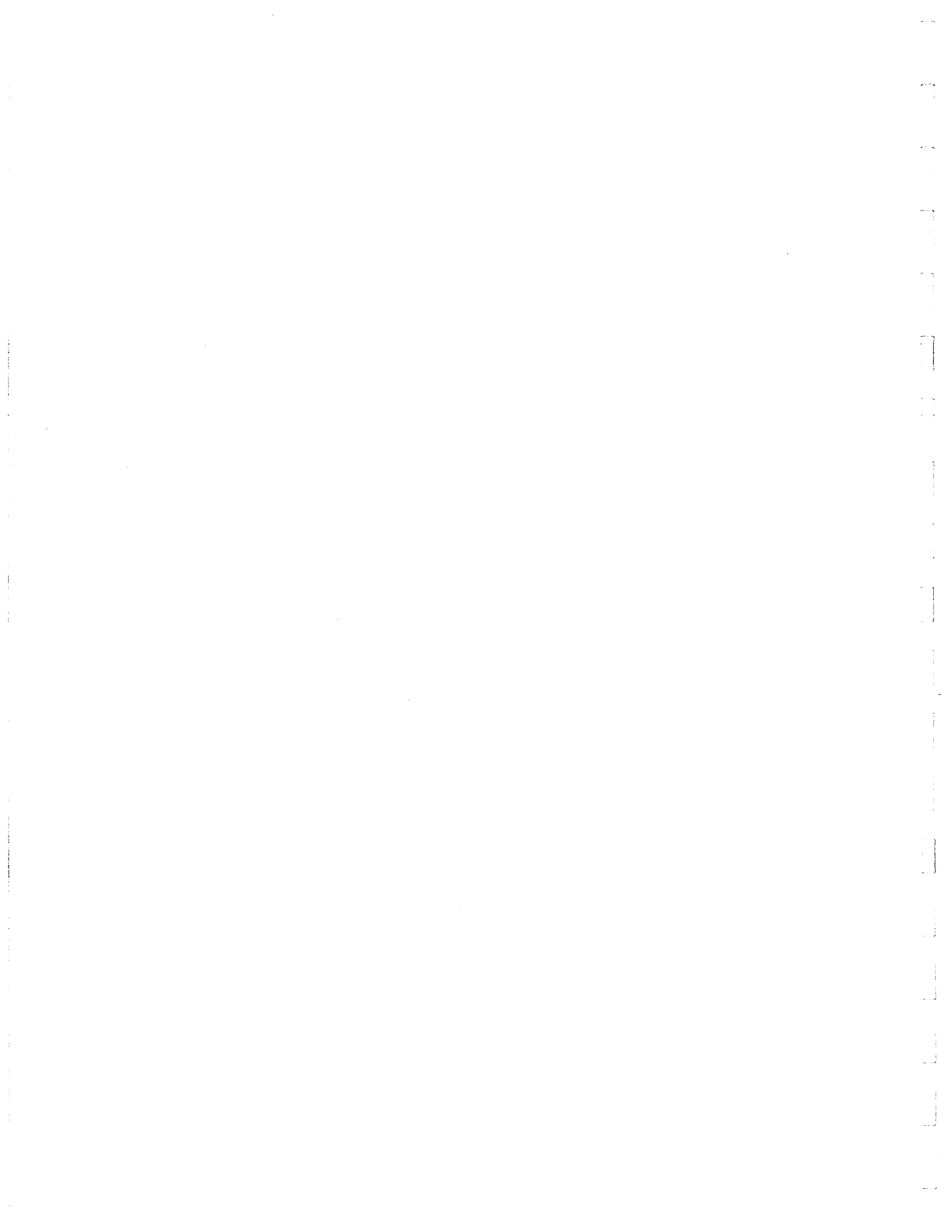


**CONEJO VALLEY UNIFIED
SCHOOL DISTRICT**

COUNTY OF VENTURA

**THOUSAND OAKS, CALIFORNIA
AUDIT REPORT**

FISCAL YEAR ENDED JUNE 30, 2003



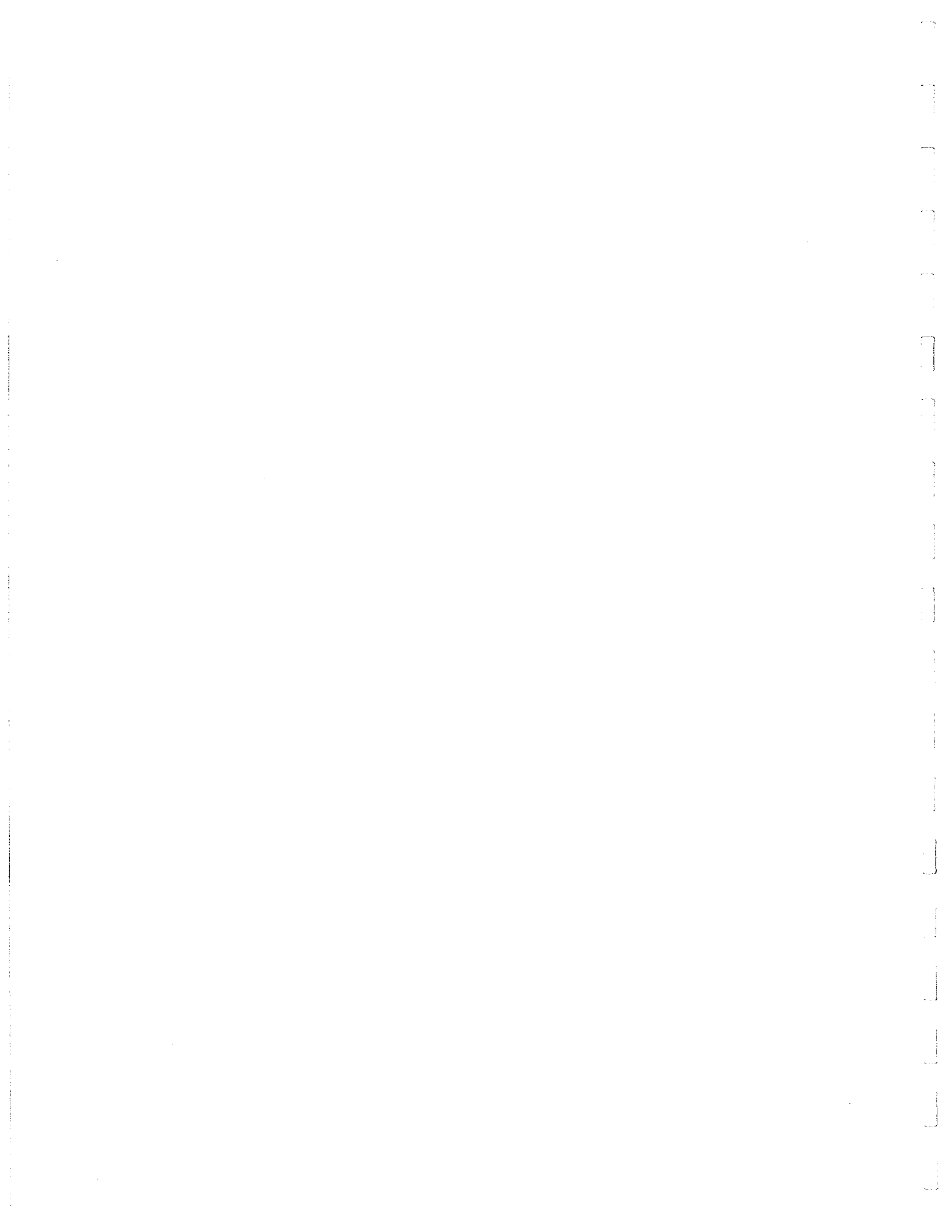
CONEJO VALLEY UNIFIED SCHOOL DISTRICT

Thousand Oaks, California

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND SUPPLEMENTARY INFORMATION**

Fiscal Year Ended June 30, 2003

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 Trustee
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, and each major fund of the Conejo Valley Unified School District (the "District"), as of and for the year ended June 30, 2003, 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for its opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position, the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2003, 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.

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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining and individual 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Quigada & Company

Monrovia, California
October 10, 2003



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 Fraise, Ph.D
Superintendent

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

This section of Conejo Valley Unified School District's 2002-2003 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2003. 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, 2003**

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 evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the Statement of Net Assets and the Statement of Activities 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, 2003**

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 \$57.393 million for the fiscal year ended June 30, 2003. Of this amount, approximately \$31.971 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.

