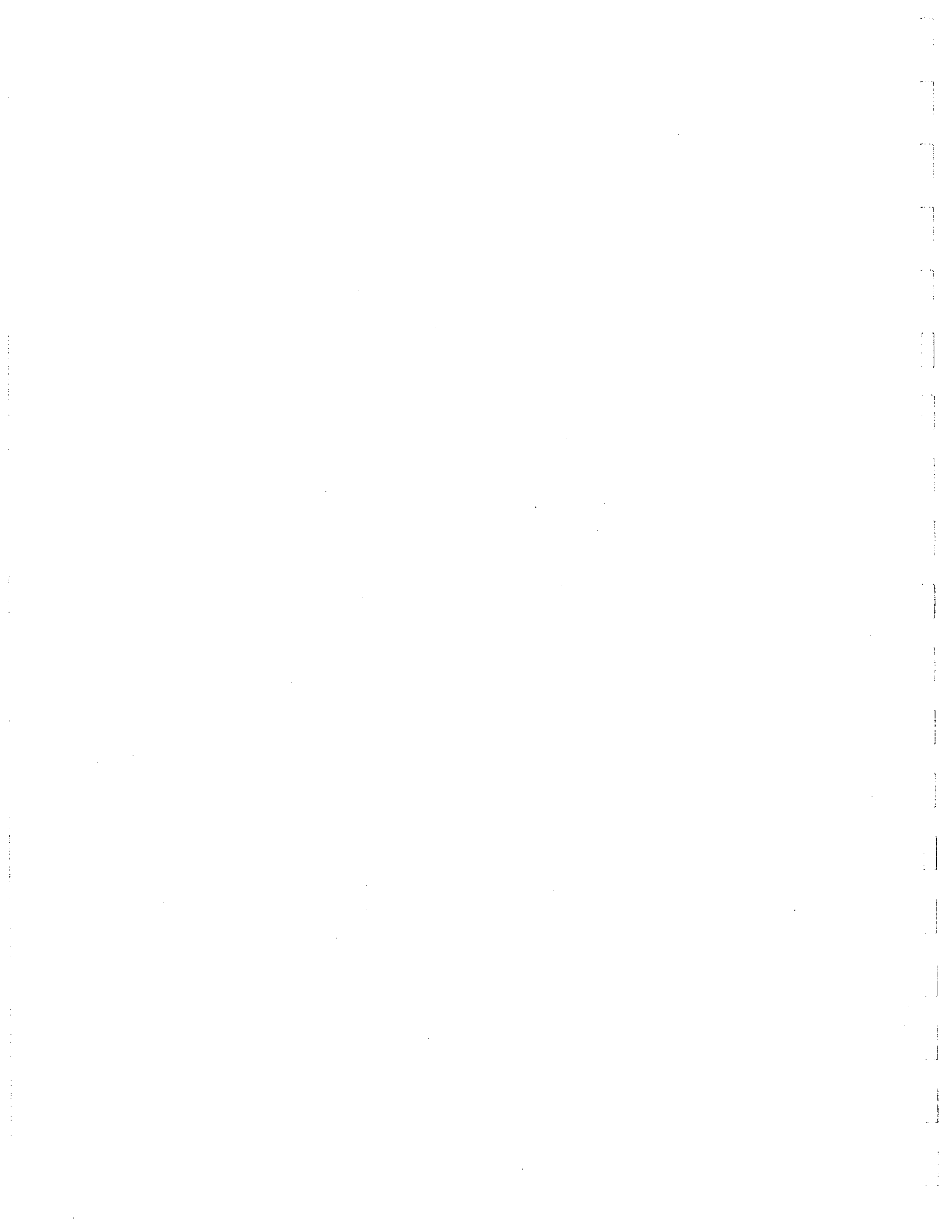


**CONEJO VALLEY UNIFIED
SCHOOL DISTRICT**

COUNTY OF VENTURA

**THOUSAND OAKS, CALIFORNIA
AUDIT REPORT**

FISCAL YEAR ENDED JUNE 30, 2004



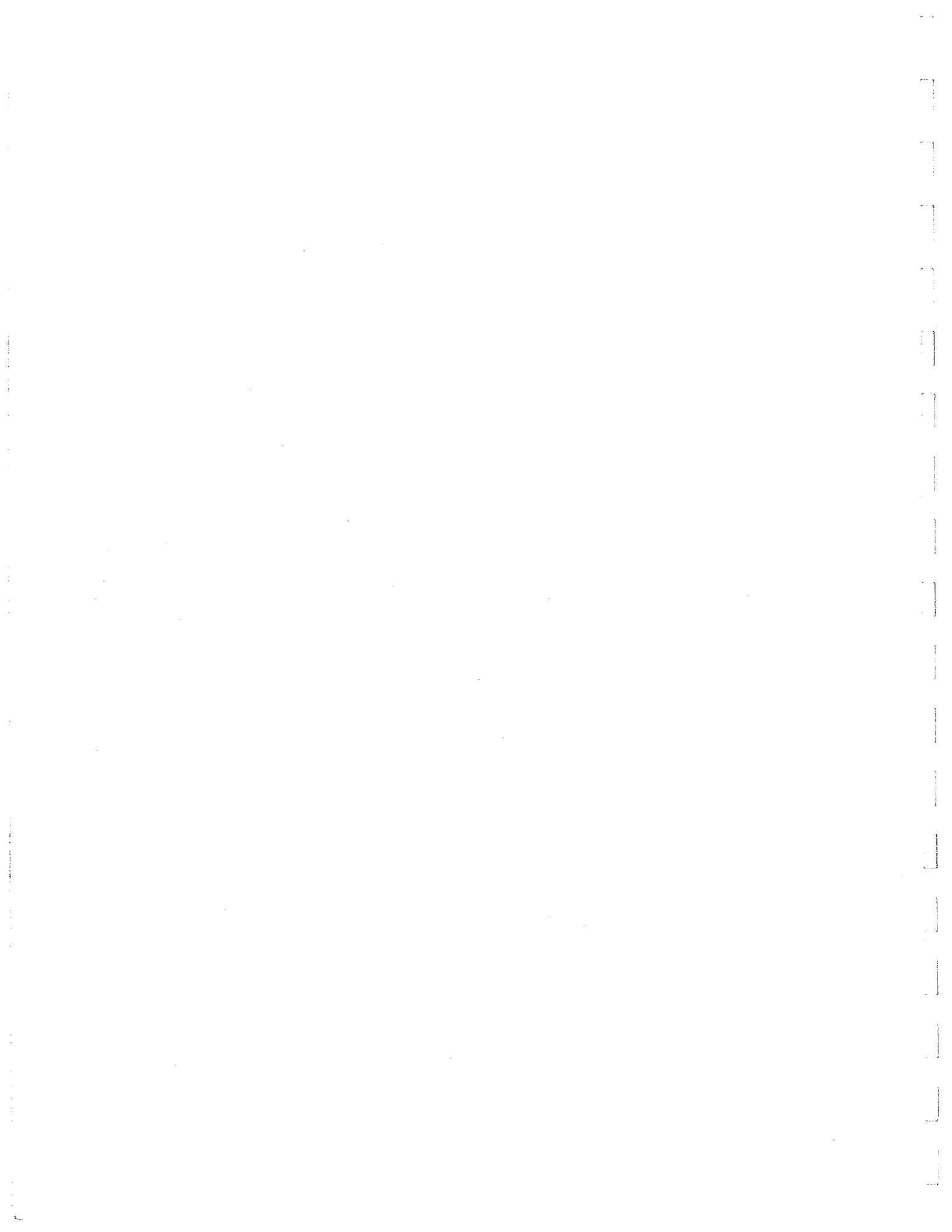
CONEJO VALLEY UNIFIED SCHOOL DISTRICT

Thousand Oaks, California

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND SUPPLEMENTARY INFORMATION**

Fiscal Year Ended June 30, 2004

QUEZADA & COMPANY
Certified Public Accountants
222 E. Huntington Drive, Suite 215
Monrovia, CA 91016



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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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, business-type activities, the aggregate discretely presented component unit, and each major fund of the Conejo Valley Unified School District (the "District"), as of and for the year ended June 30, 2004, 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 State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 opinions.

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, the aggregate discretely presented component unit, and each major fund of the District, as of June 30, 2004, and the respective changes in financial position and cash flow, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Government Auditing Standards, we have also issued our report dated November 5, 2004, on our consideration of the District internal control over financial reporting and 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 the Governmental Accounting Standards Board. We have applied certain limited procedures, consisting 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. 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, *Audit 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 nonmajor 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.

Quzada & Company

Monrovia, California
November 5, 2004



Conejo Valley Unified School District

BUSINESS SERVICES

1400 E. Janss Road, Thousand Oaks, California 91362-2198
Telephone (805) 497-9511 • FAX (805) 497-0471

Robert Fraisse, Ph.D
Superintendent

Jeff Baarstad, Ph.D
Assistant Superintendent
Business Services

This section of Conejo Valley Unified School District's 2003-2004 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2004. 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.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2004**

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 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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2004**

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 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 \$53.830 million for the fiscal year ended June 30, 2004. Of this amount, approximately \$17.315 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.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2004**

TABLE 1

NET ASSETS (in millions of dollars)

| | Governmental Activities | Business-Type Activities | School District Activities |
|---------------------------------|----------------------------|-----------------------------|-------------------------------|
| Current and other assets | \$ 42.969 | \$ - | \$ 42.969 |
| Inventories | 0.338 | - | 0.338 |
| Capital assets (land) | 18.671 | - | 18.671 |
| Depreciable assets (net) | 78.801 | - | 78.801 |
| Total assets | <u>140.779</u> | <u>-</u> | <u>140.779</u> |
| Current liabilities | 19.843 | - | 19.843 |
| Outstanding debt | 67.106 | - | 67.106 |
| Total liabilities | <u>86.949</u> | <u>-</u> | <u>86.949</u> |
| Total net assets | <u>\$ 53.830</u> | <u>\$ -</u> | <u>\$ 53.830</u> |

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2004**

TABLE 2
CHANGES IN NET ASSETS

| | Governmental Activities |
|----------------------------------|----------------------------|
| Revenues | |
| Instruction | \$ 25,364,184 |
| Instruction related | 1,196,179 |
| Pupil services | 6,706,475 |
| General administration | 490,271 |
| Plant services | 82,221 |
| Ancillary services | 3,665 |
| Community services | 784,931 |
| Enterprise activities | 259,583 |
| Other outgo | 1,451,572 |
| General revenue and subventions | 118,153,330 |
| Interest and investment earnings | 909,261 |
| Miscellaneous | 14,058,164 |
| Total revenues | <u>\$ 169,459,836</u> |
| Expenses | |
| Instruction | \$ 110,399,990 |
| Instruction related | 17,016,320 |
| Pupil services | 11,616,536 |
| General administration | 7,060,853 |
| Plant services | 14,271,717 |
| Ancillary services | 1,698,840 |
| Community services | 805,939 |
| Enterprise activities | 3,481,969 |
| Interest on long-term debt | 1,517,178 |
| Other outgo | 1,156,020 |
| Depreciation (unallocated) | 3,996,631 |
| Total expenses | <u>\$ 173,021,993</u> |
| Change in net assets | <u>\$ (3,562,157)</u> |

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2004**

Governmental Activities

As reported in Table 2, the cost of all of our governmental activities this year was \$173.022 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$71.541 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.

