,845	\$ 6,669,519	\$ 6,668,772	\$ 1,502,592
Accounts Receivable	4,511	19,997	17,908	6,600
Prepaid Expenses	57,756	41,042	40,312	58,486
Loans Receivable	6,000	15,003	21,003	-
Stores Inventory	116,999	22,963	18,350	121,612
<b>TOTAL ASSETS</b>	<b>\$ 1,687,111</b>	<b>6,768,524</b>	<b>6,766,345</b>	<b>\$ 1,689,290</b>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 384,763	422,724	613,497	\$ 193,990
Due to Student Groups	1,302,348	5,025,445	4,832,493	1,495,300
<b>TOTAL LIABILITIES</b>	<b>\$ 1,687,111</b>	<b>\$ 5,448,169</b>	<b>\$ 5,445,990</b>	<b>\$ 1,689,290</b>

The notes to the financial statements are an integral part of this statement.

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**SUPPLEMENTARY INFORMATION SECTION**

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
JUNE 30, 2007**

The Conejo Valley Unified School District was unified on July 1, 1974, as a result of a general election. The District is comprised of an area of the former Valley Oaks and Timber Elementary School District and a portion of the Oxnard Union High School District that consists of approximately 139 square miles in the southeastern portion of Ventura County.

**GOVERNING BOARD**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mrs. Patricia Phelps	President	December, 2010
Mrs. Dolores Didio	Vice President	December, 2008
Mrs. Dorothy Beaubien	Clerk	December, 2008
Dr. Timothy Stephens	Member	December, 2010
Mr. Mike Dunn	Member	December, 2010

**ADMINISTRATION**

Mr. Mario Contini - Superintendent of Schools

Dr. Jeffrey Baarstad – Deputy Superintendent, Business Services

Ms. Janet Cosaro, Assistant Superintendent, Instructional Services

Ms. Jo-Ann Yoos - Assistant Superintendent, Personnel Services

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Second Period Report</u>	<u>Annual Report</u>
ELEMENTARY:		
Kindergarten	1,464	1,343
Grades 1 - 3	4,553	4,474
Grades 4 - 6	4,882	4,779
Grades 7 - 8	3,335	3,211
Home and Hospital	2	2
Special Education	331	323
ELEMENTARY TOTALS	<u>14,567</u>	<u>14,132</u>
HIGH SCHOOL:		
Grades 9 - 12	6,697	6,888
Continuation Education	210	161
Home and Hospital	1	1
Special Education	192	187
HIGH SCHOOL TOTALS	<u>7,100</u>	<u>7,237</u>
COUNTY SUPPLEMENT:		
Special Education	42	44
COUNTY SUPPLEMENT TOTALS	<u>42</u>	<u>44</u>
District K-12 ADA	<u>21,709</u>	<u>21,413</u>
Classes for Adults:		
Concurrently Enrolled	979	1,045
ADULT TOTALS	<u>979</u>	<u>1,045</u>
TOTALS	<u>22,688</u>	<u>22,458</u>
<u>Hours of Attendance</u>		
SUMMER SCHOOL HOURS OF ATTENDANCE		
Elementary	73,102	86,702
Secondary	120,440	123,976
TOTALS	<u>193,542</u>	<u>210,678</u>

The notes to the financial statements are an integral part of this statement

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF INSTRUCTIONAL TIME  
 FISCAL YEAR ENDED JUNE 30, 2007**

<u>Grade Level</u>	<u>1982-83 Minutes Requirement</u>	<u>1986-87 Actual Minutes</u>	<u>2006-07 Actual Minutes</u>	<u>Annual Instructional Days</u>	<u>Status</u>
Kindergarten	31,500	36,000	36,000	180	Complied
Grades 1 through 3	44,380	50,400	50,670	180	Complied
Grade 4 through 6	53,375	54,000	54,000	180	Complied
Grade 7 through 8	53,375	54,000	55,696	180	Complied
Grade 9 through 12	53,375	64,800	65,790	180	Complied

The District maintains their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirement, whichever is greater, as required by Education Code Section 46201.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXCESS SICK LEAVE  
FISCAL YEAR ENDED JUNE 30, 2007**

There is no excess sick leave authorized or accrued identified during the fiscal year ended June 30, 2007.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS - GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2007**