TABLE 1

NET ASSETS (in millions of dollars)

	Governmental Activities	Business-Type Activities	School District Activities
Current and other assets	\$ 48.727	\$ -	\$ 48.727
Inventories	0.355	-	0.355
Capital assets (land)	18.671	-	18.671
Depreciable assets (net)	66.561	-	66.561
Total assets	<u>134.314</u>	<u>-</u>	<u>134.314</u>
Current liabilities	11.388	-	11.388
Outstanding debt	65.533	-	65.533
Total liabilities	<u>76.921</u>	<u>-</u>	<u>76.921</u>
Total net assets	<u>\$ 57.393</u>	<u>\$ -</u>	<u>\$ 57.393</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2003**

**TABLE 2
CHANGES IN NET ASSETS**

	<u>Governmental Activities</u>
Revenues	
Instruction	\$ 32,579,788
Instruction related	1,432,065
Pupil services	6,391,771
General administration	772,195
Plant services	138,847
Ancillary services	2,307
Community services	538,746
Enterprise activities	1,291,808
Other outgo	748,536
General revenue and subventions	115,363,614
Interest and investment earnings	1,474,208
Miscellaneous	15,741,215
Total revenues	<u>\$ 176,475,100</u>
Expenses	
Instruction	\$ 98,274,560
Instruction related	16,273,425
Pupil services	11,472,537
General administration	6,897,482
Plant services	6,329,343
Ancillary services	1,634,468
Community services	621,776
Enterprise activities	3,265,182
Interest on long-term debt	1,636,913
Other outgo	716,934
Depreciation (unallocated)	3,181,227
Total expenses	<u>\$ 150,303,847</u>
Change in net assets	<u><u>\$ 26,171,253</u></u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2003**

Governmental Activities

As reported in Table 2, the cost of all of our governmental activities this year was \$150.304 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$68.282 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	\$ 98.274	\$ 65.70
Supervision of Instruction	2.736	1.823
Instructional Library, Media and Technology	1.488	1.487
School Site Administrator	12.050	11.531
Home-to-School Transportation	1.517	0.523
Food Services	4.147	0.132
Other Pupil Services	5.809	4.426
Data Processing	1.889	1.883
Other General Administration	5.009	4.243
Plant Services	6.329	6.191
Ancillary Services	1.634	1.632
Community Services	0.622	0.083
Enterprise Activities	3.265	1.973
Interest on Long-Term Debt	1.637	1.637
Other Outgo	0.717	(0.032)
Depreciation (unallocated)	3.181	3.181
Total Governmental-Type Activities	<u><u>\$ 150.304</u></u>	<u><u>\$ 106.408</u></u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2003**

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

Capital Assets

At June 30, 2003, the District had \$85.232 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	65.677
Equipment	<u>0.884</u>
Total	<u>\$ 85.232</u>

Major addition included (in millions):

Sycamore Canyon design/construction	\$ 3.904
HVAC replacement	1.495
Modernization projects	1.126

This year's major additions included the construction of Sycamore Canyon School, HVAC replacements, modernization projects and Westlake High School pool and tennis courts. Sycamore Canyon School was paid for using Developers Fees, and the HVAC replacements, Modernization projects and Westlake High School Pool and Tennis Courts using General Obligation Bonds. Several capital and modernization projects are planned for the 2003-2004 year. We anticipate capital additions to be over \$6 million, and modernization projects to be \$2.2 million.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2003**

Long-Term Debt

At the end of this year, the District had \$67.745 million in bonds outstanding versus \$68.778 million last year.

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

	<u>Governmental Activities</u>
General obligation bonds	\$ 67.745
Compensated absences	0.619
Capitalized lease obligations	0.333
Other - energy loans	0.128
Totals	<u>\$ 68.825</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 \$67.745 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, 2003**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2003-2004 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	10,470
Intermediate	30:1	4,472
High School	30:1	6,540
Special Education	30:1	412
Totals		<u>21,894</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.

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**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2003**

	<u>Government Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 38,083,108	\$ -	\$ 38,083,108
Accounts receivables	10,643,669	-	10,643,669
Inventories and prepaid expenses	355,096	-	355,096
Capital assets:			
Land	18,671,449	-	18,671,449
Land improvement	26,222,766	-	26,222,766
Construction in progress	12,871,783	-	12,871,783
Buildings and improvements	74,377,796	-	74,377,796
Furniture and equipment	1,736,284	-	1,736,284
Less: accumulated depreciation	<u>(48,647,722)</u>	-	<u>(48,647,722)</u>
Total capital assets, net of depreciation	<u>85,232,356</u>	-	<u>85,232,356</u>
Total assets	<u><u>\$ 134,314,229</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 134,314,229</u></u>
Liabilities			
Accounts payable and other current liabilities	\$ 9,458,849	\$ -	\$ 9,458,849
Deferred revenue	1,929,502	-	1,929,502
Long-term liabilities:			
Due within one year	5,141,370	-	5,141,370
Due after one year	<u>60,391,711</u>	-	<u>60,391,711</u>
Total liabilities	<u><u>\$ 76,921,432</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 76,921,432</u></u>
Net assets			
Invested in capital assets, net of related debt	\$ 19,699,275	\$ -	\$ 19,699,275
Restricted for:			
Capital projects	5,722,515	-	5,722,515
Unrestricted	<u>31,971,007</u>	-	<u>31,971,007</u>
Total net assets	<u><u>\$ 57,392,797</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 57,392,797</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, 2003**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Government Activities			
Instruction	\$ 98,274,560	\$ 670,424	\$ 19,635,157
Instructional-related services:			
Supervision of instruction	2,735,697	14,989	898,086
Instructional library, media and technology	1,487,840	354	190
School site administration	12,049,888	17,232	501,214
Pupil services:			
Home-to-school transportation	1,516,904	-	994,227
Food services	4,146,900	2,928,850	1,085,997
All other pupil services	5,808,733	122	1,382,575
General administration:			
Data processing	1,888,789	644	5,622
All other general administration	5,008,693	83,764	682,165
Plant services	6,329,343	25,916	112,931
Facility acquisition and construction	-	-	-
Ancillary services	1,634,468	-	2,307
Community services	621,776	538,746	-
Enterprise activities	3,265,182	11,143	1,280,665
Interest on long-term debt	1,636,913	-	-
Other outgo	716,934	-	748,536
Depreciation (unallocated)	3,181,227	-	-
Total governmental activities	<u>\$ 150,303,847</u>	<u>\$ 4,292,184</u>	<u>\$ 27,329,672</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

Net (Expense) Revenue and Changes in Net Assets			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 12,274,207	\$ (65,694,772)	\$ -	\$ (65,694,772)
-	(1,822,622)	-	(1,822,622)
-	(1,487,296)	-	(1,487,296)
-	(11,531,442)	-	(11,531,442)
-	(522,677)	-	(522,677)
-	(132,053)	-	(132,053)
-	(4,426,036)	-	(4,426,036)
-	(1,882,523)	-	(1,882,523)
-	(4,242,764)	-	(4,242,764)
-	(6,190,496)	-	(6,190,496)
-	-	-	-
-	(1,632,161)	-	(1,632,161)
-	(83,030)	-	(83,030)
-	(1,973,374)	-	(1,973,374)
-	(1,636,913)	-	(1,636,913)
-	31,602	-	31,602
-	(3,181,227)	-	(3,181,227)
<u>\$ 12,274,207</u>	<u>\$ (106,407,784)</u>	<u>\$ -</u>	<u>\$ (106,407,784)</u>

\$ 63,733,998	\$ -	\$ 63,733,998
4,548,166	-	4,548,166
47,081,450	-	47,081,450
1,474,208	-	1,474,208
15,741,215	-	15,741,215
<u>132,579,037</u>	<u>-</u>	<u>132,579,037</u>
26,171,253	-	26,171,253
31,221,544	-	31,221,544
<u>\$ 57,392,797</u>	<u>\$ -</u>	<u>\$ 57,392,797</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, 2003**