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

| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
|---|-----------------------------------|---------------------------------|
| Instruction | \$ 110.400 | \$ 85.04 |
| Supervision of Instruction | 3.065 | 2.306 |
| Instructional Library, Media and Technology | 1.373 | 1.372 |
| School Site Administrator | 12.578 | 12.142 |
| Home-to-School Transportation | 1.554 | 0.428 |
| Food Services | 4.358 | 0.170 |
| Other Pupil Services | 5.705 | 4.313 |
| Data Processing | 2.076 | 2.075 |
| Other General Administration | 4.984 | 4.495 |
| Plant Services | 14.272 | 14.189 |
| Ancillary Services | 1.699 | 1.695 |
| Community Services | 0.806 | 0.021 |
| Enterprise Activities | 3.482 | 3.222 |
| Interest on Long-Term Debt | 1.517 | 1.517 |
| Other Outgo | 1.156 | (0.295) |
| Depreciation (unallocated) | 3.997 | 3.997 |
| Total Governmental-Type Activities | <u>\$ 173.022</u> | <u>\$ 136.683</u> |

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2004**

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

Capital Assets

At June 30, 2004, the District had \$97.472 million in a broad range of capital assets, including land, buildings, and furniture and equipment.

| | <u>Governmental Activities</u> |
|----------------------------|------------------------------------|
| Land | \$ 18.671 |
| Buildings and improvements | 77.734 |
| Equipment | 1.067 |
| Total | <u>\$ 97.472</u> |

Major addition included (in millions):

| | |
|-------------------------------------|----------|
| Sycamore Canyon design/construction | \$ 4.374 |
| Modernization projects | 4.012 |
| High school stadium projects | 1.475 |

This year's major additions included the construction of Sycamore Canyon School, modernization projects and Westlake High School pool and tennis courts. Sycamore Canyon School was paid for using Developers Fees, and Modernization projects using General Obligation Bonds, and High School Stadium projects was paid for using Topass Fund. Several capital and modernization projects are planned for the 2004-2005 year. We anticipate capital additions to be over \$3 million, and modernization projects to be \$8.7 million.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2004**

Long-Term Debt

At the end of this year, the District had \$66.433 million in bonds outstanding versus \$67.745 million last year.

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

| | Governmental Activities |
|--------------------------|----------------------------|
| General obligation bonds | \$ 66.433 |
| Compensated absences | 0.606 |
| Other - energy loans | 0.067 |
| Totals | <u>\$ 67.106</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 \$66.433 million is significantly below this \$353.918 million statutorily - imposed limit.

Other obligations include compensated absences, capitalized lease obligations, and energy loans used to augment FEMA revenues 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, 2004**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2004-2005 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:

| | <u>Staffing Ratio</u> | <u>First Month Enrollment</u> |
|-------------------|---|-----------------------------------|
| Elementary | 19:1 kindergarten - 3rd, 30:1 4th - 5th | 10,323 |
| Intermediate | 30:1 | 4,845 |
| High School | 30:1 | 6,662 |
| Special Education | 30:1 | 452 |
| Totals | | <u>22,282</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, Assistant Superintendent, Business Services, at Conejo Valley Unified School District, 1400 E. Janss Road, Thousand Oaks, California, 91362, or e-mail him at jbaarstad@conejo.k12.ca.us.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2004**

| | <u>Government Activities</u> | <u>Business-type Activities</u> | <u>Total</u> | <u>Component Unit Conejo Valley Educational Foundation</u> |
|---|----------------------------------|-------------------------------------|-----------------------|--|
| Assets | | | | |
| Cash and cash equivalents | \$ 26,756,355 | \$ - | \$ 26,756,355 | \$ - |
| Accounts receivables | 16,212,578 | - | 16,212,578 | - |
| Inventories and prepaid expenses | 338,330 | - | 338,330 | - |
| Capital assets: | | | | |
| Land | 18,671,449 | - | 18,671,449 | - |
| Land improvement | 26,293,672 | - | 26,293,672 | - |
| Construction in progress | 100,000 | - | 100,000 | - |
| Buildings and improvements | 102,908,453 | - | 102,908,453 | - |
| Furniture and equipment | 2,142,837 | - | 2,142,837 | - |
| Less: accumulated depreciation | <u>(52,644,353)</u> | <u>-</u> | <u>(52,644,353)</u> | <u>-</u> |
| Total capital assets, net of depreciation | <u>97,472,058</u> | <u>-</u> | <u>97,472,058</u> | <u>-</u> |
| Total assets | <u>\$ 140,779,321</u> | <u>\$ -</u> | <u>\$ 140,779,321</u> | <u>\$ -</u> |
| Liabilities | | | | |
| Accounts payable and other current liabilities | \$ 18,310,415 | \$ - | \$ 18,310,415 | \$ - |
| Deferred revenue | 1,532,501 | - | 1,532,501 | - |
| Long-term liabilities: | | | | |
| Due within one year | 5,246,971 | - | 5,246,971 | - |
| Due after one year | <u>61,858,794</u> | <u>-</u> | <u>61,858,794</u> | <u>-</u> |
| Total liabilities | <u>\$ 86,948,681</u> | <u>\$ -</u> | <u>\$ 86,948,681</u> | <u>\$ -</u> |
| Net assets | | | | |
| Invested in capital assets, net of related debt | \$ 30,366,293 | \$ - | \$ 30,366,293 | \$ - |
| Restricted for: | | | | |
| Capital projects | 6,149,032 | - | 6,149,032 | - |
| Unrestricted | <u>17,315,315</u> | <u>-</u> | <u>17,315,315</u> | <u>-</u> |
| Total net assets | <u>\$ 53,830,640</u> | <u>\$ -</u> | <u>\$ 53,830,640</u> | <u>\$ -</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, 2004**

| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Program Revenues Operating Grants and Contributions</u> |
|---|-----------------------|---------------------------------|--|
| Government Activities | | | |
| Instruction | \$ 110,399,990 | \$ 190,626 | \$ 16,013,532 |
| Instructional-related services: | | | |
| Supervision of instruction | 3,064,584 | - | 758,334 |
| Instructional library, media and technology | 1,373,313 | - | 1,649 |
| School site administration | 12,578,423 | - | 436,196 |
| Pupil services: | | | |
| Home-to-school transportation | 1,554,390 | - | 1,126,651 |
| Food services | 4,357,637 | 3,019,120 | 1,169,015 |
| All other pupil services | 5,704,509 | - | 1,391,689 |
| General administration: | | | |
| Data processing | 2,076,362 | - | 1,073 |
| All other general administration | 4,984,491 | 3,804 | 485,394 |
| Plant services | 14,271,717 | 22,508 | 59,713 |
| Ancillary services | 1,698,840 | - | 3,665 |
| Community services | 805,939 | - | 784,931 |
| Enterprise activities | 3,481,969 | 10,659 | 248,924 |
| Interest on long-term debt | 1,517,178 | - | - |
| Other outgo | 1,156,020 | - | 1,451,572 |
| Depreciation (unallocated) | 3,996,631 | - | - |
| Total governmental activities | <u>\$ 173,021,993</u> | <u>\$ 3,246,717</u> | <u>\$ 23,932,338</u> |
| Component unit | | | |
| Conejo Valley Educational Foundation | <u>\$ 50,128</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
 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 |
| \$ 9,160,026 | \$ (85,035,806) | \$ - | \$ (85,035,806) | \$ - |
| - | (2,306,250) | - | (2,306,250) | - |
| - | (1,371,664) | - | (1,371,664) | - |
| - | (12,142,227) | - | (12,142,227) | - |
| - | (427,739) | - | (427,739) | - |
| - | (169,502) | - | (169,502) | - |
| - | (4,312,820) | - | (4,312,820) | - |
| - | (2,075,289) | - | (2,075,289) | - |
| - | (4,495,293) | - | (4,495,293) | - |
| - | (14,189,496) | - | (14,189,496) | - |
| - | (1,695,175) | - | (1,695,175) | - |
| - | (21,008) | - | (21,008) | - |
| - | (3,222,386) | - | (3,222,386) | - |
| - | (1,517,178) | - | (1,517,178) | - |
| - | 295,552 | - | 295,552 | - |
| - | (3,996,631) | - | (3,996,631) | - |
| <u>\$ 9,160,026</u> | <u>\$ (136,682,912)</u> | <u>\$ -</u> | <u>\$ (136,682,912)</u> | <u>\$ -</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (50,128)</u> |
| | \$ 66,753,534 | \$ - | \$ 66,753,534 | \$ - |
| | 4,787,701 | - | 4,787,701 | - |
| | 46,612,095 | - | 46,612,095 | - |
| | 909,261 | - | 909,261 | - |
| | 14,058,164 | - | 14,058,164 | 197,172 |
| | <u>133,120,755</u> | <u>-</u> | <u>133,120,755</u> | <u>\$ 197,172</u> |
| | (3,562,157) | - | (3,562,157) | 147,044 |
| | 57,392,797 | - | 57,392,797 | - |
| | <u>\$ 53,830,640</u> | <u>\$ -</u> | <u>\$ 53,830,640</u> | <u>\$ 147,044</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, 2004**

| | <u>General Fund</u> | <u>Building Fund</u> | <u>Capital Facilities Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|--------------------------|--|---|---|
| Assets | | | | | |
| Cash in county treasury | \$ 332,884 | \$ 13,418,639 | \$ 40,321 | \$ 8,295,783 | \$ 22,087,627 |
| Cash on hand and in banks | 3,000 | - | - | 23,347 | 26,347 |
| Cash in revolving fund | 30,000 | - | - | - | 30,000 |
| Cash with fiscal agent | - | 73,389 | - | - | 73,389 |
| Accounts receivable: | | | | | |
| Federal government | 1,292,393 | - | - | 231,032 | 1,523,425 |
| State government | 10,682,869 | - | 88,801 | 288,743 | 11,060,413 |
| Other sources: | | | | | |
| Interest | 122,658 | 56,268 | 6,514 | 38,867 | 224,307 |
| Other | 3,158,899 | - | 215,040 | 11,179 | 3,385,118 |
| Due from other funds | 421,507 | 288,862 | 569,179 | 1,392,853 | 2,672,401 |
| Stores inventory | 220,102 | - | - | 96,858 | 316,960 |
| Prepaid expenditures | 21,370 | - | - | - | 21,370 |
| Total assets | <u>\$ 16,285,682</u> | <u>\$ 13,837,158</u> | <u>\$ 919,855</u> | <u>\$ 10,378,662</u> | <u>\$ 41,421,357</u> |
| Liabilities and fund balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 4,343,489 | \$ 2,297,870 | \$ 381,276 | \$ 918,662 | \$ 7,941,297 |
| Other current liabilities | 146,000 | - | - | - | 146,000 |
| Due to other funds | 1,987,940 | 663,958 | 450,000 | 1,351,000 | 4,452,898 |
| Deferred revenue | 1,403,750 | - | - | 128,751 | 1,532,501 |
| Total liabilities | <u>7,881,179</u> | <u>2,961,828</u> | <u>831,276</u> | <u>2,398,413</u> | <u>14,072,696</u> |
| Fund balances: | | | | | |
| Reserved funds | 1,054,762 | - | - | 96,858 | 1,151,620 |
| Unreserved: | | | | | |
| Designated special purposes | 6,149,032 | - | - | - | 6,149,032 |
| Undesignated funds | 1,200,709 | 10,875,330 | 88,579 | 7,883,391 | 20,048,009 |
| Total fund balances | <u>8,404,503</u> | <u>10,875,330</u> | <u>88,579</u> | <u>7,980,249</u> | <u>27,348,661</u> |
| Total liabilities and fund balances | <u>\$ 16,285,682</u> | <u>\$ 13,837,158</u> | <u>\$ 919,855</u> | <u>\$ 10,378,662</u> | <u>\$ 41,421,357</u> |

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004**

Total fund balances - governmental funds \$ 27,348,661

Amount reported for governmental activities are not financial resources and capital assets therefore are not reported as assets in governmental funds. The cost of the assets is \$150,116,411 and the accumulated depreciation is \$52,644,353. 97,472,058

Internal service fund is used by the management to charge the cost of workers' compensation and health care benefits to the individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets. (3,884,314)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

| | | |
|--|-----------------|----------------------|
| Current interest bonds payable | \$ (61,710,143) | |
| Capital appreciation bonds payable - accretion of interest to date | (4,722,235) | |
| Energy loans | (67,094) | |
| Compensated absences (vacation) | (606,293) | (67,105,765) |
| Total net assets - governmental activities | | <u>\$ 53,830,640</u> |