	(Budget)* 2008	2007	2006
Revenues and other financial sources	\$ 166,995,274	\$ 171,859,258	\$ 156,459,625
Expenditures	164,671,651	165,480,522	152,970,164
Other uses and transfers out	1,946,021	1,419,850	1,505,502
Total outgo	166,617,672	166,900,372	154,475,666
Change in fund balance	377,602	4,958,886	1,983,959
Ending balance	14,361,880	13,984,278	9,025,392
Available reserves	\$ 14,076,183	\$ 13,678,510	\$ 8,739,693
Available reserves as a percentage of total outgo	8.45%	8.20%	5.66%
State recommended available reserves percentage	3.00%	3.00%	3.00%
Total long-term debt	76,683,860	84,654,857	83,111,405
Average daily attendance at P-2**	21,491	21,709	21,706

\* Budget 2007 is included for analytical purposes only and has not been subjected to audit.

\*\*Excludes ADA derived from Adult Education.

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

See accompanying note to supplementary information.

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 151,193,618	\$ 141,308,023	\$ 141,052,735
148,125,220	142,354,279	142,189,423
4,431,468	1,732,034	515,064
<u>152,556,688</u>	<u>144,086,313</u>	<u>142,704,487</u>
(1,363,070)	(2,778,290)	(1,651,752)
<u>7,041,433</u>	<u>8,404,503</u>	<u>\$ 11,182,793</u>
<u>\$ 6,809,605</u>	<u>\$ 7,124,197</u>	<u>\$ 9,802,589</u>

4.46%                      4.94%                      6.87%

3.00%                      3.00%                      3.00%

82,194,078                      66,987,494                      68,825,674

21,681                      21,476                      21,129

See accompanying note to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2007**

<u>Program Name</u>	<u>Federal CFDA No.</u>	<u>Pass-through Entity Identifying No.</u>	<u>Federal Expenditures</u>
U.S. Department of Education:			
<u>Passed through California Department of Education (CDE):</u>			
NCLB Title I, Part A - AFDC and Neglected	84.010	14329	\$ 895,851
NCLB Title II, Part A - Teacher and Principal Training and Recruiting Fund	84.367	14341	507,891
NCLB Title II, Part D Enhancing Education Through Technology	84.318	14334	16,030
NCLB Title III, Limited English Proficient (LEP) Student Program	84.367	10084	148,284
NCLB Title III - Immigration Education Program	84.365	14346	17,557
NCLB Title IV - Safe and Drug-free Schools	84.186	14347	41,169
NCLB Title V - Innovative Education Strategies	84.298A	14354	23,979
Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	13924	87,266
Transition Partnership Program - Workability II	84.158	10006	233,681
Emergency Impact Aid for Displaced Students	84.938	14318	26,756
California Alternate Performance Assessment (CAPA)	84.369	14488	465
Adult Basic Education & ESL	84.002A	14508	103,050
Adult Secondary Education	84.002	13978	675
English Literacy & Civics Education	84.002A	14109	16,219
Child Development - Quality Improvement Activity	93.575	13979	1,566
Child Development - Dependent Care-Before/After Sch	93.575	13979	2,013
<u>Passed through Ventura County Office of Education SELPA:</u>			
IDEA - Local Assistance	84.027	13379	3,425,616
IDEA - Federal Preschool	84.173	13430	319,562
IDEA - Infant Discretionary	84.027A	13612	<u>11,105</u>
Total U.S. Department of Education			5,878,735
U.S. Department of Agriculture:			
<u>Passed through California Department of Education (CDE):</u>			
Basic School Breakfast Program	10.553	13525	224,687
National School Lunch Program	10.555	13396	<u>1,019,051</u>
Total U.S. Department of Agriculture			1,243,738
Total Expenditures of Federal Awards			<u>\$ 7,122,473</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET  
REPORT WITH AUDITED FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Internal Service Fund</u>
June 30, 2007, Annual Financial and Budget Report Fund Balance Unaudited Actuals	\$ 2,762,825
Adjustment:	
(Decrease) in the Fund Balance:	
Increase in claims liability	(6,319,216)
Decrease in claims liability	<u>2,753,574</u>
June 30, 2007, Audited Financial Statement Fund Balance	<u>\$ (802,817)</u>
	<u>General Long- Term Debt Account Group</u>
June 30, 2007, Annual Financial and Budget Report Total Liabilities Unaudited Actuals	\$ 73,421,170
Adjustment:	
Increase in:	
General obligation bond accreted principal	<u>11,233,687</u>
June 30, 2007, Audited Financial and Budget Report Total Liabilities	<u>\$ 84,654,857</u>

See accompanying note to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 1 - PURPOSE OF SCHEDULES**

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C. Schedule of Financial Trends and Analysis

The schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

D. Schedule of Expenditures of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. The schedule was prepared to comply with OMB Circular A-133 and state requirements.

E. Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

**OTHER REPORTS SECTION**

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

Board of Education  
Conejo Valley Unified School District

We have audited the financial statements of Conejo Valley Unified School District (the "District") as of and for the year ended June 30, 2007, and have issued our report thereon dated January 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses not to be significant deficiencies in internal control over financial reporting. The finding is 07-01.

### Compliance and Other Matters

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

This report is intended solely for the information and use of the District's Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Quezada & company

Pasadena, California  
January 9, 2008

**Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Board of Education  
Conejo Valley Unified School District

**Compliance**

We have audited the compliance of Conejo Valley Unified School District (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the District compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed no instances of noncompliance with those requirements.

**Internal Control Over Compliance**

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information and use of the District Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Quezada & company*

Pasadena California  
January 9, 2008

**REPORT OF INDEPENDENT AUDITORS ON STATE COMPLIANCE**

Board of Education  
 Conejo Valley Unified School District

We have audited the general purpose financial statements of Conejo Valley Unified School District (the "District"), as of and for the year ended June 30, 2007, and have issued our report thereon dated January 9, 2008. Our audit was made in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standard and Procedures for Audits of California K-12 Local Educational Agencies*, prescribed in the California Code of Regulations, Title 5, Section 19810 and following. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten continuation	3	Yes
Independent study	23	Yes
Continuation education	10	Yes
Adult education	9	Yes
Regional occupational center and programs	6	Not applicable*
Incentive for longer instructional day:		
School districts	6	Yes
County Offices of Education	3	Not applicable*
Community day schools	9	Not applicable*
Morgan-Hart class size reduction program	7	Yes
Instructional materials:		
General Requirements	12	Yes
K-8 only	1	Yes
Grades 9-12 only	1	Yes
Ratios of administrative employees to teachers	1	Yes
Early retirement incentive program	4	Not applicable*
GANN limit calculation	1	Yes

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
School construction fund:		
School districts bonds	3	Yes
State school facilities funds	1	Yes
Alternative pension plans	2	Not applicable*
Excess Sick Leave	3	Yes
Notice of Right to Elect California State Teachers Retirement System (CalSTRS) Membership	1	Yes
Proposition 20 Lottery Funds (Cardenas Textbooks Act of 2000)	2	Yes
State lottery funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (CAL-SAFE) Program	3	Not applicable*
School accountability report card	3	Yes
Class size reduction program:		
General requirements	7	Yes
Option one	3	Yes
Option two	4	Not applicable*
District or charter schools with only one school serving K-3	4	Not applicable*
Contemporaneous Records of Attendance, for charter schools	1	Not applicable**
Mode of Instruction, for charter schools	1	Not applicable**
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	Not applicable**
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	Not applicable**
Annual Instructional Minutes – Classroom Based, for charter schools	3	Not applicable**

\* The District did not receive funding for these programs, thus the proposed audit steps are not applicable.

\*\* The District does not have charter school, thus the proposed audit steps are not applicable.

Based on our audit, we found that, for the items tested, the District complied with the state laws and regulations referred to above. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Conejo Valley Unified School District had not complied with the state laws and regulations, except as described in Findings 07-02 to 07-03 of the Findings and Recommendations section of this report.

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

*Quesada & Company*

Pasadena, California  
January 9, 2008



**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COST  
 FISCAL YEAR ENDED JUNE 30, 2007**

**Part I – Summary of Auditors’ Results**

*Financial Statements*

Type of auditors’ report issued: *Unqualified*

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ Yes  No  
 Reportable condition(s) identified not considered  
 to be material weaknesses?  Yes \_\_\_\_\_ None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  No

*Federal Awards*

Internal control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ Yes  No  
 Reportable condition(s) identified not considered  
 to be material weaknesses? \_\_\_\_\_ Yes  None reported

Type of auditors’ report issued on compliance for  
 Major programs: *Unqualified*

Any audit findings disclosed that are required to be  
 Reported in accordance with Circular A-133,  
 Section .510(a) \_\_\_\_\_ Yes  No

Identification of major programs

CFDA Number

84.367  
 10.555

Name of Federal Program or Cluster

Title II-Improving Teacher Quality State Grants  
 National School Lunch Program

Dollar threshold used to distinguish between Type  
 A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  Yes \_\_\_\_\_ No

**FINDINGS AND RECOMMENDATIONS SECTION**

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COST  
 FISCAL YEAR ENDED JUNE 30, 2007**

*State Awards*

Internal control over state programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes   ✓   No

Reportable condition(s) identified not considered

To be material weaknesses?