	General Fund	Capital Facilities Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash in county treasury	\$ 6,583,599	\$ 4,025,530	\$ 13,695,217	\$ 7,082,178	\$ 31,386,524
Cash on hand and in banks	3,000	-	-	4,510	7,510
Cash in revolving fund	30,000	-	-	-	30,000
Cash with fiscal agent	-	-	7,688	-	7,688
Accounts receivable:					
Federal government	1,908,430	-	-	230,223	2,138,653
State government	3,321,288	-	-	10,947	3,332,235
Other sources:					
Interest	274,447	16,502	30,139	64,769	385,857
Other	4,541,875	-	-	221,468	4,763,343
Due from other funds	15,463	-	5,699	227,285	248,447
Stores inventory	249,415	-	-	103,095	352,510
Prepaid expenditures	-	-	-	2,586	2,586
Total assets	\$ 16,927,517	\$ 4,042,032	\$ 13,738,743	\$ 7,947,061	\$ 42,655,353
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 3,307,689	\$ 605,317	\$ 625,915	\$ 443,040	\$ 4,981,961
Other current liabilities	165,000	-	-	-	165,000
Due to other funds	495,750	4,100	1,678	53,947	555,475
Deferred revenue	1,776,285	-	3,000	150,218	1,929,503
Total liabilities	5,744,724	609,417	630,593	647,205	7,631,939
Fund balances:					
Reserved funds	1,380,204	-	-	105,681	1,485,885
Unreserved:					
Designated special purposes	5,722,515	-	-	-	5,722,515
Undesignated funds	4,080,074	3,432,615	13,108,150	7,194,175	27,815,014
Total fund balances	11,182,793	3,432,615	13,108,150	7,299,856	35,023,414
Total liabilities and fund balances	\$ 16,927,517	\$ 4,042,032	\$ 13,738,743	\$ 7,947,061	\$ 42,655,353

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, 2003**

Total fund balances - governmental funds \$ 35,023,414

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 \$133,880,078 and the accumulated depreciation is \$48,647,722. 85,232,356

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. 2,670,108

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	\$ (62,802,343)	
Capital appreciation bonds payable - accretion of interest to date	(1,647,672)	
Capital leases	(333,162)	
Energy loans	(130,929)	
Compensated absences (vacation)	(618,975)	(65,533,081)

Total net assets - governmental activities		\$ 57,392,797
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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, 2003**

	General Fund	Capital Facilities Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Revenue limit sources:					
State apportionment	\$ 36,839,842	\$ -	\$ -	\$ 2,420,159	\$ 39,260,001
Local sources	65,332,612	-	-	-	65,332,612
Total revenue limit	102,172,454	-	-	2,420,159	104,592,613
Federal sources	5,023,209	-	-	1,363,093	6,386,302
Other state sources	18,354,309	-	-	13,341,055	31,695,364
Other local sources:					
Interest	1,093,529	70,779	122,046	187,853	1,474,207
Other	14,405,234	4,456,684	-	12,612,635	31,474,553
Total revenues	<u>141,048,735</u>	<u>4,527,463</u>	<u>122,046</u>	<u>29,924,795</u>	<u>175,623,039</u>
Expenditures					
Certificated salaries	73,542,804	-	-	1,599,520	75,142,324
Classified salaries	21,653,938	68,353	221,886	4,764,049	26,708,226
Employee benefits	25,405,102	20,187	74,489	1,618,714	27,118,492
Books and supplies	9,395,919	185,754	40,740	2,763,615	12,386,028
Services and other expenditures	11,022,591	1,169,827	3,809,633	2,008,839	18,010,890
Capital outlay	404,522	3,327,010	1,095,525	295,858	5,122,915
Other outgo	1,092,552	-	-	-	1,092,552
(Direct support)/indirect costs	(781,691)	-	-	781,691	-
Debt service:					
Principal	453,686	-	-	2,680,000	3,133,686
Interest	-	-	-	1,636,912	1,636,912
Total expenditures	<u>142,189,423</u>	<u>4,771,131</u>	<u>5,242,273</u>	<u>18,149,198</u>	<u>170,352,025</u>
Excess (deficiency) of revenues over (under) expenditures					
	(1,140,688)	(243,668)	(5,120,227)	11,775,597	5,271,014
Other financing sources (uses)					
Transfer in	4,000	-	12,021,222	1,215,064	13,240,286
Transfer out	(515,064)	-	(700,000)	(12,025,222)	(13,240,286)
Total other financing sources (uses)	<u>(511,064)</u>	<u>-</u>	<u>11,321,222</u>	<u>(10,810,158)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)					
	(1,651,752)	(243,668)	6,200,995	965,439	5,271,014
Fund balances - July 1	12,834,545	3,676,283	6,907,155	6,334,417	29,752,400
Fund balances - June 30	<u>\$ 11,182,793</u>	<u>\$ 3,432,615</u>	<u>\$ 13,108,150</u>	<u>\$ 7,299,856</u>	<u>\$ 35,023,414</u>

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, 2003**

Total net change in fund balances - governmental funds \$ 5,271,014

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	\$ 8,309,825	
Depreciation	<u>(3,181,227)</u>	5,128,598

In governmental funds, donated capital assets are not reported because they do not affect current financial resources. In government-wide statements, donated capital assets are reported as revenue and as increases to capital assets, at their fair market value on the date of donation. The fair market value of capital assets donated was:

8,269,339

Revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.

3,014,051

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)	2,680,000	
Decrease in capital leases (principal only)	315,936	
Decrease in energy loans	95,064	
Increase in other postemployment benefits obligations	<u>(32,273)</u>	3,058,727

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.

1,429,524

Change in net assets of governmental activities

\$ 26,171,253

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 BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2003**

	<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	\$ -	\$ 36,839,842	\$ 36,839,842	\$ -
Local sources	99,831,809	65,332,612	65,332,612	-
Total revenue limit	99,831,809	102,172,454	102,172,454	-
Federal sources	4,228,954	5,598,266	5,023,209	(575,057)
Other state sources	19,532,059	19,616,413	18,354,309	(1,262,104)
Other local sources	14,298,138	16,717,694	15,498,763	(1,218,931)
Total revenues	137,890,960	144,104,827	141,048,735	(3,056,092)
Expenditures				
Certificated salaries	71,400,522	74,164,222	73,542,804	621,418
Classified salaries	20,046,046	22,096,982	21,653,938	443,044
Employee benefits	24,493,818	25,607,178	25,405,102	202,076
Books and supplies	8,013,490	14,290,787	9,395,919	4,894,868
Services and other expenditures	10,810,445	11,309,975	11,022,591	287,384
Capital outlay	752,205	438,631	404,522	34,109
Other outgo	591,198	1,166,689	1,092,552	74,137
Direct support/indirect costs	(664,122)	(781,691)	(781,691)	-
Debt service:				
Principal	453,686	453,686	453,686	-
Total expenditures	135,897,288	148,746,459	142,189,423	6,557,036
Excess (deficiency) of revenues over (under) expenditures	1,993,672	(4,641,632)	(1,140,688)	3,500,944
Other financing sources (uses)				
Transfer in	4,000	4,000	4,000	-
Transfer out	(1,385,799)	(515,064)	(515,064)	-
Total other financing sources (uses)	(1,381,799)	(511,064)	(511,064)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	611,873	(5,152,696)	(1,651,752)	3,500,944
Fund balance - July 1	12,834,545	12,834,545	12,834,545	-
Fund balance - June 30	\$ 13,446,418	\$ 7,681,849	\$ 11,182,793	\$ 3,500,944

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, 2003**

	Governmental Activities
	Internal Service
	Fund
	Self-Insurance
	Fund
	<hr/>
Assets	
Cash in county treasury	\$ 6,200,840
Cash in revolving fund	450,546
Accounts receivable:	
Interest	23,429
Other	152
Due from other funds	315,980
Total assets	<hr/> <u>\$ 6,990,947</u> <hr/>
Liabilities	
Accounts payable	\$ 336,836
Due to other funds	8,952
Other general long-term debt	3,975,051
Total liabilities	<hr/> <u>\$ 4,320,839</u> <hr/>
Net assets	
Reserved	\$ 450,546
Unreserved	2,219,562
Total net assets	<hr/> <u>\$ 2,670,108</u> <hr/>