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, 2004**

| | General Fund | Building Fund | Capital Facilities Fund | Other Governmental Funds | Total Governmental Funds |
|--|-----------------|------------------|-------------------------------|--------------------------------|--------------------------------|
| Revenues | | | | | |
| Revenue limit sources: | | | | | |
| State apportionment | \$ 35,175,072 | \$ - | \$ - | \$ 2,275,734 | \$ 37,450,806 |
| Local sources | 67,080,657 | - | - | - | 67,080,657 |
| Total revenue limit | 102,255,729 | - | - | 2,275,734 | 104,531,463 |
| Federal sources | 5,372,084 | - | - | 1,434,432 | 6,806,516 |
| Other state sources | 17,041,407 | - | - | 9,814,254 | 26,855,661 |
| Other local sources: | | | | | |
| Interest | 566,702 | 188,158 | 39,450 | 117,393 | 911,703 |
| Other | 16,068,101 | - | 2,282,694 | 13,398,651 | 31,749,446 |
| Total revenues | 141,304,023 | 188,158 | 2,322,144 | 27,040,464 | 170,854,789 |
| Expenditures | | | | | |
| Certificated salaries | 74,384,241 | - | - | 1,724,342 | 76,108,583 |
| Classified salaries | 21,609,878 | 225,918 | 74,709 | 5,164,052 | 27,074,557 |
| Employee benefits | 26,798,198 | 75,077 | 24,813 | 1,709,030 | 28,607,118 |
| Books and supplies | 6,692,203 | 45,391 | 283,084 | 3,052,366 | 10,073,044 |
| Services and other expenditures | 11,947,857 | 8,835,810 | 1,519,596 | 3,428,453 | 25,731,716 |
| Capital outlay | 159,434 | 612,046 | 3,763,978 | 281,489 | 4,816,947 |
| Other outgo | 1,570,400 | - | - | - | 1,570,400 |
| (Direct support)/indirect costs | (807,932) | - | - | 807,932 | - |
| Debt service: | | | | | |
| Principal | - | - | - | 3,030,000 | 3,030,000 |
| Interest | - | - | - | 1,517,177 | 1,517,177 |
| Total expenditures | 142,354,279 | 9,794,242 | 5,666,180 | 20,714,841 | 178,529,542 |
| Excess (deficiency) of revenues over (under) expenditures | (1,050,256) | (9,606,084) | (3,344,036) | 6,325,623 | (7,674,753) |
| Other financing sources (uses) | | | | | |
| Transfer in | 4,000 | 7,373,264 | - | 1,732,034 | 9,109,298 |
| Transfer out | (1,732,034) | - | - | (7,377,264) | (9,109,298) |
| Total other financing sources (uses) | (1,728,034) | 7,373,264 | - | (5,645,230) | - |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) | (2,778,290) | (2,232,820) | (3,344,036) | 680,393 | (7,674,753) |
| Fund balances - July 1 | 11,182,793 | 13,108,150 | 3,432,615 | 7,299,856 | 35,023,414 |
| Fund balances - June 30 | \$ 8,404,503 | \$ 10,875,330 | \$ 88,579 | \$ 7,980,249 | \$ 27,348,661 |

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, 2004**

Total net change in fund balances - governmental funds \$ (7,674,753)

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 | \$ 16,236,333 | |
| Depreciation | <u>(3,996,631)</u> | 12,239,702 |

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 (4,722,235)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (287,377)

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) | 3,030,000 | |
| Decrease in capital leases (principal only) | 333,162 | |
| Decrease in energy loans | 61,084 | |
| Decrease in accumulated vacation | <u>12,682</u> | 3,436,928 |

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. (6,554,422)

Change in net assets of governmental activities \$ (3,562,157)

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**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2004**

| | <u>Original</u> | <u>Final</u> | <u>Actual (GAAP Basis)</u> | <u>Variance with Final Budget Favorable (Unfavorable)</u> |
|--|-----------------|---------------|--------------------------------|---|
| Revenues | | | | |
| Revenue limit sources: | | | | |
| State apportionment | \$ 38,327,138 | \$ 35,175,072 | \$ 35,175,072 | \$ - |
| Local sources | 63,628,522 | 67,263,308 | 67,080,657 | (182,651) |
| Total revenue limit | 101,955,660 | 102,438,380 | 102,255,729 | (182,651) |
| Federal sources | 4,869,043 | 5,834,676 | 5,372,084 | (462,592) |
| Other state sources | 16,124,727 | 17,927,205 | 17,041,407 | (885,798) |
| Other local sources | 13,775,828 | 16,280,825 | 16,634,803 | 353,978 |
| Total revenues | 136,725,258 | 142,481,086 | 141,304,023 | (1,177,063) |
| Expenditures | | | | |
| Certificated salaries | 74,498,913 | 74,791,473 | 74,384,241 | 407,232 |
| Classified salaries | 19,783,460 | 21,862,430 | 21,609,878 | 252,552 |
| Employee benefits | 26,702,558 | 27,109,100 | 26,798,198 | 310,902 |
| Books and supplies | 6,854,071 | 10,685,259 | 6,692,203 | 3,993,056 |
| Services and other expenditures | 9,977,173 | 12,161,919 | 11,947,857 | 214,062 |
| Capital outlay | 208,500 | 207,251 | 159,434 | 47,817 |
| Other outgo | 2,204,544 | 2,495,164 | 1,570,400 | 924,764 |
| Direct support/indirect costs | (809,195) | (807,932) | (807,932) | - |
| Total expenditures | 139,420,024 | 148,504,664 | 142,354,279 | 6,150,385 |
| Excess (deficiency) of revenues over (under) expenditures | (2,694,766) | (6,023,578) | (1,050,256) | 4,973,322 |
| Other financing sources (uses) | | | | |
| Transfer in | 54,501 | 4,000 | 4,000 | - |
| Transfer out | (999,458) | (1,732,034) | (1,732,034) | - |
| Total other financing sources (uses) | (944,957) | (1,728,034) | (1,728,034) | - |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) | (3,639,723) | (7,751,612) | (2,778,290) | 4,973,322 |
| Fund balance - July 1 | 11,182,793 | 11,182,793 | 11,182,793 | - |
| Fund balance - June 30 | \$ 7,543,070 | \$ 3,431,181 | \$ 8,404,503 | \$ 4,973,322 |

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, 2004**

| | Governmental Activities |
|------------------------------|--------------------------------|
| | Internal Service |
| | Fund |
| | Self-Insurance |
| | Fund |
| | <hr/> |
| Assets | |
| Cash in county treasury | \$ 4,088,446 |
| Cash in revolving fund | 450,546 |
| Accounts receivable: | |
| Interest | 19,315 |
| Due from other funds | 1,783,814 |
| Total assets | <u>\$ 6,342,121</u> |
| | |
| Liabilities | |
| Accounts payable | \$ 197,486 |
| Due to other funds | 3,317 |
| Other general long-term debt | 10,025,632 |
| Total liabilities | <u>\$ 10,226,435</u> |
| | |
| Net assets | |
| Reserved | \$ 450,546 |
| Unreserved | (4,334,860) |
| Total net assets | <u>\$ (3,884,314)</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, 2004**

| | Governmental Activities |
|---------------------------------|--------------------------------|
| | Internal Service |
| | Fund |
| | Self-Insurance |
| | Fund |
| Operating revenues | |
| Self-insurance premiums | \$ 17,580,705 |
| Other local revenue | 2,034 |
| Total operating revenues | <u>17,582,739</u> |
| Operating expenses | |
| Classified salaries | 98,667 |
| Employee benefits | 39,182 |
| Books and supplies | 16,607 |
| Services and other expenditures | 24,057,038 |
| Total operating expenses | <u>24,211,494</u> |
| Operating loss | <u>(6,628,755)</u> |
| Non-operating revenues | |
| Interest income | 74,333 |
| Total non-operating revenues | <u>74,333</u> |
| Change in net assets | (6,554,422) |
| Net assets - July 1 | <u>2,670,108</u> |
| Net assets - June 30 | <u>\$ (3,884,314)</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, 2004**

| | Governmental Activities |
|---|--------------------------------|
| | Internal Service |
| | Fund |
| | Self-Insurance |
| | Fund |
| | <hr/> |
| Cash flows from operating activities | |
| Cash received from premiums | \$ 16,117,137 |
| Cash received for other local revenues | 2,034 |
| Cash paid for claims and administration | (18,151,442) |
| Cash paid to employees for services | (137,849) |
| Cash paid for goods and services | (16,607) |
| Net cash used by operating activities | <hr/> (2,186,727) |
| Cash flow from investing activities | |
| Interest and other income | 74,333 |
| Net cash provided by investing activities | <hr/> 74,333 |
| Net decrease in cash | (2,112,394) |
| Cash balance, July 1 | 6,651,386 |
| Cash balance, June 30 | <hr/> <hr/> \$ 4,538,992 |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating loss | \$ (6,628,755) |
| Adjustments due to decrease/(increase) in: | |
| Accounts receivable | 4,266 |
| Due from other funds | (1,467,834) |
| Adjustment due to (decrease) in: | |
| Accounts payable | (139,350) |
| Due to other funds | (5,635) |
| Other general long-term debt | 6,050,581 |
| Net decrease | <hr/> 4,442,028 |
| Net cash used by operating activities | <hr/> <hr/> \$ (2,186,727) |

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, 2004**

| | Agency Funds |
|---------------------------|-----------------------------------|
| | Student Body Funds |
| Assets | |
| Cash and cash equivalents | \$ 1,108,108 |
| Accounts receivable | 6,744 |
| Store inventory | 116,640 |
| Prepaid expenses | 31,415 |
| Total assets | <u>\$ 1,262,907</u> |
| Liabilities | |
| Accounts payable | \$ 173,059 |
| Due to student groups | 1,089,848 |
| Total liabilities | <u>\$ 1,262,907</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, 2004**

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.

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 nonfiduciary 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 functions in the statement of activities. Program revenues include charges paid by the recipients of

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not 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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

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.

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, 2004**

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 *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

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.

Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District maintains one debt service fund:

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

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:

- 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.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

- 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.

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 to \$100,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2004**

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.

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.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

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 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. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as prepaid expenditures and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

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.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

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.

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.