  ✓   Yes \_\_\_\_\_ None reported

Type of auditors' report issued on compliance for  
 state programs:

*Unqualified*

**Part II – Financial Statement Findings**

**07-01 Inadequate internal control of ASB fund-Westlake High School (30000)**

**Condition**

During the course of audit, it was noted that several request for Student Body Elected Officer approval for expenditure after making cash disbursement.

**Criteria**

Per *Accounting Procedures for Student Organization*, the student body organization should keep minutes for each meeting. The minutes should include details of proceedings, including financial matters pertaining to the budget, approval of fund-raising ventures, and expenditure authorizations. Each motion must be reported. In the report the motion must be stated, the person who made the motion and the person who seconded it must be named, and result of voting must be given.

**Effect**

The absence of proper approval on check requisition may lead to items purchased that are not the intention of the student body. Also, the absence of discussion and authorization of expenditures in minutes may lead to purchase of unauthorized items, which may create a loophole for committing fraud.

**Recommendation**

The District should enforce the policy that the request for purchase order or check must be approved by student council and appropriate representatives before making cash disbursement.

**District Response**

The District policy requires all Associated Student Body funds have prior approval before any expenditure of such funds. The expenditure of student body funds must be recorded in the minutes of the ASB meetings. The District will monitor this periodically.

**Part III – Federal Award Findings Section**

No matters were reported.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COST  
FISCAL YEAR ENDED JUNE 30, 2007**

**Part IV – State Findings Section**

**07-02 Inaccurate Attendance Accounting - Manzanita Elementary School and Conejo Elementary School (30000)**

**Condition**

During the test of attendance procedures at Manzanita Elementary School and Conejo Elementary School, we noted that total of 5 absences verification couldn't be located.

**Criteria**

Per *California Code of Regulation, Title 5 Education §16025 and §16026*, class 3--Disposable records shall not be destroyed until after the third July 1 succeeding the completion of the audit required by Education Code Section 41020 or of any other legally required audit, or after the ending date of any retention period required by any agency other than the State of California, whichever date is later.

**Recommendation**

The District should emphasize the policy to ensure all the absences verification are maintained in file.

**District Response**

The District will continue to emphasize the guidelines and policies regarding correct attendance accounting be followed.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COST  
 FISCAL YEAR ENDED JUNE 30, 2007**

**07-3 Inaccurate reporting of P-2 attendance (30000)**

**Condition**

During our audit of the district's P-2 attendance report, we noted a procedural error in which middle school students who attend Westlake High School for one or two classes were included in the regular attendance reporting for grades 9-12. In addition, some mathematical errors are noted in the P-2 attendance reporting. The following is the differences noted on the P-2 attendance report:

<u>Grade Level</u>	<u>ADA per Audit</u>	<u>ADA per P-2 Report</u>	<u>Over/(under) stated</u>
Kindergarten	1,341.27	1,341.56	0.29
Grade 1-3	4,470.61	4,470.47	(0.14)
Grade 4-6	4,779.55	4,778.64	(0.91)
Grade 7-8	3,280.79	3,280.73	(0.06)
Grade 9-12	6,922.15	6,926.18	4.03
Continuation Education	161.36	161.41	0.05
Special Ed - Special Day School	291.96	292.26	0.30
Total			<u>3.56</u>

**Criteria**

*According to Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Sections 401 and 421(b) and Education Code 44809, each Local Educational Agency must develop and maintain accurate and adequate attendance records to support the attendance reported to the State.*

**Effect**

The high school ADA apportionment is overstated by 3.56 ADA. The Questionable cost is \$19,724.93 (3.56 ADA x \$5,540.71 Base Revenue Limit Per ADA)

**Recommendation**

The District should ensure the reported ADA for regular high school is not inclusive of middle school students who are attending the high school for one or two classes. The District should verify the reports provided by the schools and ensure the information on the reports are the basis of the P-2 attendance reports. The District should revise the P-2 attendance reporting by reducing the ADA by 3.56 and return the questionable cost to the State.