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, 2003**

	Governmental Activities
	Internal Service
	Fund
	Self-Insurance
	Fund
	<hr/>
Operating revenues	
Self-insurance premiums	\$ 16,523,647
Other local revenue	1,452
Total operating revenues	<hr/> 16,525,099 <hr/>
 Operating expenses	
Classified salaries	110,396
Employee benefits	45,415
Books and supplies	3,843
Services and other expenditures	15,026,679
Total operating expenses	<hr/> 15,186,333 <hr/>
 Operating income	 <hr/> 1,338,766 <hr/>
 Non-operating revenues	
Interest income	90,758
Total non-operating revenues	<hr/> 90,758 <hr/>
 Change in net assets	 1,429,524
 Net assets - July 1	 <hr/> 1,240,584 <hr/>
Net assets - June 30	<hr/> \$ 2,670,108 <hr/>

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, 2003**

	Governmental Activities Internal Service Fund
	Self-Insurance Fund
	<hr/>
Cash flows from operating activities	
Cash received from premiums	\$ 17,654,760
Cash received for other local revenues	1,452
Cash paid for claims and administration	(15,534,035)
Cash paid to employees for services	(155,811)
Cash paid for goods and services	(3,843)
Net cash provided by operating activities	<hr/> 1,962,523
 Cash flow from investing activities	
Interest and other income	90,758
Net cash provided by investing activities	<hr/> 90,758
 Net increase in cash	2,053,281
 Cash balance, July 1	4,598,105
Cash balance, June 30	<hr/> <hr/> \$ 6,651,386
 Reconciliation of operating income to net cash provided by operating activities:	
 Operating income	\$ 1,338,766
 Adjustments due to decrease in:	
Accounts receivable	11,855
Due from other funds	1,119,258
Adjustment due to (decrease) in:	
Accounts payable	(78,521)
Due to other funds	(15,386)
Other general long-term debt	(413,449)
Net increase	<hr/> 623,757
 Net cash provided by operating activities	<hr/> <hr/> \$ 1,962,523

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, 2003**

	<u>Agency Funds</u> <u>Student Body Funds</u>
Assets	
Cash and cash equivalents	\$ 842,326
Accounts receivable	12,457
Store inventory	106,618
Prepaid expenses	<u>34,781</u>
Total assets	<u>\$ 996,182</u>
Liabilities	
Accounts payable	\$ 106,479
Due to student groups	<u>889,703</u>
Total liabilities	<u>\$ 996,182</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, 2003**

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, 2003**

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, 2003**

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, 2003**

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 five 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, 2003**

- 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, 2003**

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 not 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, 2003**

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, 2003**

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, 2003**

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 \$1,275,830,503 with a market value of \$1,280,868,538. The fair market value of the LAIF account was obtained from the County of Ventura Treasurer. The LAIF account is not subject to categorization.

NOTE 3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2003 consist of the following:

	General Fund	Building Fund	Capital Facilities Fund	All Other Governmental Fund	Self- Insurance Fund	Totals
Federal programs:						
Categorical aid	\$ 1,908,430	\$ -	\$ -	\$ 230,223	\$ -	\$ 2,138,653
Totals federal government	<u>1,908,430</u>	<u>-</u>	<u>-</u>	<u>230,223</u>	<u>-</u>	<u>2,138,653</u>
State government:						
All other state funds	3,321,288	-	-	10,947	-	3,332,235
Totals state government	<u>3,321,288</u>	<u>-</u>	<u>-</u>	<u>10,947</u>	<u>-</u>	<u>3,332,235</u>
Local revenues:						
Interest	274,447	30,139	16,502	64,769	23,429	409,286
Other local revenues	4,541,875	-	-	221,468	152	4,763,495
Total local sources	<u>4,816,322</u>	<u>30,139</u>	<u>16,502</u>	<u>286,237</u>	<u>23,581</u>	<u>5,172,781</u>
Total receivables	<u>\$ 10,046,040</u>	<u>\$ 30,139</u>	<u>\$ 16,502</u>	<u>\$ 527,407</u>	<u>\$ 23,581</u>	<u>\$ 10,643,669</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2003, are shown below:

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Governmental activities				
Capital assets not being depreciated				
Land	\$ 10,402,110	\$ 8,269,339	\$ -	\$ 18,671,449
Construction in progress	20,856,018	4,983,969	12,968,204	12,871,783
Total capital assets not being depreciated	<u>31,258,128</u>	<u>13,253,308</u>	<u>12,968,204</u>	<u>31,543,232</u>
Capital assets being depreciated				
Land improvements	22,393,300	3,829,466	-	26,222,766
Buildings and improvements	62,179,029	12,198,767	-	74,377,796
Furniture and equipment	1,483,181	265,827	12,724	1,736,284
Total capital assets being depreciated	<u>86,055,510</u>	<u>16,294,060</u>	<u>12,724</u>	<u>102,336,846</u>
Less accumulated depreciation				
Land improvements	5,624,934	1,043,494	-	6,668,428
Buildings and improvements	39,332,622	1,793,935	-	41,126,557
Furniture and equipment	521,663	343,798	12,724	852,737
Total accumulated depreciation	<u>45,479,219</u>	<u>3,181,227</u>	<u>12,724</u>	<u>48,647,722</u>
Governmental activities capital assets, net	<u>\$ 71,834,419</u>	<u>\$ 26,366,141</u>	<u>\$ 12,968,204</u>	<u>\$ 85,232,356</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, 2003**

Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2003, interfund receivable and payable were as follows:

Funds	Interfund Receivables	Interfund Payables
General	\$ 15,463	\$ 495,750
Building fund	5,699	1,678
Capital facilities fund	-	4,100
Nonmajor governmental funds	227,285	53,947
Self-insurance fund	315,980	8,952
Total	<u>\$ 564,427</u>	<u>\$ 564,427</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 2002-03 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 4,000	\$ 515,064
All other funds:		
Adult education fund	135,799	-
Deferred maintenance fund	780,464	-
Building fund	12,021,222	700,000
County school facilities fund	-	12,021,222
Special reserve for capital outlay fund	298,801	4,000
Total	<u>\$ 13,240,286</u>	<u>\$ 13,240,286</u>

Transfer of \$135,799 from the General Fund to the Adult Education Fund for developmental kindergarten Average Daily Attendance.

Transfer of \$80,464 from the General Fund to the Deferred Maintenance Fund to support state match requirements.

Transfer of \$298,801 from the General Fund to the Special Reserve for Capital Outlay Fund for capital projects.

Transfer of \$700,000 from the Building Fund to the Deferred Maintenance Fund to support state match requirements.

Transfer of \$12,021,222 from the County School Facilities Fund to the Building Fund to reimburse project costs.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2003**

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

NOTE 6 – FUND BALANCES

The following is a summary of fund balances at June 30, 2003:

	General Fund	Building Fund	Capital Facilities Fund	All Other Governmental Funds	Self-Insurance Fund	Totals
Reserved:						
Revolving cash	\$ 30,000	\$ -	\$ -	\$ -	\$ 450,546	\$ 480,546
Stores inventory	249,415	-	-	103,095	-	352,510
Prepaid expenditures	-	-	-	2,586	-	2,586
Legally restricted balances	1,100,789	-	-	-	-	1,100,789
Total reserved	1,380,204	-	-	105,681	450,546	1,936,431
Unreserved:						
Designated:						
Economic uncertainties	4,281,135	-	-	-	-	4,281,135
Other uses	5,521,454	-	-	-	-	5,521,454
Total Designated Funds	9,802,589	-	-	-	-	9,802,589
Undesignated	-	13,108,150	3,432,615	7,194,175	2,219,562	25,954,502
Total unreserved	9,802,589	13,108,150	3,432,615	7,194,175	2,219,562	35,757,091
Total fund balances	\$ 11,182,793	\$ 13,108,150	\$ 3,432,615	\$ 7,299,856	\$ 2,670,108	\$ 37,693,522

NOTE 7 – CHANGES TO LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2003 is shown below:

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003	Due in One Year
General obligation bonds - current interest	\$ 39,225,000	\$ -	\$ 2,680,000	\$ 36,545,000	\$ 3,030,000
General obligation bonds - capital appreciation	29,552,687	1,647,672	-	31,200,359	1,717,019
Accumulated vacation	586,702	32,273	-	618,975	-
Capital leases	649,098	-	315,936	333,162	333,162
Energy loans	223,242	-	95,064	128,178	61,372
Totals	\$ 70,236,729	\$ 1,679,945	\$ 3,091,000	\$ 68,825,674	\$ 5,141,553

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2003**

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 October 10, 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 October 10, 2000 to refund the Series A Bonds.