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. 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 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, 2004**

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 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 Local Agency Investment Fund (LAIF). The fund is an investment pool managed by the California State Treasurer. The cost of investment is \$1,298,596,707 with a market value of \$1,291,867,434. The fair market value of the LAIF account was obtained from the County of Ventura Treasurer. The LAIF account is not subject to categorization.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2004 consist of the following:

| | General Fund | Other Major Governmental Funds | All other Governmental Funds | Self- Insurance Fund | Totals |
|---------------------------|----------------------|--------------------------------------|------------------------------------|----------------------------|----------------------|
| Federal programs: | | | | | |
| Categorical aid | \$ 1,292,393 | \$ - | \$ 231,032 | \$ - | \$ 1,523,425 |
| Totals federal government | <u>1,292,393</u> | <u>-</u> | <u>231,032</u> | <u>-</u> | <u>1,523,425</u> |
| State government: | | | | | |
| Lottery | 1,479,148 | - | - | - | 1,479,148 |
| All other state funds | 9,203,721 | 88,801 | 317,487 | - | 9,610,009 |
| Totals state government | <u>10,682,869</u> | <u>88,801</u> | <u>317,487</u> | <u>-</u> | <u>11,089,157</u> |
| Local revenues: | | | | | |
| Interest | 122,658 | 62,782 | 31,177 | 19,315 | 235,932 |
| Other local revenues | 3,158,899 | 215,040 | 11,179 | - | 3,385,118 |
| Total local sources | <u>3,281,557</u> | <u>277,822</u> | <u>42,356</u> | <u>19,315</u> | <u>3,621,050</u> |
| Total receivables | <u>\$ 15,256,819</u> | <u>\$ 366,623</u> | <u>\$ 590,875</u> | <u>\$ 19,315</u> | <u>\$ 16,233,632</u> |

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**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2004, are shown below:

| | Balance July 1, 2003 | Additions | Deductions | Balance June 30, 2004 |
|---|-------------------------|----------------------|----------------------|--------------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 18,671,449 | \$ - | \$ - | \$ 18,671,449 |
| Construction in progress | 12,871,783 | - | 12,771,783 | 100,000 |
| Total capital assets not being depreciated | 31,543,232 | - | 12,771,783 | 18,771,449 |
| Capital assets being depreciated | | | | |
| Land improvements | 26,222,766 | 70,906 | - | 26,293,672 |
| Buildings and improvements | 74,377,796 | 28,530,657 | - | 102,908,453 |
| Furniture and equipment | 1,736,284 | 406,553 | - | 2,142,837 |
| Total capital assets being depreciated | 102,336,846 | 29,008,116 | - | 131,344,962 |
| Less accumulated depreciation | | | | |
| Land improvements | 6,668,428 | 2,193,102 | - | 8,861,530 |
| Buildings and improvements | 41,126,557 | 1,580,129 | - | 42,706,686 |
| Furniture and equipment | 852,737 | 223,400 | - | 1,076,137 |
| Total accumulated depreciation | 48,647,722 | 3,996,631 | - | 52,644,353 |
| Governmental activities capital assets, net | <u>\$ 85,232,356</u> | <u>\$ 25,011,485</u> | <u>\$ 12,771,783</u> | <u>\$ 97,472,058</u> |

NOTE 5 – 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, 2004**

Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2004, interfund receivable and payable were as follows:

| Funds | Interfund Receivables | Interfund Payables |
|-------------------------|--------------------------|-----------------------|
| General | \$ 421,507 | \$ 1,987,940 |
| Building fund | 288,862 | 663,958 |
| Capital facilities fund | 569,179 | 450,000 |
| Nonmajor Governmental | 1,392,853 | 1,351,000 |
| Self-insurance fund | 1,783,814 | 3,317 |
| Total | <u>\$ 4,456,215</u> | <u>\$ 4,456,215</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 2003-04 were as follows:

| Funds | Transfer In | Transfer Out |
|--|---------------------|---------------------|
| General fund | \$ 4,000 | \$ 1,732,034 |
| All other funds: | | |
| Adult education fund | 133,550 | - |
| Building fund | 7,373,264 | - |
| County school facilities fund | - | 7,373,264 |
| Special reserve for capital outlay fund | 1,598,484 | 4,000 |
| Total | <u>\$ 9,109,298</u> | <u>\$ 9,109,298</u> |

Transfer of \$133,550 from the General Fund to the Adult Education Fund for developmental kindergarten Average Daily Attendance.

Transfer of \$1,598,484 from the General Fund to the Special Reserve for Capital Outlay Fund for capital projects.

Transfer of \$7,373,264 from the County School Facilities Fund to the Building Fund to reimburse project costs.

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 6 – FUND BALANCES

The following is a summary of fund balances at June 30, 2004:

| | General | Other Major Governmental Funds | All Other Governmental Funds | Self- Insurance Fund | Totals |
|-------------------------------|---------------------|--------------------------------------|------------------------------------|----------------------------|----------------------|
| Reserved | | | | | |
| Revolving cash | \$ 30,000 | \$ - | \$ - | \$ 450,546 | \$ 480,546 |
| Stores inventory | 220,102 | - | 96,858 | - | 316,960 |
| Prepaid expenditures | 21,370 | - | - | - | 21,370 |
| Legally restricted balances | 783,290 | - | - | - | 783,290 |
| Total reserved | 1,054,762 | - | 96,858 | 450,546 | 1,602,166 |
| Unreserved: | | | | | |
| Designated: | | | | | |
| Economic uncertainties | 4,322,589 | - | - | - | 4,322,589 |
| Other uses | 1,826,443 | - | - | - | 1,826,443 |
| Total Designated Funds | 6,149,032 | - | - | - | 6,149,032 |
| Undesignated | 1,200,709 | 10,963,909 | 7,883,391 | 1,715,721 | 21,763,730 |
| Total unreserved | 7,349,741 | 10,963,909 | 7,883,391 | 1,715,721 | 27,912,762 |
| Total fund balances | \$ 8,404,503 | \$ 10,963,909 | \$ 7,980,249 | \$ 2,166,267 | \$ 29,514,928 |

NOTE 7 – CHANGES TO LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2004 is shown below:

| | Balance June 30, 2003 | Additions | Deductions | Balance June 30, 2004 | Due within One Year |
|--|--------------------------|---------------------|---------------------|--------------------------|------------------------|
| General obligation bonds - current interest | \$ 36,545,000 | \$ - | \$ 3,030,000 | \$ 33,515,000 | \$ 3,400,000 |
| General obligation bonds - capital appreciation | 31,200,359 | 1,717,019 | - | 32,917,378 | 1,812,433 |
| Compensated absences | 618,975 | - | 12,682 | 606,293 | - |
| Capital leases | 333,162 | - | 333,162 | - | - |
| Energy loans | 128,178 | - | 61,084 | 67,094 | 34,538 |
| Totals | \$ 68,825,674 | \$ 1,717,019 | \$ 3,436,928 | \$ 67,105,765 | \$ 5,246,971 |

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 8 – BONDED DEBT

The District has issued three 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. In addition, the District also issued Refunding Bonds on November 5, 2000 to refund the Series A Bonds.

The outstanding general obligation bonded debt of the District at June 30, 2004 are as follow:

Bonded Debt - Current Interest:

| Date of Issue | Interest Rate % | Maturity Date | Original Issue | Outstanding July 1, 2003 | Issued | Redeemed Current Year | Outstanding June 30, 2004 |
|---------------|-----------------|---------------|---------------------|--------------------------|-------------|-----------------------|---------------------------|
| 03/01/1999 | 4.000%-4.750% | 07/01/2013 | \$30,000,000 | \$ 9,245,000 | \$ - | \$ - | \$ 9,245,000 |
| 10/10/2000 | 3.850%-4.300% | 08/01/2008 | 13,785,000 | 12,240,000 | - | 1,590,000 | 10,650,000 |
| 10/10/2000 | 4.125%-5.750% | 08/01/2015 | 19,020,000 | 15,060,000 | - | 1,440,000 | 13,620,000 |
| Totals | | | <u>\$62,805,000</u> | <u>\$36,545,000</u> | <u>\$ -</u> | <u>\$ 3,030,000</u> | <u>\$ 33,515,000</u> |

Bonded Debt - Capital Appreciation:

| Date of Issue | Interest Rate % | Maturity Date | Original Issue | Outstanding July 1, 2003 | Principal Accreted | Redeemed Current Year | Outstanding June 30, 2004 |
|---------------|-----------------|---------------|---------------------|--------------------------|--------------------|-----------------------|---------------------------|
| 10/10/2000 | 4.75%-5.40% | 08/01/2015 | \$19,990,115 | \$22,995,331 | \$1,717,019 | \$ - | \$ 24,712,350 |
| 04/04/2002 | 5.55%-5.60% | 08/01/2017 | 8,205,028 | 8,205,028 | - | - | 8,205,028 |
| Totals | | | <u>\$28,195,143</u> | <u>\$31,200,359</u> | <u>\$1,717,019</u> | <u>\$ -</u> | <u>\$ 32,917,378</u> |

| | | | | | | | |
|--------------------|--|--|---------------------|---------------------|--------------------|---------------------|----------------------|
| Totals bonded debt | | | <u>\$91,000,143</u> | <u>\$67,745,359</u> | <u>\$1,717,019</u> | <u>\$ 3,030,000</u> | <u>\$ 66,432,378</u> |
|--------------------|--|--|---------------------|---------------------|--------------------|---------------------|----------------------|

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2004 are as follows:

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

| Year Ended June 30 | Principal | Interest | Total |
|--------------------|---------------------|-------------------|----------------------|
| 2011 | \$ 3,300,000 | \$ 400,345 | \$ 3,700,345 |
| 2012 | 1,900,000 | 261,745 | 2,161,745 |
| 2013 | 1,980,000 | 180,045 | 2,160,045 |
| 2014 | 2,065,000 | 92,925 | 2,157,925 |
| Totals | <u>\$ 9,245,000</u> | <u>\$ 935,060</u> | <u>\$ 10,180,060</u> |

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2004**

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

| <u>Year Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------|----------------------|---------------------|----------------------|
| 2005 | \$ 1,770,000 | \$ 443,253 | \$ 2,213,253 |
| 2006 | 1,960,000 | 372,453 | 2,332,453 |
| 2007 | 2,090,000 | 291,603 | 2,381,603 |
| 2008 | 2,300,000 | 205,390 | 2,505,390 |
| 2009 | 2,530,000 | 108,790 | 2,638,790 |
| Totals | <u>\$ 10,650,000</u> | <u>\$ 1,421,488</u> | <u>\$ 12,071,488</u> |

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

| <u>Year Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------|----------------------|---------------------|----------------------|
| 2005 | \$ 1,630,000 | \$ 612,980 | \$ 2,242,980 |
| 2006 | 1,840,000 | 542,780 | 2,382,780 |
| 2007 | 2,140,000 | 466,880 | 2,606,880 |
| 2008 | 2,390,000 | 378,605 | 2,768,605 |
| 2009 | 2,660,000 | 278,225 | 2,938,225 |
| 2010-2010 | 2,960,000 | 155,200 | 3,115,200 |
| Totals | <u>\$ 13,620,000</u> | <u>\$ 2,434,670</u> | <u>\$ 16,054,670</u> |

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

| <u>Year Ended 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 | 12,563,300 | 9,248,935 | 21,812,235 |
| Totals | <u>\$ 24,712,350</u> | <u>\$ 18,624,885</u> | <u>\$ 43,337,235</u> |

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

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

| <u>Year Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------|---------------------|----------------------|----------------------|
| 2016 | \$ 4,117,319 | \$ 5,112,681 | \$ 9,230,000 |
| 2017 | 4,087,709 | 5,637,291 | 9,725,000 |
| Totals | <u>\$ 8,205,028</u> | <u>\$ 10,749,972</u> | <u>\$ 18,955,000</u> |

NOTE 9 - CAPITAL LEASE AGREEMENTS

The District has entered into long-term leases, which are accounted for as capital leases. The liability for the lease payments have been recorded in the General Long-Term Debt Account Group. The final payment of \$346,665 was made in 2004 which include interest charge of \$13,503.

NOTE 10 - ENERGY LOANS

The District has entered into several long term financing agreements for energy-saving fixed assets, totaling \$508,346. The value of the future loan payments for these assets has been recorded in the General Long-Term Debt Account Group.

The outstanding energy loans of the District as of June 30, 2004 are as follows:

| <u>Date of Issue</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount of Original Issue</u> | <u>Outstanding June 30, 2003</u> | <u>Redeemed in Current Year</u> | <u>Outstanding June 30, 2004</u> |
|----------------------|----------------------|----------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|
| 05-01-97 | 6.6% | 12-22-03 | \$ 26,000 | \$ 2,435 | \$ 2,435 | \$ - |
| 02-27-97 | 6.6% | 12-22-03 | 191,182 | 18,096 | 18,096 | - |
| 02-27-97 | 6.6% | 12-22-04 | 24,842 | 6,100 | 4,000 | 2,100 |
| 04-04-97 | 6.6% | 12-22-03 | 27,500 | 2,587 | 2,587 | - |
| 02-24-98 | 5.9% | 12-22-06 | 164,200 | 78,971 | 20,835 | 58,135 |
| 04-16-98 | 5.9% | 12-22-04 | 36,622 | 9,821 | 6,451 | 3,370 |
| 05-01-98 | 5.9% | 12-22-04 | 38,000 | 10,167 | 6,679 | 3,488 |
| Totals | | | <u>\$ 508,346</u> | <u>\$ 128,177</u> | <u>\$ 61,083</u> | <u>\$ 67,094</u> |

The annual requirements to amortize all energy loans payable, outstanding as of June 30, 2004 are as follows:

| <u>Year Ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------|------------------|-----------------|------------------|
| 2005 | \$ 31,164 | \$ 3,374 | \$ 34,538 |
| 2006 | 23,641 | 1,773 | 25,414 |
| 2007 | 12,289 | 364 | 12,653 |
| Totals | <u>\$ 67,094</u> | <u>\$ 5,511</u> | <u>\$ 72,605</u> |

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 11 – 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, it is believed 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.