**District Response**

While using the District's new accounting software, Zangle, the district attendance clerk sorted the students incorrectly and did not exclude the middle school students when the attendance reports were verified. This is a one time clerical error and the P-2 attendance report will be corrected and filed again with the State. The District will continue to emphasize the guidelines and policies regarding correct attendance accounting be followed.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2007**

Finding	Recommendation	Status
<p><b>05-1 ASB Internal Control – No Revenue Potential used - Westlake High School, Sycamore Canyon Middle School and Sequoia Middle School Condition (30000)</b></p>	<p>The school district should implement a policy to enforce the use of revenue potential analysis that provides a comparison of the actual and estimated gross income and profit.</p>	<p>Implemented.</p>
<p>During test of transaction of cash receipt at Westlake High School, Sycamore Canyon Middle School, and Sequoia Middle School, it was noted that the revenue potential form was not fully utilized for ASB activities. It only shows the actual collection from the activities.</p>		
<p><b>05-2 ASB Internal Control – Minutes of meeting – Westlake High School, Sycamore Canyon Middle School and Sequoia Middle School Condition (30000)</b></p>	<p>The school district should enforce policy to ensure that all the matters, financial and non-financial, related to the student body funds are included in the minutes of ASB meeting.</p>	<p>Implemented.</p>
<p>During tests of expenditures at Westlake High School, Sycamore Canyon Middle School, and Sequoia Middle School, it was noted that approval by the student body for some expenditures were not included in the minutes of ASB meeting.</p>		
<p><b>05-3 ASB Internal Control – Principal fund– Westlake High School (30000)</b></p>	<p>The district should enforce guidelines and policies with regards to the use of student body funds and ensure that the funds are used to enhance the welfare of the general student body and not of a particular group.</p>	<p>Implemented.</p>
<p>During test of transactions, we noted that one thousand five hundred dollars (\$1,500) of the student body fund is budgeted to hospitality expenses. We gathered that the use of the fund is under the discretion of the school principal. Sample expenditure from the fund is snacks for teachers' meeting.</p>		

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2007**

Finding	Recommendation	Status
<p><b>05-4 ASB Internal Control – Food sales conducted during the school year – Westlake High School (30000)</b></p>	<p>The district should develop and implement policies concerning the sale of foods by the student organization to ensure compliance with the ASB requirements.</p>	<p>Implemented.</p>
<p><b>05-6 Inaccurate Attendance Accounting - Adult School (10000)</b></p>	<p>The school district should ensure that attendance accounting and reporting is in compliance with state requirements. In addition, the district should revise P-2 report to reflect the accurate apportionment entitled to be received.</p>	<p>Implemented</p>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2007**

Finding	Recommendation	Status
<p><b>06-5 Inaccurate Attendance Accounting – Adult School (10000)</b></p>	<p>The school district should ensure that reported average daily attendance is based on the attendance certified by the teachers. The teacher should take full responsibility for the certification. The school district attendance official should also ensure that policies and procedures in attendance keeping are properly implemented in all the schools within the district.</p>	<p>The district has emphasized that the guidelines and policies regarding correct attendance accounting be followed.</p>
<p>During our test of attendance procedures at Conejo Valley Adult School we noted that the reported hourly attendance for Adult School, ESL class for Month 6 does not agree with the supporting document, which is off by 33 hours.</p>		
<p>In addition, we noted 1 student credited for 3.5 hours on February 9, 2006 for an ESL class. However the class was scheduled for only 3 hours. Therefore, the recorded attendance exceeded the scheduled class time.</p>		

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2007**

Finding	Recommendation	Status
<p><b>06-6 Continuation School Students on Independent Study exceed 10%</b></p>	<p>Ensure compliance with Education Code 51745 (b) that not more than 10 percent of the pupils participating in the continuation school shall be eligible for apportionment credit for independent study.</p>	<p>The District ensures that current and future year attendance of comprehensive high school students who enroll in independent study is reported as being from the comprehensive high school and not the continuation high school. The District researched the 2005-06 independent study attendance reports and identified comprehensive high school students who were incorrectly reported as continuation high school students, corrected the attendance data, and resubmitted the data to the auditors for subsequent review. The District believes the corrected data will indicate independent study students from continuation high school programs were below the 10% cap.</p>

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