The outstanding general obligation bonded debt of the District at June 30, 2003 are as follow:

Bonded Debt - Current Interest:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2002</u>	<u>Principal Accreted</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2003</u>
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	13,670,000	-	1,430,000	12,240,000
10/10/2000	4.125%-5.750%	08/01/2015	19,020,000	16,310,000	-	1,250,000	15,060,000
Totals			<u>\$62,805,000</u>	<u>\$39,225,000</u>	<u>\$ -</u>	<u>\$ 2,680,000</u>	<u>\$ 36,545,000</u>

Bonded Debt - Capital Appreciation:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2002</u>	<u>Principal Accreted</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2003</u>
10/10/2000	4.75%-5.40%	08/01/2015	\$19,990,115	\$21,347,659	\$1,647,672	\$ -	\$ 22,995,331
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>\$29,552,687</u>	<u>\$1,647,672</u>	<u>\$ -</u>	<u>\$ 31,200,359</u>
Totals bonded debt			<u>\$91,000,143</u>	<u>\$68,777,687</u>	<u>\$1,647,672</u>	<u>\$ 2,680,000</u>	<u>\$ 67,745,359</u>

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2003 are as follows:

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

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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, 2003**

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>
2004	\$ 1,590,000	\$ 506,852	\$ 2,096,852
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
2009-2009	2,530,000	108,790	2,638,790
Totals	<u>\$ 12,240,000</u>	<u>\$ 1,928,340</u>	<u>\$ 14,168,340</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>
2004	\$ 1,440,000	\$ 670,580	\$ 2,110,580
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
2009-2010	5,620,000	433,425	6,053,425
Totals	<u>\$ 15,060,000</u>	<u>\$ 3,105,250</u>	<u>\$ 18,165,250</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	10,846,281	9,248,935	20,095,216
Totals	<u>\$ 22,995,331</u>	<u>\$ 18,624,885</u>	<u>\$ 41,620,216</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2003**

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. Future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Lease Payment</u>
2004	\$ 346,665
Less: Amount representing interest	13,503
Present value of net minimum lease payments	<u>\$ 333,162</u>

NOTE 10 - ENERGY LOANS

The District has entered into several long term financing agreements for energy-saving fixed assets, totaling \$687,388. 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, 2003 are as follows:

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2002</u>	<u>Redeemed in Current Year</u>	<u>Outstanding June 30, 2003</u>
05-01-97	6.6%	12-22-03	\$ 26,000	\$ 7,073	\$ 4,638	\$ 2,435
02-27-97	6.6%	12-22-03	191,182	52,574	34,478	18,096
02-27-97	6.6%	12-22-04	24,842	9,851	3,751	6,100
04-04-97	6.6%	12-22-03	27,500	7,516	4,929	2,587
02-24-98	5.9%	12-22-06	164,200	98,787	19,816	78,971
02-24-98	5.9%	06-22-03	66,042	15,063	15,063	-
04-16-98	5.9%	12-22-04	36,622	15,909	6,088	9,821
05-01-98	5.9%	12-22-04	38,000	16,469	6,302	10,167
Totals			<u>\$ 574,388</u>	<u>\$ 223,242</u>	<u>\$ 95,064</u>	<u>\$ 128,178</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2003**

The annual requirements to amortize all energy loans payable, outstanding as of June 30, 2003 are as follows:

Year Ended	Principal	Interest	Total
2004	\$ 61,189	\$ 6,462	\$ 67,651
2005	31,164	3,374	34,538
2006	23,536	1,773	25,309
2007	12,289	364	12,653
Totals	\$ 128,178	\$ 11,973	\$ 140,151

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, 2003, the District has outstanding construction commitments of approximately \$6,441,955.

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, 2003**

As of June 30, 2003, liability for claims in the Internal Service Fund amounted to \$3,975,051. Changes in the funds' claims liability in the fiscal year 2002-2003 were:

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Workers' compensation fund	\$ 2,888,500	\$ 507,320	\$ 1,696,410	\$ 1,699,410
Health & welfare fund	1,500,000	14,421,378	13,645,737	2,275,641
Totals	<u>\$ 4,388,500</u>	<u>\$ 14,928,698</u>	<u>\$ 15,342,147</u>	<u>\$ 3,975,051</u>

NOTE 13 – 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 Public Employees' Retirement System (PERS).

A. 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 2002-2003. The District's contributions to the STRS for the fiscal years ending June 30, 2003, 2002 and 2001 were \$6,107,727, \$5,666,411 and \$5,471,169 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.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2003**

B. PERS

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (PERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by PERS. 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 PERS annual financial report may be obtained from the PERS Executive Office, 400 P Street, Sacramento, California 95814.

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 2002-2003 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to the PERS for the fiscal years ending June 30, 2003, 2002 and 2001 were \$551,683, \$0, and \$0 respectively.

NOTE 14 -- 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.

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 2002-03 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, 2003, 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, 2003, expenditures of \$266,554 were recognized for post-retirement health care. The amount of the long-term debt has not been determined and is therefore not included in the general long-term debt account group.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 17 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

On June 10, 2003, the District issued \$16,500,000 of Tax and Revenue Anticipation Notes. The notes mature on June 30, 2004, and yield 1.75 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, 2003, until 100 percent of principal and interest due is on account by May 31, 2004.

**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2003**

	Child Development	Deferred Maintenance	Cafeteria	Adult Education	Totals
Assets					
Cash in county treasury	\$ 403,919	\$ 1,153,390	\$ 278,070	\$ 441,493	\$ 2,276,872
Cash on hand and in banks	3,000	-	210	1,300	4,510
Accounts receivable:					
Federal government	-	-	167,417	62,806	230,223
State government	-	-	10,947	-	10,947
Other sources:					
Interest	1,341	5,585	1,443	2,621	10,990
Other	14,680	-	7,183	199,605	221,468
Due from other funds	983	-	-	127,501	128,484
Stores inventory	-	-	103,095	-	103,095
Prepaid expenditures	2,586	-	-	-	2,586
Total assets	\$ 426,509	\$ 1,158,975	\$ 568,365	\$ 835,326	\$ 2,989,175
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 69,013	\$ 75,777	\$ 88,851	\$ 196,120	\$ 429,761
Deferred revenues	81,215	-	-	69,003	150,218
Due to other funds	16,890	-	12,034	20,752	49,676
Total liabilities	167,118	75,777	100,885	285,875	629,655
Fund balances:					
Reserved funds	2,586	-	103,095	-	105,681
Unreserved:					
Undesignated funds	256,805	1,083,198	364,385	549,451	2,253,839
Total fund balances	259,391	1,083,198	467,480	549,451	2,359,520
Total liabilities and fund balances	\$ 426,509	\$ 1,158,975	\$ 568,365	\$ 835,326	\$ 2,989,175

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, 2003**

	Child Development	Deferred Maintenance	Cafeteria	Adult Education	Totals
Revenues					
Revenue limit sources:					
State apportionment	\$ -	\$ -	\$ -	\$ 2,420,159	\$ 2,420,159
Total revenue limit	-	-	-	2,420,159	2,420,159
Federal revenues:					
Child nutrition	-	-	1,027,410	-	1,027,410
Other	5,621	-	-	330,062	335,683
State revenues:					
Child nutrition	-	-	67,031	-	67,031
Other	249,635	699,061	-	-	948,696
Local revenues:					
Interest	9,158	16,454	8,920	10,935	45,467
Other local revenues	3,613,892	-	2,907,315	1,594,383	8,115,590
Total revenues	3,878,306	715,515	4,010,676	4,355,539	12,960,036
Expenditures					
Certificated salaries	114,250	-	-	1,485,270	1,599,520
Classified salaries	2,175,915	-	1,603,233	948,853	4,728,001
Employee benefits	720,523	-	464,117	421,464	1,606,104
Books and supplies	315,491	1,084	1,999,988	444,049	2,760,612
Services and other expenditures	359,473	494,138	193,308	473,716	1,520,635
Capital outlay	-	144,248	82,785	-	227,033
Direct support/indirect costs	255,931	-	-	525,760	781,691
Total expenditures	3,941,583	639,470	4,343,431	4,299,112	13,223,596
Excess (deficiency) of revenues over (under) expenditures	(63,277)	76,045	(332,755)	56,427	(263,560)
Other financing sources					
Transfer in	-	780,464	-	135,799	916,263
Total other financing sources	-	780,464	-	135,799	916,263
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(63,277)	856,509	(332,755)	192,226	652,703
Fund balances - July 1	322,668	226,689	800,235	357,225	1,706,817
Fund balances - June 30	\$ 259,391	\$ 1,083,198	\$ 467,480	\$ 549,451	\$ 2,359,520