Construction Contracts

At June 30, 2004, the District has outstanding construction commitments of approximately \$15,240,446.

NOTE 12 – 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.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

As of June 30, 2004, liability for claims in the Internal Service Fund amounted to \$10,025,632. Changes in the funds' claims liability in the fiscal year 2003-2004 were:

| | Beginning Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Ending Fiscal Year Liability |
|----------------------------|---------------------------------------|---|----------------------|------------------------------------|
| Workers' compensation fund | \$ 1,699,410 | \$ 9,212,006 | \$ 2,084,794 | \$ 8,826,622 |
| Health & welfare fund | 2,275,641 | 14,626,772 | 15,703,403 | 1,199,010 |
| Totals | <u>\$ 3,975,051</u> | <u>\$ 23,838,778</u> | <u>\$ 17,788,197</u> | <u>\$ 10,025,632</u> |

The 2003-04 Ending Fiscal Year Liability in the Worker's Compensation Fund of \$8,826,622 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 claims, both reported and unreported, as of June 30, 2004. The current year increase in this figure has created a negative fund balance of \$3,884,314 in the 2003-04 Internal Service Fund, as reported on page 20. However, 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 2003-04. 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 2004-05 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.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

Funding Policy

Active plan members are required to contribute 7.0% 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 2003-2004 was 10.42% 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 ending June 30, 2004, 2003 and 2002 were \$2,027,015, \$551,683, and \$0 respectively.

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 2003-2004. The District's contributions to the STRS for the fiscal years ending June 30, 2004, 2003 and 2002 were \$6,214,842, \$6,107,727 and \$5,666,411 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 61st 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.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2004**

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 2003-04 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, 2004, 111 retirees met these eligibility requirements. The expenditures for post-retirement health benefits are recognized on a pay as you go basis.

During the benefits year ended June 30, 2004, expenditures of \$273,887 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.

NOTE 16 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Ventura County Schools Self-Funding Authority (the "Authority") public entity risk pool. The District pays an annual premium to the Authority for its property liability coverage. The relationship between the District and the pool is such that it is not a component unit of the District for financial reporting purposes.

The Authority has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the Authority and the District are included in these statements. Audited financial statements are available from the entity.

- A. Entity** Ventura County Schools Self-Funding Authority
- B. Purpose** Provides property and liability insurance
- C. Participants** Schools and community college districts and county school offices in Ventura County
- D. Governing Board** One member from each participating district/county school office

E. Condensed Audited Financial Information:

| | June 30, 2003 |
|----------------------------|-----------------|
| Assets | \$ 25,925,001 |
| Liabilities | 39,170,014 |
| Net assets | \$ (13,245,013) |
| Revenues | \$ 20,699,208 |
| Expenses | (22,526,160) |
| Net decrease in net assets | \$ (1,826,952) |

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 17 – TAX AND REVENUE ANTICIPATION NOTES

On June 4, 2004, the District had a Tax Revenue and Anticipation Note payable outstanding in the amount of \$16,500,000 plus accrued interest. The District had deposited all of the funds necessary to redeem the note in full as of June 30, 2004 with the Ventura County Treasurer's Office. The note matured and was redeemed on June 30, 2004.

NOTE 18 - SUBSEQUENT EVENT

Tax and Revenue Anticipation Notes

On July 6, 2004, the District issued \$16,000,000 of Tax and Revenue Anticipation Notes. The notes mature on June 30, 2005, and yield 3 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent in Ventura County Office each month beginning December 31, 2004, until 100 percent of principal and interest due is on account by May 31, 2005.

**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2004**

| | Child Development | Deferred Maintenance | Cafeteria | Adult Education | Totals |
|--|----------------------|-------------------------|-------------------|--------------------|---------------------|
| Assets | | | | | |
| Cash in county treasury | \$ 173,084 | \$ 339,349 | \$ 98,973 | \$ 397,969 | \$ 1,009,375 |
| Cash on hand and in banks | 21,837 | - | 210 | 1,300 | 23,347 |
| Accounts receivable: | | | | | |
| Federal government | - | - | 159,287 | 71,745 | 231,032 |
| State government | 111,482 | - | 9,871 | 167,390 | 288,743 |
| Other sources: | | | | | |
| Interest | 1,204 | 1,262 | 594 | 1,766 | 4,826 |
| Other | - | - | 11,179 | - | 11,179 |
| Due from other funds | - | - | 1,072 | - | 1,072 |
| Stores inventory | - | - | 96,858 | - | 96,858 |
| Total assets | \$ 307,607 | \$ 340,611 | \$ 378,044 | \$ 640,170 | \$ 1,666,432 |
| Liabilities and fund balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 99,036 | \$ 20,355 | \$ 113,971 | \$ 205,758 | \$ 439,120 |
| Deferred revenues | 39,880 | - | - | 88,871 | 128,751 |
| Due to other funds | 16 | - | 117,616 | 461 | 118,093 |
| Total liabilities | 138,932 | 20,355 | 231,587 | 295,090 | 685,964 |
| Fund balances: | | | | | |
| Reserved funds | - | - | 96,858 | - | 96,858 |
| Unreserved: | | | | | |
| Undesignated funds | 168,675 | 320,256 | 49,599 | 345,080 | 883,610 |
| Total fund balances | 168,675 | 320,256 | 146,457 | 345,080 | 980,468 |
| Total liabilities and fund balances | \$ 307,607 | \$ 340,611 | \$ 378,044 | \$ 640,170 | \$ 1,666,432 |

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 SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED JUNE 30, 2004**

| | Child Development | Deferred Maintenance | Cafeteria | Adult Education | Totals |
|---|----------------------|-------------------------|------------|--------------------|--------------|
| Revenues | | | | | |
| Revenue limit sources: | | | | | |
| State apportionment | \$ - | \$ - | \$ - | \$ 2,275,734 | \$ 2,275,734 |
| Total revenue limit | - | - | - | 2,275,734 | 2,275,734 |
| Federal revenues: | | | | | |
| Child nutrition | - | - | 1,065,247 | - | 1,065,247 |
| Other | 4,914 | - | - | 364,271 | 369,185 |
| State revenues: | | | | | |
| Child nutrition | - | - | 66,440 | - | 66,440 |
| Other | 278,555 | 259,164 | - | - | 537,719 |
| Local revenues: | | | | | |
| Interest | 5,830 | 7,026 | 3,038 | 9,175 | 25,069 |
| Other local revenues | 3,886,424 | - | 3,085,228 | 1,681,676 | 8,653,328 |
| Total revenues | 4,175,723 | 266,190 | 4,219,953 | 4,330,856 | 12,992,722 |
| Expenditures | | | | | |
| Certificated salaries | 157,126 | - | - | 1,567,216 | 1,724,342 |
| Classified salaries | 2,375,609 | 106 | 1,726,160 | 1,025,936 | 5,127,811 |
| Employee benefits | 771,937 | 10 | 487,825 | 436,670 | 1,696,442 |
| Books and supplies | 327,492 | 13,875 | 1,992,166 | 716,088 | 3,049,621 |
| Services and other expenditures | 296,715 | 1,005,180 | 185,089 | 394,979 | 1,881,963 |
| Capital outlay | 14,810 | 9,961 | 149,736 | 42,706 | 217,213 |
| Direct support/indirect costs | 322,750 | - | - | 485,182 | 807,932 |
| Total expenditures | 4,266,439 | 1,029,132 | 4,540,976 | 4,668,777 | 14,505,324 |
| Excess (deficiency) of revenues over (under) expenditures | (90,716) | (762,942) | (321,023) | (337,921) | (1,512,602) |
| Other financing sources | | | | | |
| Transfer in | - | - | - | 133,550 | 133,550 |
| Total other financing sources | - | - | - | 133,550 | 133,550 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures | (90,716) | (762,942) | (321,023) | (204,371) | (1,379,052) |
| Fund balances - July 1 | 259,391 | 1,083,198 | 467,480 | 549,451 | 2,359,520 |
| Fund balances - June 30 | \$ 168,675 | \$ 320,256 | \$ 146,457 | \$ 345,080 | \$ 980,468 |

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, 2004**

| | Child Development | | | Variance with Final Budget Favorable (Unfavorable) |
|--|-------------------|-----------|--------------------------------|---|
| | Original | Final | Actual (Budgetary Basis) | |
| Revenues | | | | |
| Revenue limit sources: | | | | |
| State apportionment | \$ - | \$ - | \$ - | \$ - |
| Total revenue limit | - | - | - | - |
| Federal revenues: | | | | |
| Child nutrition | - | - | - | - |
| Other | - | 7,979 | 4,914 | (3,065) |
| State revenues: | | | | |
| Child nutrition | | | | - |
| Other | 250,413 | 278,555 | 278,555 | - |
| Local revenues: | | | | |
| Interest | 15,000 | 7,000 | 5,830 | (1,170) |
| Other | 3,809,414 | 3,940,856 | 3,886,424 | (54,432) |
| Total revenues | 4,074,827 | 4,234,390 | 4,175,723 | (58,667) |
| Expenditures | | | | |
| Certificated salaries | 114,154 | 157,126 | 157,126 | - |
| Classified salaries | 2,257,705 | 2,377,817 | 2,375,609 | 2,208 |
| Employee benefits | 738,137 | 772,136 | 771,937 | 199 |
| Books and supplies | 323,848 | 351,414 | 327,492 | 23,922 |
| Services and other expenditures | 236,940 | 305,149 | 296,715 | 8,434 |
| Capital outlay | | 179,810 | 14,810 | 165,000 |
| Direct support/indirect costs | 316,971 | 322,750 | 322,750 | - |
| Total expenditures | 3,987,755 | 4,466,202 | 4,266,439 | 199,763 |
| Excess (deficiency) of revenues over (under) expenditures | 87,072 | (231,812) | (90,716) | 141,096 |
| Other financing sources | | | | |
| Transfer in | - | - | - | - |
| Transfer out | (50,501) | - | - | - |
| Total other financing sources | (50,501) | - | - | - |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures | 36,571 | (231,812) | (90,716) | 141,096 |
| Fund balances - July 1 | 259,391 | 259,391 | 259,391 | - |
| Fund balances - June 30 | \$ 295,962 | \$ 27,579 | \$ 168,675 | \$ 141,096 |

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) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 1,100,000 | 1,065,247 | 1,065,247 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 70,000 | 66,440 | 66,440 | - |
| 274,338 | 274,338 | 259,164 | (15,174) | - | - | - | - |
| 15,000 | 10,000 | 7,026 | (2,974) | 20,000 | 3,038 | 3,038 | - |
| - | - | - | - | 3,069,000 | 3,085,228 | 3,085,228 | - |
| 289,338 | 284,338 | 266,190 | (18,148) | 4,259,000 | 4,219,953 | 4,219,953 | - |
| - | - | - | - | - | - | - | - |
| - | 106 | 106 | - | 1,636,445 | 1,726,160 | 1,726,160 | - |
| - | 10 | 10 | - | 458,061 | 487,825 | 487,825 | - |
| - | 13,875 | 13,875 | - | 2,026,200 | 1,992,166 | 1,992,166 | - |
| 1,318,300 | 1,045,175 | 1,005,180 | 39,995 | 110,240 | 185,089 | 185,089 | - |
| - | 9,961 | 9,961 | - | - | 149,736 | 149,736 | - |
| - | - | - | - | - | - | - | - |
| 1,318,300 | 1,069,127 | 1,029,132 | 39,995 | 4,230,946 | 4,540,976 | 4,540,976 | - |
| (1,028,962) | (784,789) | (762,942) | 21,847 | 28,054 | (321,023) | (321,023) | - |
| 274,338 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 274,338 | - | - | - | - | - | - | - |
| (754,624) | (784,789) | (762,942) | 21,847 | 28,054 | (321,023) | (321,023) | - |
| 1,083,198 | 1,083,198 | 1,083,198 | - | 467,480 | 467,480 | 467,480 | - |
| \$ 328,574 | \$ 298,409 | \$ 320,256 | \$ 21,847 | \$ 495,534 | \$ 146,457 | \$ 146,457 | \$ - |

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, 2004**

| | Adult Education | | | Variance with Final Budget Favorable (Unfavorable) |
|--|-----------------|--------------|--------------------------------|---|
| | Original | Final | Actual (Budgetary Basis) | |
| Revenues | | | | |
| Revenue limit sources: | | | | |
| State apportionment | \$ 2,284,843 | \$ 2,275,734 | \$ 2,275,734 | \$ - |
| Total revenue limit | 2,284,843 | 2,275,734 | 2,275,734 | - |
| Federal revenues: | | | | |
| Child nutrition | - | - | - | - |
| Other | - | 439,469 | 364,271 | (75,198) |
| State revenues: | | | | |
| Child nutrition | - | - | - | - |
| Other | - | - | - | - |
| Local revenues: | | | | |
| Interest | 15,000 | 11,000 | 9,175 | (1,825) |
| Other | 1,591,162 | 1,670,716 | 1,681,676 | 10,960 |
| Total revenues | 3,891,005 | 4,396,919 | 4,330,856 | (66,063) |
| Expenditures | | | | |
| Certificated salaries | 1,319,157 | 1,589,620 | 1,567,216 | 22,404 |
| Classified salaries | 914,621 | 1,046,772 | 1,025,936 | 20,836 |
| Employee benefits | 411,959 | 458,310 | 436,670 | 21,640 |
| Books and supplies | 459,506 | 794,641 | 716,088 | 78,553 |
| Services and other expenditures | 475,550 | 476,222 | 394,979 | 81,243 |
| Capital outlay | - | 45,478 | 42,706 | 2,772 |
| Direct support/indirect costs | 492,224 | 485,182 | 485,182 | - |
| Total expenditures | 4,073,017 | 4,896,225 | 4,668,777 | 227,448 |
| Excess (deficiency) of revenues over (under) expenditures | (182,012) | (499,306) | (337,921) | 161,385 |
| Other financing sources | | | | |
| Transfer in | 132,741 | 133,550 | 133,550 | - |
| Transfer out | - | - | - | - |
| Total other financing sources | 132,741 | 133,550 | 133,550 | - |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures | (49,271) | (365,756) | (204,371) | 161,385 |
| Fund balances - July 1 | 549,451 | 549,451 | 549,451 | - |
| Fund balances - June 30 | \$ 500,180 | \$ 183,695 | \$ 345,080 | \$ 161,385 |

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) |
| \$ 2,284,843 | \$ 2,275,734 | \$ 2,275,734 | \$ - |
| 2,284,843 | 2,275,734 | 2,275,734 | - |
| - | 447,448 | 369,185 | (78,263) |
| 70,000 | 66,440 | 66,440 | - |
| 524,751 | 552,893 | 537,719 | (15,174) |
| 65,000 | 31,038 | 25,069 | (5,969) |
| 8,469,576 | 8,696,800 | 8,653,328 | (43,472) |
| 11,414,170 | 12,070,353 | 11,927,475 | (142,878) |
| 1,433,311 | 1,746,746 | 1,724,342 | 22,404 |
| 4,808,771 | 5,150,855 | 5,127,811 | 23,044 |
| 1,608,157 | 1,718,281 | 1,696,442 | 21,839 |
| 2,809,554 | 3,152,096 | 3,049,621 | 102,475 |
| 2,141,030 | 2,011,635 | 1,881,963 | 129,672 |
| - | 384,985 | 217,213 | (167,772) |
| 809,195 | 807,932 | 807,932 | - |
| 13,610,018 | 14,972,530 | 14,505,324 | 131,662 |
| (2,195,848) | (2,902,177) | (2,577,849) | 324,328 |
| 407,079 | 133,550 | 133,550 | - |
| (50,501) | - | - | - |
| 356,578 | 133,550 | 133,550 | - |
| (1,839,270) | (2,768,627) | (2,444,299) | 324,328 |
| 2,359,520 | 2,359,520 | 2,359,520 | - |
| \$ 1,620,250 | \$ 656,140 | \$ 980,468 | \$ 324,328 |

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, 2004**

| | County School Facilities | Special Reserve for Capital Outlay | Totals |
|--|-------------------------------------|---|---------------------|
| Assets | | | |
| Cash in county treasury | \$ 2,166,579 | \$ 128,954 | \$ 2,295,533 |
| Accounts receivable: | | | |
| Interest | 8,240 | 9,177 | 17,417 |
| Due from other funds | - | 1,391,781 | 1,391,781 |
| Total assets | \$ 2,174,819 | \$ 1,529,912 | \$ 3,704,731 |
| Liabilities and fund balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 479,542 | \$ 479,542 |
| Due to other funds | 284,293 | 948,614 | 1,232,907 |
| Total liabilities | 284,293 | 1,428,156 | 1,712,449 |
| Fund balances: | | | |
| Unreserved: | | | |
| Undesignated funds | 1,890,526 | 101,756 | 1,992,282 |
| Total fund balances | 1,890,526 | 101,756 | 1,992,282 |
| Total liabilities and fund balances | \$ 2,174,819 | \$ 1,529,912 | \$ 3,704,731 |

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, 2004**

| | County School Facilities | Special Reserve for Capital Outlay | Totals |
|--|-----------------------------|---------------------------------------|---------------------|
| Revenues | | | |
| State revenues: | | | |
| Other | \$ 9,160,026 | \$ - | \$ 9,160,026 |
| Local revenues: | | | |
| Interest | 37,021 | 3,722 | 40,743 |
| Other | - | 7,691 | 7,691 |
| Total revenues | <u>9,197,047</u> | <u>11,413</u> | <u>9,208,460</u> |
| Expenditures | | | |
| Classified salaries | - | 36,241 | 36,241 |
| Employee benefits | - | 12,588 | 12,588 |
| Books and supplies | - | 2,745 | 2,745 |
| Services and other expenditures | - | 1,546,490 | 1,546,490 |
| Capital outlay | 10,376 | 53,900 | 64,276 |
| Total expenditures | <u>10,376</u> | <u>1,651,964</u> | <u>1,662,340</u> |
| Excess (deficiency) of revenues over (under) expenditures | 9,186,671 | (1,640,551) | 7,546,120 |
| Other financing sources (uses) | | | |
| Transfer in | - | 1,598,484 | 1,598,484 |
| Transfer out | (7,373,264) | (4,000) | (7,377,264) |
| Total other financing sources (uses) | <u>(7,373,264)</u> | <u>1,594,484</u> | <u>(5,778,780)</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) | 1,813,407 | (46,067) | 1,767,340 |
| Fund balances - July 1 | 77,119 | 147,823 | 224,942 |
| Fund balances - June 30 | <u>\$ 1,890,526</u> | <u>\$ 101,756</u> | <u>\$ 1,992,282</u> |

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, 2004**

| | County School Facilities | | | |
|--|---------------------------------|---------------------|---|---|
| | Original | Final | Actual (Budgetary Basis) | Variance with Final Budget Favorable (Unfavorable) |
| Revenues | | | | |
| State revenues: | | | | |
| Other | \$ 3,000,000 | \$ 9,160,026 | \$ 9,160,026 | \$ - |
| Local revenues: | | | | |
| Interest | 5,000 | 5,000 | 37,021 | 32,021 |
| Other | - | - | - | - |
| Total revenues | 3,005,000 | 9,165,026 | 9,197,047 | 32,021 |
| Expenditures | | | | |
| Classified salaries | - | - | - | - |
| Employee benefits | - | - | - | - |
| Books and supplies | - | - | - | - |
| Services and other expenditures | - | - | - | - |
| Capital outlay | - | 10,376 | 10,376 | - |
| Total expenditures | - | 10,376 | 10,376 | - |
| Excess (deficiency) of revenues over (under) expenditures | 3,005,000 | 9,154,650 | 9,186,671 | 32,021 |
| Other financing sources (uses) | | | | |
| Transfer in | - | - | - | - |
| Transfer out | (3,000,000) | (7,073,936) | (7,373,264) | 299,328 |
| Total other financing sources (uses) | (3,000,000) | (7,073,936) | (7,373,264) | 299,328 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) | 5,000 | 2,080,714 | 1,813,407 | 331,349 |
| Fund balances - July 1 | 77,119 | 77,119 | 77,119 | - |
| Fund balances - June 30 | \$ 82,119 | \$ 2,157,833 | \$ 1,890,526 | \$ 331,349 |

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) | |
| \$ - | \$ - | \$ - | \$ - | \$ 3,000,000 | \$ 9,160,026 | 9,160,026 | \$ - | |
| 11,000 | 3,799 | 3,722 | (77) | 16,000 | 8,799 | 40,743 | 31,944 | |
| | 7,691 | 7,691 | - | | 7,691 | 7,691 | - | |
| 11,000 | 11,490 | 11,413 | (77) | 3,016,000 | 9,176,516 | 9,208,460 | 31,944 | |
| 36,048 | 36,241 | 36,241 | - | 36,048 | 36,241 | 36,241 | - | |
| 12,632 | 12,588 | 12,588 | - | 12,632 | 12,588 | 12,588 | - | |
| - | 2,745 | 2,745 | - | - | 2,745 | 2,745 | - | |
| 574,904 | 1,578,842 | 1,546,490 | 32,352 | 574,904 | 1,578,842 | 1,546,490 | 32,352 | |
| - | 53,900 | 53,900 | - | - | 64,276 | 64,276 | - | |
| 623,584 | 1,684,316 | 1,651,964 | 32,352 | 623,584 | 1,694,692 | 1,662,340 | 32,352 | |
| (612,584) | (1,672,826) | (1,640,551) | (32,429) | 2,392,416 | 7,481,824 | 7,546,120 | (408) | |
| 592,379 | 1,598,484 | 1,598,484 | - | 592,379 | 1,598,484 | 1,598,484 | - | |
| (4,000) | (4,000) | (4,000) | - | (3,004,000) | (7,077,936) | (7,377,264) | (299,328) | |
| 588,379 | 1,594,484 | 1,594,484 | - | (2,411,621) | (5,479,452) | (5,778,780) | (299,328) | |
| (24,205) | (78,342) | (46,067) | (32,429) | (19,205) | 2,002,372 | 1,767,340 | (299,736) | |
| 147,823 | 147,823 | 147,823 | - | 224,942 | 224,942 | 224,942 | - | |
| \$ 123,618 | \$ 69,481 | \$ 101,756 | \$ (32,429) | \$ 205,737 | \$ 2,227,314 | \$ 1,992,282 | \$ (299,736) | |

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2004**

| | Bond Interest and Redemption Fund |
|-------------------------|--|
| | <u> </u> |
| Assets | |
| Cash in county treasury | \$ 4,990,875 |
| Accounts receivable: | |
| Interest | <u>16,624</u> |
| Total assets | <u>\$ 5,007,499</u> |
| | |
| Fund balance | |
| Undesignated funds | <u>\$ 5,007,499</u> |
| Total fund balance | <u>\$ 5,007,499</u> |

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 BALANCE
NONMAJOR DEBT SERVICE FUND
FISCAL YEAR ENDED JUNE 30, 2004**

| | Bond Interest and Redemption Fund |
|---|--|
| Revenues | |
| State revenues: | |
| Other | \$ 50,069 |
| Local revenues: | |
| Interest | 51,581 |
| Other | 4,737,632 |
| Total revenues | <u>4,839,282</u> |
| Expenditures | |
| Debt service: | |
| Principal | 3,030,000 |
| Interest | 1,517,177 |
| Total expenditures | <u>4,547,177</u> |
| Excess of revenues over expenditures | 292,105 |
| Fund balance - July 1 | <u>4,715,394</u> |
| Fund balance - June 30 | <u>\$ 5,007,499</u> |