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, 2003**

	Child Development			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Revenue limit sources:				
State apportionment	\$ -	\$ -	\$ -	\$ -
Total revenue limit	-	-	-	-
Federal revenues:				
Child nutrition	-	-	-	-
Other	-	5,668	5,621	(47)
State revenues:				
Child nutrition	-	-	-	-
Other	247,827	250,413	249,635	(778)
Local revenues:				
Interest	20,000	10,000	9,158	(842)
Other	3,459,574	3,632,909	3,613,892	(19,017)
Total revenues	3,727,401	3,898,990	3,878,306	(20,684)
Expenditures				
Certificated salaries	103,385	114,254	114,250	4
Classified salaries	2,180,018	2,185,504	2,175,915	9,589
Employee benefits	603,508	724,205	720,523	3,682
Books and supplies	260,912	375,119	315,491	59,628
Services and other expenditures	241,780	381,618	359,473	22,145
Capital outlay	-	-	-	-
Direct support/indirect costs	213,614	255,931	255,931	-
Total expenditures	3,603,217	4,036,631	3,941,583	95,048
Excess (deficiency) of revenues over (under) expenditures	124,184	(137,641)	(63,277)	74,364
Other financing sources				
Transfer in	-	-	-	-
Total other financing sources	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	124,184	(137,641)	(63,277)	74,364
Fund balances - July 1	322,668	322,668	322,668	-
Fund balances - June 30	\$ 446,852	\$ 185,027	\$ 259,391	\$ 74,364

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	987,000	1,026,332	1,027,410	1,078
-	-	-	-	-	-	-	-
-	-	-	-	63,000	67,061	67,031	(30)
750,000	699,061	699,061	-	-	-	-	-
15,000	16,454	16,454	-	25,000	8,920	8,920	-
-	-	-	-	2,912,947	2,952,675	2,907,315	(45,360)
765,000	715,515	715,515	-	3,987,947	4,054,988	4,010,676	(44,312)
-	-	-	-	-	-	-	-
-	-	-	-	1,502,543	1,603,233	1,603,233	-
-	-	-	-	420,572	464,117	464,117	-
-	1,084	1,084	-	1,862,500	1,999,988	1,999,988	-
1,592,212	1,021,387	494,138	527,249	122,150	193,308	193,308	-
-	144,248	144,248	-	100,000	82,785	82,785	-
-	-	-	-	-	-	-	-
1,592,212	1,166,719	639,470	527,249	4,007,765	4,343,431	4,343,431	-
(827,212)	(451,204)	76,045	527,249	(19,818)	(288,443)	(332,755)	(44,312)
750,000	780,464	780,464	-	-	-	-	-
750,000	780,464	780,464	-	-	-	-	-
(77,212)	329,260	856,509	527,249	(19,818)	(288,443)	(332,755)	(44,312)
226,689	226,689	226,689	-	800,235	800,235	800,235	-
\$ 149,477	\$ 555,949	\$ 1,083,198	\$ 527,249	\$ 780,417	\$ 511,792	\$ 467,480	\$ (44,312)

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, 2003**

	Adult Education			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Revenue limit sources:				
State apportionment	\$ 2,229,760	\$ 2,420,159	\$ 2,420,159	\$ -
Total revenue limit	2,229,760	2,420,159	2,420,159	-
Federal revenues:				
Child nutrition	-	-	-	-
Other	116,550	373,558	330,062	(43,496)
State revenues:				
Child nutrition	-	-	-	-
Other	-	-	-	-
Local revenues:				
Interest	20,000	10,935	10,935	-
Other	1,511,100	1,594,383	1,594,383	-
Total revenues	3,877,410	4,399,035	4,355,539	(43,496)
Expenditures				
Certificated salaries	1,302,720	1,527,518	1,485,270	42,248
Classified salaries	873,485	992,401	948,853	43,548
Employee benefits	391,842	423,816	421,464	2,352
Books and supplies	520,257	464,055	444,049	20,006
Services and other expenditures	526,502	496,734	473,716	23,018
Capital outlay	-	-	-	-
Direct support/indirect costs	450,508	525,760	525,760	-
Total expenditures	4,065,314	4,430,284	4,299,112	131,172
Excess (deficiency) of revenues over (under) expenditures	(187,904)	(31,249)	56,427	87,676
Other financing sources				
Transfer in	135,799	135,799	135,799	-
Total other financing sources	135,799	135,799	135,799	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(52,105)	104,550	192,226	87,676
Fund balances - July 1	357,225	357,225	357,225	-
Fund balances - June 30	\$ 305,120	\$ 461,775	\$ 549,451	\$ 87,676

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)
\$ 2,229,760	\$ 2,420,159	\$ 2,420,159	\$ -
2,229,760	2,420,159	2,420,159	-
987,000	1,026,332	1,027,410	1,078
116,550	379,226	335,683	(43,543)
63,000	67,061	67,031	(30)
997,827	949,474	948,696	(778)
80,000	46,309	45,467	(842)
7,883,621	8,179,967	8,115,590	(64,377)
12,357,758	13,068,528	12,960,036	(108,492)
1,406,105	1,641,772	1,599,520	42,252
4,556,046	4,781,138	4,728,001	53,137
1,415,922	1,612,138	1,606,104	6,034
2,643,669	2,840,246	2,760,612	79,634
2,482,644	2,093,047	1,520,635	572,412
100,000	227,033	227,033	-
664,122	781,691	781,691	-
13,268,508	13,977,065	13,223,596	753,469
(910,750)	(908,537)	(263,560)	644,977
885,799	916,263	916,263	-
885,799	916,263	916,263	-
(24,951)	7,726	652,703	644,977
1,706,817	1,706,817	1,706,817	-
\$ 1,681,866	\$ 1,714,543	\$ 2,359,520	\$ 644,977

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, 2003**

	Special Reserve for Capital Outlay	County School Facilities	Totals
Assets			
Cash in county treasury	\$ 52,286	\$ 56,672	\$ 108,958
Accounts receivable:			
Interest	1,184	33,549	34,733
Due from other funds	98,801	-	98,801
Total assets	\$ 152,271	\$ 90,221	\$ 242,492
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 177	\$ 13,102	\$ 13,279
Due to other funds	4,271	-	4,271
Total liabilities	4,448	13,102	17,550
Fund balances:			
Unreserved:			
Undesignated funds	147,823	77,119	224,942
Total fund balances	147,823	77,119	224,942
Total liabilities and fund balances	\$ 152,271	\$ 90,221	\$ 242,492

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, 2003**

	County School Facilities	Special Reserve for Capital Outlay	Totals
Revenues			
State revenues:			
Other	\$ 12,274,207	\$ -	\$ 12,274,207
Local revenues:			
Interest	66,743	6,427	73,170
Total revenues	<u>12,340,950</u>	<u>6,427</u>	<u>12,347,377</u>
Expenditures			
Classified salaries	-	36,048	36,048
Employee benefits	-	12,610	12,610
Books and supplies	-	3,003	3,003
Services and other expenditures	173,784	314,420	488,204
Capital outlay	68,825	-	68,825
Total expenditures	<u>242,609</u>	<u>366,081</u>	<u>608,690</u>
Excess (deficiency) of revenues over (under) expenditures	12,098,341	(359,654)	11,738,687
Other financing sources (uses)			
Transfer in	-	298,801	298,801
Transfer out	(12,021,222)	(4,000)	(12,025,222)
Total other financing sources (uses)	<u>(12,021,222)</u>	<u>294,801</u>	<u>(11,726,421)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	77,119	(64,853)	12,266
Fund balances - July 1	-	212,676	212,676
Fund balances - June 30	<u>\$ 77,119</u>	<u>\$ 147,823</u>	<u>\$ 224,942</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, 2003**