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 DEBT SERVICE FUND
FISCAL YEAR ENDED JUNE 30, 2004**

| | Original | Final | Actual (Budgetary Basis) | Variance with Final Budget Favorable (Unfavorable) |
|---|---------------------|---------------------|--------------------------------|---|
| Revenues | | | | |
| State revenues: | | | | |
| Other | \$ 56,982 | \$ 50,064 | \$ 50,069 | \$ 5 |
| Local revenues: | | | | |
| Interest | 34,000 | 23,260 | 51,581 | 28,321 |
| Other | 4,469,545 | 4,527,196 | 4,737,632 | 210,436 |
| Total revenues | <u>4,560,527</u> | <u>4,600,520</u> | <u>4,839,282</u> | <u>238,762-</u> |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal | 3,030,000 | 3,030,000 | 3,030,000 | - |
| Interest | 1,517,177 | 1,517,177 | 1,517,177 | - |
| Total expenditures | <u>4,547,177</u> | <u>4,547,177</u> | <u>4,547,177</u> | <u>-</u> |
| Excess of revenues over expenditures | 13,350 | 53,343 | 292,105 | 238,762 |
| Fund balance - July 1 | <u>4,715,394</u> | <u>4,715,394</u> | <u>4,715,394</u> | <u>-</u> |
| Fund balance - June 30 | <u>\$ 4,728,744</u> | <u>\$ 4,768,737</u> | <u>\$ 5,007,499</u> | <u>\$ 238,762</u> |

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 AGENCY FUNDS
 JUNE 30, 2004**

| | <u>High Schools</u> | <u>Middle Schools</u> | <u>Totals</u> |
|-------------------------------------|-------------------------|---------------------------|---------------------|
| Assets | | | |
| Cash on hand and in banks | \$ 895,921 | \$ 212,187 | \$ 1,108,108 |
| Accounts receivable - miscellaneous | 6,035 | 709 | 6,744 |
| Stores inventory | 13,251 | 33,262 | 46,513 |
| Prepaid expenditures | 83,378 | 18,164 | 101,542 |
| Total assets | <u>\$ 998,585</u> | <u>\$ 264,322</u> | <u>\$ 1,262,907</u> |
| Liabilities | | | |
| Accounts payable | \$ 138,641 | \$ 34,418 | \$ 173,059 |
| Due to student groups | 859,944 | 229,904 | 1,089,848 |
| Total liabilities | <u>\$ 998,585</u> | <u>\$ 264,322</u> | <u>\$ 1,262,907</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, 2004

| | Balance July 1, 2003 | Additions | Deletions | Balance June 30, 2004 |
|--|----------------------------|---------------------|---------------------|-----------------------------|
| HIGH SCHOOLS | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 628,565 | \$ 6,441,824 | \$ 6,174,468 | \$ 895,921 |
| Accounts receivable | 7,799 | 24,862 | 26,626 | 6,035 |
| Prepaid expenses | 21,125 | 13,271 | 21,145 | 13,251 |
| Stores inventory | 78,480 | 9,376 | 4,478 | 83,378 |
| Total assets | <u>\$ 735,969</u> | <u>\$ 6,489,333</u> | <u>\$ 6,226,717</u> | <u>\$ 998,585</u> |
| Liabilities | | | | |
| Accounts payable | \$ 73,728 | \$ 613,799 | \$ 548,886 | \$ 138,641 |
| Due to student groups | 662,241 | 2,876,467 | 2,678,764 | 859,944 |
| Total liabilities | <u>\$ 735,969</u> | <u>\$ 3,490,266</u> | <u>\$ 3,227,650</u> | <u>\$ 998,585</u> |
| INTERMEDIATE SCHOOLS | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 213,761 | \$ 1,470,441 | \$ 1,472,015 | \$ 212,187 |
| Accounts receivable | 4,658 | 9,990 | 13,939 | 709 |
| Prepaid expenses | 13,656 | 33,262 | 13,656 | 33,262 |
| Stores inventory | 28,138 | 10,151 | 20,125 | 18,164 |
| Total assets | <u>\$ 260,213</u> | <u>\$ 1,523,844</u> | <u>\$ 1,519,735</u> | <u>\$ 264,322</u> |
| Liabilities | | | | |
| Accounts payable | \$ 32,751 | \$ 34,417 | \$ 32,750 | \$ 34,418 |
| Due to student groups | 227,462 | 1,207,016 | 1,204,574 | 229,904 |
| Total liabilities | <u>\$ 260,213</u> | <u>\$ 1,241,433</u> | <u>\$ 1,237,324</u> | <u>\$ 264,322</u> |
| TOTALS - ALL STUDENT BODY FUNDS | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 842,326 | \$ 7,912,265 | \$ 7,646,483 | \$ 1,108,108 |
| Accounts receivable | 12,457 | 34,852 | 40,565 | 6,744 |
| Prepaid expenses | 34,781 | 46,533 | 34,801 | 46,513 |
| Stores inventory | 106,618 | 19,527 | 24,603 | 101,542 |
| Total assets | <u>\$ 996,182</u> | <u>\$ 8,013,177</u> | <u>\$ 7,746,452</u> | <u>\$ 1,262,907</u> |
| Liabilities | | | | |
| Accounts payable | \$ 106,479 | \$ 648,216 | \$ 581,636 | \$ 173,059 |
| Due to student groups | 889,703 | 4,083,483 | 3,883,338 | 1,089,848 |
| Total liabilities | <u>\$ 996,182</u> | <u>\$ 4,731,699</u> | <u>\$ 4,464,974</u> | <u>\$ 1,262,907</u> |

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

SUPPLEMENTARY INFORMATION SECTION

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
ORGANIZATION
JUNE 30, 2004**

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. Dorothy Beaubien | President | December, 2004 |
| Dr. Timothy Stephens | Vice President | December, 2006 |
| Mrs. Patricia Phelps | Clerk | December, 2006 |
| Mrs. Dolores Didio | Member | December, 2004 |

ADMINISTRATION

Dr. Robert Fraisse - Superintendent of Schools

Dr. Jeffrey Baarstad - Assistant Superintendent, Business Services

Dr. Richard Simpson - Assistant Superintendent, Instruction Services

Dr. Jody Dunlap - Assistant Superintendent, Personnel Services

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FISCAL YEAR ENDED JUNE 30, 2004**

| | <u>Second Period Report</u> | <u>Annual Report</u> |
|--|---------------------------------|--------------------------|
| ELEMENTARY: | | |
| Kindergarten | 1,447 | 1,471 |
| Grades 1 - 3 | 4,754 | 4,746 |
| Grades 4 - 6 | 4,965 | 4,967 |
| Grades 7 - 8 | 3,411 | 3,411 |
| Home and Hospital | 2 | 2 |
| Special Education | 303 | 319 |
| ELEMENTARY TOTALS | <u>14,882</u> | <u>14,916</u> |
| HIGH SCHOOL: | | |
| Grades 9 - 12 | 6,150 | 6,108 |
| Continuation Education | 211 | 207 |
| Home and Hospital | 1 | 2 |
| Special Education | 188 | 192 |
| HIGH SCHOOL TOTALS | <u>6,550</u> | <u>6,509</u> |
| COUNTY SUPPLEMENT: | | |
| Special Education | 44 | 44 |
| COUNTY SUPPLEMENT TOTALS | <u>44</u> | <u>44</u> |
| District K-12 ADA | <u>21,476</u> | <u>21,469</u> |
| Classes for Adults: | | |
| Concurrently Enrolled | 1,028 | 1,092 |
| ADULT TOTALS | <u>1,028</u> | <u>1,092</u> |
| TOTALS | <u>22,504</u> | <u>22,561</u> |
| | <u>Hours of Attendance</u> | |
| SUMMER SCHOOL HOURS OF ATTENDANCE | | |
| Elementary | 108,414 | 112,731 |
| Secondary | 147,430 | 151,001 |
| TOTALS | <u>255,844</u> | <u>263,732</u> |

See accompanying note to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 FISCAL YEAR ENDED JUNE 30, 2004**

| <u>Grade Level</u> | <u>1982-83 Minutes Requirement</u> | <u>1986-87 Actual Minutes</u> | <u>2003-04 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 | 54,075 | 180 | Complied |
| Grade 7 through 8 | 53,375 | 54,000 | 55,380 | 180 | Complied |
| Grade 9 through 12 | 53,375 | 64,800 | 70,080 | 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.

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**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS - GENERAL FUND
FISCAL YEARS ENDING JUNE 30**

| | (Budget) 2005 | 2004 | 2003 |
|---|------------------|--------------|----------------|
| Revenues and other financial sources | 145,885,229 | 141,308,023 | \$ 141,052,735 |
| Expenditures | 141,193,567 | 142,354,279 | 142,189,423 |
| Other uses and transfers out | 5,356,651 | 1,732,034 | 515,064 |
| Total outgo | 146,550,218 | 144,086,313 | 142,704,487 |
| Change in fund balance | (664,989) | (2,778,290) | (1,651,752) |
| Ending balance | 7,739,514 | 8,404,503 | \$ 11,182,793 |
| Available reserves | \$ 5,468,871 | \$ 7,124,197 | \$ 9,802,589 |
| Available reserves as a percentage of total outgo | 3.73% | 4.94% | 6.87% |
| Total long-term debt | 61,858,794 | 67,105,765 | 68,825,674 |
| Average daily attendance at P-2* | 21,558 | 21,476 | 21,129 |

* 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>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> |
|----------------|----------------|----------------|----------------|
| \$ 138,968,398 | \$ 132,584,141 | \$ 117,202,296 | \$ 106,480,025 |
| 140,556,311 | 129,316,691 | 113,626,379 | 101,820,504 |
| 1,081,910 | 1,363,224 | 993,284 | 3,038,976 |
| 141,638,221 | 130,679,915 | 114,619,663 | 104,859,480 |
| (2,669,823) | 1,904,226 | 2,582,633 | 1,620,545 |
| \$ 12,834,545 | \$ 15,504,368 | \$ 13,600,142 | \$ 11,017,509 |
| \$ 4,471,865 | \$ 15,004,588 | \$ 13,015,389 | \$ 8,378,939 |

| | | | |
|------------|------------|------------|------------|
| 3.16% | 11.48% | 11.36% | 7.99% |
| 70,236,729 | 63,856,001 | 32,121,527 | 32,476,818 |
| 20,542 | 20,198 | 19,832 | 20,039 |

See accompanying note to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FISCAL YEAR ENDED JUNE 30, 2004**

| Program Name | Federal CFDA No. | Pass-through Entity Identifying No. | Federal Expenditures |
|---|-----------------------------|--|---------------------------------|
| U.S. Department of Education: | | | |
| <u>Passed through California Department of Education (CDE):</u> | | | |
| Workforce Investment Act, Title II - ABE | 84.002A | 13973 | \$ 6,203 |
| Workforce Investment Act, Title II - ESL | 84.002A | 14302/13904 | 154,098 |
| Workforce Investment Act, Title II - ASE | 84.002A | 13978 | 3,150 |
| Adult Education and Family Literacy Act, PL 105-220 - Foundation Funding and Approved Components | 84.002A | 14109 | 200,820 |
| NCLB Title I, Part A - AFDC and Neglected | 84.010 | 03797 | 1,279,995 |
| NCLB Title II, Part A - Teacher and Principal Training and Recruiting Fur | 84.367 | 14341 | 603,236 |
| NCLB Title III, Part A - Limited English Proficient Student Program | 84.365 | 10084 | 32,202 |
| NCLB Title IV - Safe and Drug-free Schools | 84.184 | 03453 | 91,279 |
| NCLB Title VI - Innovative Education Strategies | 84.298 | 03340 | 69,691 |
| Carl D. Perkins Vocational and Applied Technology Secondary Grants | 84.048 | 03924 | 83,578 |
| Transition Partnership Program | 84.158 | 10006 | 190,129 |
| School Renovation Technology Grant | 84.352A | 14318 | 11,214 |
| <u>Passed through Ventura County Office of Education SELPA:</u> | | | |
| IDEA - Local Assistance | 84.027A | 03379 | 2,676,153 |
| IDEA - Federal Preschool | 84.173A | 03430 | 303,796 |
| IDEA - Infant Discretionary | 84.027A | 03612 | 17,519 |
| IDEA - Low Incidence Entitlement | 84.027A | 03459 | 4,971 |
| <u>Passed through the Center for Civic Education:</u> | | | |
| Civic Center Education | 84.292A | [1] | 8,321 |
| Total U.S. Department of Education | | | <u>5,736,355</u> |
| U.S. Department of Health and Human Services: | | | |
| <u>Passed through California Department of Education (CDE):</u> | | | |
| Child Development: School-Age Resource Contracts | 93.575 | 13941 | 4,914 |
| Total U.S. Department of Health and Human Services | | | <u>4,914</u> |
| U.S. Department of Agriculture: | | | |
| <u>Passed through California Department of Education (CDE):</u> | | | |
| Basic Breakfast | 10.553 | 03390 | 50,697 |
| Especially Needy Breakfast | 10.553 | 03390 | 151,490 |
| National School Lunch Program | 10.555 | 03396 | 863,060 |
| Total U.S. Department of Agriculture | | | <u>1,065,247</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 6,806,516</u> |

[1] Pass-Through Identifying Number was not available

See accompanying notes to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
 REPORT WITH AUDITED FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2004**

| | Internal Service Fund |
|--|---|
| | <u> </u> |
| June 30, 2004, Annual Financial and Budget Report Fund Balance | \$ 2,166,266 |
| Adjustment: | |
| (Decrease) in the Fund Balance: | |
| Services and other expenditures - understatement | <u>(6,050,580)</u> |
| June 30, 2004, Audited Financial Statement Fund Balance | <u><u>\$ (3,884,314)</u></u> |
| | |
| | General Long- Term Debt Account Group |
| | <u> </u> |
| June 30, 2004, Annual Financial and Budget Report Total Liabilities | \$ 62,383,530 |
| Adjustment: | |
| Increase in: | |
| General obligation bond accreted principal | <u>4,722,235</u> |
| June 30, 2004, Audited Financial and Budget Report Total Liabilities | <u><u>\$ 67,105,765</u></u> |

See accompanying note to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2004**

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 the Conejo Valley Unified School District (the "District") as of and for the year ended June 30, 2004, and have issued our report thereon dated November 5, 2004. 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

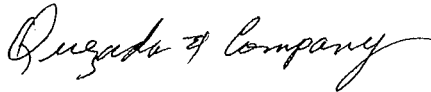
In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matter involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-1 through 04-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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 grants, 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* which are described in the accompanying schedule of findings and questioned costs.

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.



Monrovia, California
November 5, 2004

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND 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 the 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, 2004. 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 compliance based on our audit.

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

In our opinion, Conejo Valley Unified School 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, 2004.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with 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 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control structure that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by the error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Dezada & Company

Monrovia, California
November 5, 2004

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, 2004, and have issued our report thereon dated November 5, 2004. 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 State Controller's *Standard and Procedures for Audits of California K-12 Local Educational Agencies*. 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 Controller's Audit Guide</u> | <u>Procedures Performed</u> |
|--|---|---------------------------------|
| Attendance Accounting: | | |
| Attendance reporting | 6 | Yes |
| Kindergarten continuation | 3 | Yes |
| Independent study | 22 | No** |
| Continuation education | 10 | Yes |
| Adult education | 9 | Yes |
| Regional occupational center/programs | 6 | Not applicable* |
| Instructional time and staff development reform program | 7 | Yes |
| Incentive for longer instructional day: | | |
| School districts | 4 | Yes |
| County Offices of Education | 3 | Not applicable* |
| Community day schools | 9 | Not applicable* |

| <u>Description</u> | <u>Procedures in Controller's Audit Guide</u> | <u>Procedures Performed</u> |
|---|---|---------------------------------|
| 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* |
| Program to reduce class size in two courses in two courses in grade 9 (Morgan-Hart class size reduction program) | 7 | Yes |
| Instructional materials general requirements: | 9 | Yes |
| K-8 only | 1 | Yes |
| Grade 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 |

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

** Testing for the Independent Study Program was not performed because the reported ADA on the Second Period Attendance Report was below the level that requires testing for this program.

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 04-5 and 04-6 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.

Quezada & Company

Monrovia, California
November 5, 2004

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FINDINGS AND RECOMMENDATIONS SECTION

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COST
 FISCAL YEAR ENDED JUNE 30, 2004**

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

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 10.553 | National School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.555 | Especially Needy School Breakfast Program |

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

Auditee qualified as low-risk auditee? Yes _____ No

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COST
 FISCAL YEAR ENDED JUNE 30, 2004**

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:

Qualified

Part II – Financial Statement Findings

04-1 ASB Internal Control – No Revenue Potential used at Colina Middle School and Los Cerritos Middle School (30000)

Condition

During test of transaction of cash receipt at Colina Middle School and Los Cerritos Middle School, it was noted that the revenue potential form was not being used for ASB activities.

Criteria

Per *Accounting Procedures for Student Organizations*, utilization of these financial forecasting tools provides better control over the funds collected and deposited for fundraisers and overall financial planning

Recommendation

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.

District Response

The District has implement policy that requires all schools to complete a "Revenue Potential" form in advance of all major fundraiser's activities.

04-2 ASB Internal Control – Self Operation Vending Machine at Colina Middle School (30000)

Condition

During observation of vending machine operation at Colina Middle School, it was noted that the self-operation vending machine was conducted at school. The school ensured the machine always kept full and working all times and removes any money from vending sales on daily basis. This operation procedure was not in accordance with contract signed by the District office and Coca-Cola Bottling Company of Southern California, the beverage provider.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COST
FISCAL YEAR ENDED JUNE 30, 2004**

Criteria

Based on the contract between the District and Coca-Cola Bottling Company of Southern California (“vendor”), the vendor agreed to pay “upfront” monies and commissions which to be divided between the District and participated schools. This contract is exclusive and all participated schools must purchase products only from the vendor. The vendor is responsible for inventory of the vending machine as well as collection of money.

Recommendation

The District should enforce guidelines and policies with regard to the vending machine operations. The District should determine on who should handle the contracting – ASB or the District. The District should also determine whether to allow the student body to operate directly the vending machine. The policies should require coordination with the food services department with regard to items to be sold and the timing of vending machine operation to ensure there is no competition with school cafeteria operation.

District Response

The District has enforced the guidelines and policies regarding the vending machine operations and Colina Middle School is currently operating on a commission basis only.

04-3 ASB Internal Control – Sales Tax on Self Operation Vending Machine at Colina Middle School (30000)

Condition

During observation of vending machine operation at Colina Middle School, it was noted that the self-operation vending machine was conducted at school. The school did not make any tax payment for each sale made.

Criteria

According to *California Code of Regulation, Division 2, Chapter 4, Article 6* outlines the payment of sales tax on vending machine operations. Sales tax is due on the sales of some taxable items, including carbonated beverages, sold through vending machine. All items sold for fifteen (15) cents or more are subject to sales tax, and the sales tax paid based on the sales vending price not the price paid to the supplier for the product.

Recommendation

The District should establish a policy to require the school ASB’ self operated vending machine assigns individual responsible to report and pay the sales tax as stated in the *Code of Regulation, Division 2, Chapter 4, Article 6*. In addition, the ASB also should adhere to the *State of California Board of Equalization, Regulation 1574 Vending Machine Operators* for Sales Tax regulations and guidelines.

District Response

Colina Middle School’s vending machine is currently operating on a commission sales basis only.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COST
FISCAL YEAR ENDED JUNE 30, 2004**

04-4 ASB Internal Control – Payment made to CASH – Los Cerritos Middle School (30000)

Condition

During test of transaction of cash disbursement at Los Cerritos Middle School, it was noted that a check was issued to “Cash” for an expenditure used for magazine scramble prize. In addition, the expenditure was not supported by sufficient documentation such prize breakdown or denomination.

Criteria

Per *Accounting Procedures for Student Organizations*, the ASB bookkeeper must never make out to cash or issue a check lacking a payee name or amount. For ASB petty cash, have the student council approve an amount and replenish with checks to a designated person.

Recommendation

The school district should implement a policy to enforce any expenditure should never make out to cash and be submitted with sufficient documentation as an audit trail to support the amount and purpose of the expenditure. In addition, the ASB should appoint a designated person who will be the payee in situation where cash payment need to be made.

District Response

The District has issued cash handling procedures to be implemented at all school sites.

Part III - Federal Award Findings Section

No matters were reported.

Part IV - State Findings Section

04-5 Attendance (10000)

Condition

During test of attendance procedures at Colina Middle School, it was noted that the attendance procedures used to record daily attendance include the teacher manually recording attendance in their classrooms. At the end of each month, the attendance office sends each teacher an attendance report to check against his/her records, make changes, if necessary, and sign and return to the attendance office. Based on our testing, the procedure is normally completed. However, we noted in certain instances that the teacher failed to sign and date the attendance report. We deemed this to be an internal control weakness. We found no instances where attendance was not properly reported.

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.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COST
FISCAL YEAR ENDED JUNE 30, 2004**

Recommendation

The school district should emphasize the state requirement for every teacher to sign and date attendance record on daily basis. The District should advise and/or provide training to teachers about the importance of proper attendance accounting and how attendance can not be considered complete without the teachers' signatures and date.

District Response

The District has emphasized the state requirement for every teacher to sign and date all of the attendance documentation.

04-6 Class Size Reduction in Grade Nine – Miscalculation average class size (40000)

Condition

During the review of Form J-9MH-A Class Size Reduction in Grade Nine and supporting documents for the purpose of determining whether the calculation is mathematically correct, it was noted that the District included teacher assistant in the enrollment count for section 8 of English class at Newbury Park High School, which brought reported average pupils of 22.3. As a result, the District's enrollment was overstated by 23 students and the District was over-funded by \$4,140 (23 enrollments of \$180 each).

Criteria

Per California Department of Education instruction, the active monthly enrollment is the average enrollment count for all instructional days of the month. This includes the average for the whole month, not just a snapshot count on the last teaching day of the month.

Recommendation

The District should amend the J-9MH-A report to ensure receipt of the funding it is entitled to.

District Response

The District has amended the J-9MH-A for to correctly state the enrollment numbers. The completed forms have been submitted to the California Department of Education.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2004**

| Finding | Recommendation | Status |
|---|--|--|
| <p>ASB Internal Control – Thousand Oaks High School (10000) A record of associated student body cards sold by number was maintained. However, the inventory of associated student body card issued and the beginning and ending number of associated student body cards sold was not maintained.</p> | <p>To safeguard assets, controls on associated student body cards should be maintained by tracking the number of associated student body card issued and sold.</p> | <p>Implemented. The District has issued Associated Student Body policies to be implemented at all sites.</p> |
| <p>Workers Compensation Self-Insurance The District has underfunded its obligation to the Workers' Compensation Self-Insurance Fund. The District is funding at the rate of \$1.50 per \$100 payroll rate versus the actuarially determined rates of \$1.85 per \$100 for the 2001-2002 fiscal year and \$1.88 per \$100 for the 2002-2003 fiscal year.</p> | <p>The District should increase its contribution to the Workers' Compensation Self-Insurance Fund to the actuarially determined rates.</p> | <p>Not implemented. The District used the rate of \$2.23 per \$100 for the 2003-2004 fiscal year and will used the actuarially determined rate of \$3.13 per \$100 payroll for the 2004-2005 fiscal year.</p> |

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