	County School Facilities			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
State revenues:				
Other	\$ -	\$ 12,274,207	\$ 12,274,207	\$ -
Local revenues:				
Interest	-	66,743	66,743	-
Total revenues	-	12,340,950	12,340,950	-
Expenditures				
Classified salaries	-	-	-	-
Employee benefits	-	-	-	-
Books and supplies	-	-	-	-
Services and other expenditures	-	184,160	173,784	10,376
Capital outlay	-	68,825	68,825	-
Total expenditures	-	252,985	242,609	10,376
Excess (deficiency) of revenues over (under) expenditures	-	12,087,965	12,098,341	(10,376)
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	(12,021,222)	(12,021,222)	(12,021,222)	-
Total other financing sources (uses)	(12,021,222)	(12,021,222)	(12,021,222)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(12,021,222)	66,743	77,119	(10,376)
Fund balances - July 1	-	-	-	-
Fund balances - June 30	\$ (12,021,222)	\$ 66,743	\$ 77,119	\$ (10,376)

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,274,207	12,274,207	\$ -
33,366	14,000	6,427	(7,573)	33,366	80,743	73,170	(7,573)
33,366	14,000	6,427	(7,573)	33,366	12,354,950	12,347,377	(7,573)
34,979	36,048	36,048	-	34,979	36,048	36,048	-
12,195	12,610	12,610	-	12,195	12,610	12,610	-
-	3,003	3,003	-	-	3,003	3,003	-
500,000	314,420	314,420	-	500,000	498,580	488,204	10,376
116,500	-	-	-	116,500	68,825	68,825	-
663,674	366,081	366,081	-	663,674	619,066	608,690	10,376
(630,308)	(352,081)	(359,654)	(7,573)	(630,308)	11,735,884	11,738,687	(17,949)
500,000	298,801	298,801	-	500,000	298,801	298,801	-
(4,000)	(4,000)	(4,000)	-	(12,025,222)	(12,025,222)	(12,025,222)	-
496,000	294,801	294,801	-	(11,525,222)	(11,726,421)	(11,726,421)	-
(134,308)	(57,280)	(64,853)	(7,573)	(12,155,530)	9,463	12,266	(17,949)
212,676	212,676	212,676	-	212,676	212,676	212,676	-
\$ 78,368	\$ 155,396	\$ 147,823	\$ (7,573)	\$ (11,942,854)	\$ 222,139	\$ 224,942	\$ (17,949)

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, 2003**

	Bond Interest and Redemption Fund
Assets	
Cash in county treasury	\$ 4,696,348
Accounts receivable:	
Interest	19,046
Total assets	<u>\$ 4,715,394</u>
 Fund balance	
Undesignated funds	<u>\$ 4,715,394</u>
Total fund balance	<u>\$ 4,715,394</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, 2003**

	<u>Bond Interest and Redemption Fund</u>
Revenues	
State revenues:	
Other	\$ 51,121
Local revenues:	
Interest	69,216
Other	4,497,045
Total revenues	<u>4,617,382</u>
Expenditures	
Debt service:	
Principal	2,680,000
Interest	1,636,912
Total expenditures	<u>4,316,912</u>
Excess of revenues over expenditures	300,470
Fund balance - July 1	<u>4,414,924</u>
Fund balance - June 30	<u>\$ 4,715,394</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, 2003**

	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
State revenues:				
Other	\$ -	\$ 51,121	\$ 51,121	\$ -
Local revenues:				
Interest	26,000	69,216	69,216	-
Other	4,338,377	4,497,045	4,497,045	-
Total revenues	4,364,377	4,617,382	4,617,382	-
Expenditures				
Debt service:				
Principal	2,680,000	2,680,000	2,680,000	-
Interest	1,636,912	1,636,912	1,636,912	-
Total expenditures	4,316,912	4,316,912	4,316,912	-
Excess of revenues over expenditures	47,465	300,470	300,470	-
Fund balance - July 1	4,414,924	4,414,924	4,414,924	-
Fund balance - June 30	\$ 4,462,389	\$ 4,715,394	\$ 4,715,394	\$ -

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, 2003**

	<u>High Schools</u>	<u>Middle Schools</u>	<u>Totals</u>
Assets			
Cash on hand and in banks	\$ 628,565	\$ 213,761	\$ 842,326
Accounts receivable - miscellaneous	7,799	4,658	12,457
Stores inventory	21,125	13,656	34,781
Prepaid expenditures	78,480	28,138	106,618
Total assets	<u>\$ 735,969</u>	<u>\$ 260,213</u>	<u>\$ 996,182</u>
Liabilities			
Accounts payable	\$ 73,728	\$ 32,751	\$ 106,479
Due to student groups	662,241	227,462	889,703
Total liabilities	<u>\$ 735,969</u>	<u>\$ 260,213</u>	<u>\$ 996,182</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, 2003

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
HIGH SCHOOLS				
Assets				
Cash and cash equivalents	\$ 629,149	\$3,380,366	\$3,380,950	\$ 628,565
Accounts receivable	13,655	86,639	92,495	7,799
Prepaid expenses	10,742	21,125	10,742	21,125
Stores inventory	92,451	14,079	28,050	78,480
Total assets	<u>\$ 745,997</u>	<u>\$3,502,209</u>	<u>\$3,512,237</u>	<u>\$ 735,969</u>
Liabilities				
Accounts payable	\$ 66,274	\$ 255,218	\$ 247,764	\$ 73,728
Due to student groups	679,723	2,575,450	2,592,932	662,241
Total liabilities	<u>\$ 745,997</u>	<u>\$2,830,668</u>	<u>\$2,840,696</u>	<u>\$ 735,969</u>
INTERMEDIATE SCHOOLS				
Assets				
Cash and cash equivalents	\$ 282,841	\$1,170,180	\$1,239,260	\$ 213,761
Accounts receivable	1,856	11,582	8,780	4,658
Prepaid expenses		13,656	-	13,656
Stores inventory	17,613	14,363	3,838	28,138
Total assets	<u>\$ 302,310</u>	<u>\$1,209,781</u>	<u>\$1,251,878</u>	<u>\$ 260,213</u>
Liabilities				
Accounts payable	\$ 45,103	\$ 32,751	\$ 45,103	\$ 32,751
Due to student groups	257,207	1,009,658	1,039,403	227,462
Total liabilities	<u>\$ 302,310</u>	<u>\$1,042,409</u>	<u>\$1,084,506</u>	<u>\$ 260,213</u>
TOTALS - ALL STUDENT BODY FUNDS				
Assets				
Cash and cash equivalents	\$ 911,990	\$4,550,546	\$4,620,210	\$ 842,326
Accounts receivable	15,511	98,221	101,275	12,457
Prepaid expenses	10,742	34,781	10,742	34,781
Stores inventory	110,064	28,442	31,888	106,618
Total assets	<u>\$ 1,048,307</u>	<u>\$4,711,990</u>	<u>\$4,764,115</u>	<u>\$ 996,182</u>
Liabilities				
Accounts payable	\$ 111,377	\$ 287,969	\$ 292,867	\$ 106,479
Due to student groups	936,930	3,585,108	3,632,335	889,703
Total liabilities	<u>\$ 1,048,307</u>	<u>\$3,873,077</u>	<u>\$3,925,202</u>	<u>\$ 996,182</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, 2003**

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. Dolores Didio	President	December, 2004
Mrs. Dorothy Beaubien	Vice-President	December, 2004
Mrs. Patricia Phelps	Clerk	December, 2006
Mrs. Mary Jo Del Campo	Member	December, 2006
Dr. Timothy Stephens	Member	December, 2006

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, 2003**

	<u>Second Period Report</u>	<u>Annual Report</u>
ELEMENTARY:		
Kindergarten	1,428	1,438
Grades 1 - 3	4,732	4,749
Grades 4 - 6	4,966	4,981
Grades 7 - 8	3,258	3,262
Home and Hospital	2	3
Special Education	333	338
ELEMENTARY TOTALS	<u>14,719</u>	<u>14,771</u>
HIGH SCHOOL:		
Grades 9 - 12	6,064	6,041
Continuation Education	178	173
Home and Hospital	1	1
Special Education	167	166
HIGH SCHOOL TOTALS	<u>6,410</u>	<u>6,381</u>
District K-12 ADA	<u>21,129</u>	<u>21,152</u>
EXTENDED YEAR-SPECIAL EDUCATION:		
Classes for Adults:		
Concurrently Enrolled	1,016	1,067
ADULT TOTALS	<u>1,016</u>	<u>1,067</u>
TOTALS	<u>22,145</u>	<u>22,219</u>
	<u>Hours of Attendance</u>	
SUMMER SCHOOL HOURS OF ATTENDANCE		
Elementary	145,623	160,928
Secondary	142,350	142,883
TOTALS	<u>287,973</u>	<u>303,811</u>

See accompanying note to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 FISCAL YEAR ENDED JUNE 30, 2003**

Grade Level	1982-83 Minutes Requirement	1962-87 Actual Minutes	2002-03 Actual Minutes	Annual Instructional Days	Status
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	54,060	180	Complied
Grade 7 through 8	53,375	54,000	55,320	180	Complied
Grade 9 through 12	53,375	64,800	70,290	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) 2004	2003	2002
Revenues and other financial sources	136,779,759	\$ 141,052,735	\$ 138,968,398
Expenditures	138,420,566	142,189,423	140,556,311
Other uses and transfers out	999,458	515,064	1,081,910
Total outgo	139,420,024	142,704,487	141,638,221
Change in fund balance	(2,640,265)	(1,651,752)	(2,669,823)
Ending balance	8,542,528	\$ 11,182,793	\$ 12,834,545
Available reserves	\$ 7,124,197	\$ 9,802,589	\$ 4,471,865
Available reserves as a percentage of total outgo	5.11%	6.87%	3.16%
Total long-term debt	58,290,359	63,431,729	70,236,729
Average daily attendance at P-2*	21,384	21,129	20,542

* 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>2001</u>	<u>2000</u>	<u>1999</u>
\$ 132,584,141	\$ 117,202,296	\$ 106,480,025
129,316,691	113,626,379	101,820,504
<u>1,363,224</u>	<u>993,284</u>	<u>3,038,976</u>
<u>130,679,915</u>	<u>114,619,663</u>	<u>104,859,480</u>
1,904,226	2,582,633	1,620,545
<u>\$ 15,504,368</u>	<u>\$ 13,600,142</u>	<u>\$ 11,017,509</u>
<u>\$ 15,004,588</u>	<u>\$ 13,015,389</u>	<u>\$ 8,378,939</u>
11.48%	11.36%	7.99%
63,856,001	32,121,527	32,476,818
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, 2003**

<u>Program Name</u>	<u>Federal CFDA No.</u>	<u>Pass-through Entity Identifying No.</u>	<u>Federal Expenditures</u>
U.S. Department of Education:			
<u>Passed through California Department of Education (CDE):</u>			
Workforce Investment Act, Title II - ABE	84.002A	13973	\$ 4,198
Workforce Investment Act, Title II - ESL	84.002A	14302	139,780
Workforce Investment Act, Title II - ASE	84.002A	13978	3,600
Adult Education and Family Literacy Act, PL 105-220 - Foundation Funding and Approved Components	84.002A	14109	153,204
Adult Education and Family Literacy Act, PL 105-220 - Resource Mini Title I, Part A - AFDC and Neglected	84.002A	14110	29,280
Title IV - Safe and Drug-free Schools	84.010	03797	1,058,454
Title II - Eisenhower Math and Science	84.184	03453	94,812
Title II, Part A - Teacher and Principal Training and Recruiting Fund	84.164	03207	54,176
Title VI - Innovative Education Strategies	84.367	14341	343,366
Title VI - Class Size Reduction	84.298	03340	92,265
Title III, Part A - Limited English Proficient Student Program	84.340	03073	222,360
Carl D. Perkins Vocational and Applied Technology Secondary Grants	84.365	10084	97,646
Transition Partnership Program	84.048	03924	89,458
School Renovation Technology Grant	84.158	10006	186,878
	84.352A	14318	786
<u>Passed through Ventura County Office of Education SELPA:</u>			
IDEA - Local Assistance	84.027A	03379	2,265,418
IDEA - Federal Preschool	84.173A	03430	396,133
IDEA - Infant Discretionary	84.027A	03612	1,112
IDEA - Part B Workability I Program	84.027A	03705	107,450
<u>Passed through the Center for Civic Education:</u>			
Civic Center Education	84.292A	[1]	12,894
Total U.S. Department of Education			<u>5,353,270</u>
U.S. Department of Health and Human Services:			
<u>Passed through California Department of Education (CDE):</u>			
School-age Child Care Resource Program	93.575	13941	5,621
Total U.S. Department of Labor			<u>5,621</u>
U.S. Department of Agriculture:			
<u>Passed through California Department of Education (CDE):</u>			
Basic Breakfast	10.553	03390	60,296
Especially Needy Breakfast	10.553	03390	151,651
National School Lunch Program	10.555	03396	815,464
Total U.S. Department of Agriculture			<u>1,027,411</u>
Total Expenditures of Federal Awards			<u>\$ 6,386,302</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, 2003**

	<u>General Fund</u>
June 30, 2003, Annual Financial and Budget Report Fund Balance	\$ 11,187,232
Adjustment:	
Increase (Decrease) in the Fund Balance:	
Recognition of state revenue - overstatement	<u>(4,439)</u>
June 30, 2003, Audited Financial Statement Fund Balance	<u><u>\$ 11,182,793</u></u>
	<u>General Long- Term Debt Account Group</u>
June 30, 2003, Annual Financial and Budget Report Total Liabilities	\$ 65,820,746
Adjustment:	
Increase in:	
General obligation bond accreted principal	<u>3,004,928</u>
June 30, 2003, Audited Financial and Budget Report Total Liabilities	<u><u>\$ 68,825,674</u></u>

See accompanying note to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2003**

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 OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING 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, 2003, and have issued our report thereon dated October 10, 2003. 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.

Compliance

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 that are required to be reported under *Government Auditing Standards*.

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 03-1.

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 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.

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.

Ruzada & Company

Monrovia, California
October 10, 2003

**REPORT OF INDEPENDENT AUDITORS 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, 2003. 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, 2003.

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 structure 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 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.

Quigley & Company

Monrovia, California
October 10, 2003

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, 2003, and have issued our report thereon dated October 10, 2003. 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	4	Yes
Kindergarten continuation	3	Yes
Independent study	13	No**
Continuation education	11	Yes
Adult education	8	Yes
Regional occupational center/programs	4	Not applicable*
Staff development days	3	Yes
Incentive for longer instructional day:		
School districts	4	Yes
County Offices of Education	4	Not applicable*
GANN limit calculation	1	Yes
Early retirement incentive program	5	Not applicable*
Community day schools	8	Not applicable*

<u>Description</u>	<u>Procedures in Controller's Audit Guide</u>	<u>Procedures Performed</u>
Class size reduction program:		
Option one classes	10	Yes
Option two classes	9	Not applicable*
Option one and two classes	14	Not applicable*
Program to reduce class size in two courses in grade 9	8	Yes
State instructional materials fund:	8	Yes
Instructional materials funding realignment program	9	Yes
Schiff-Bustamante standards-based instructional materials	9	Yes
Digital high school education technology grant program	5	Yes
California public schools library act of 1998	4	Yes
Office of criminal justice planning	-	Not applicable*
Ratios of administrative employees to teachers	3	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.

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.

Quayle & Company

Monrovia, California

October 10, 2003

FINDINGS AND RECOMMENDATIONS SECTION

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2003**

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>
84.010	ESEA Title I, Part A

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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2003**

State Awards

Internal control over state programs:

Material weakness(es) identified? _____ Yes ✓ No

Reportable condition(s) identified not considered

To be material weaknesses? _____ Yes ✓ None reported

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

Unqualified

Part II – Financial Statement Findings

03-1 ASB Internal Control – Thousand Oaks High School (10000)

Condition

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.

Criteria

A good system of internal control requires that an audit trail of supporting documentation be maintained for all cash receipts and disbursements. District policy also requires that all record keeping be updated on a monthly basis.

Recommendation

To safeguard assets, controls on associated student body cards should be maintained by tracking the number of associated student body card issued and sold.

District Response

The District has issued Associated Student Body policies to be implemented at all sites.

Part III - Federal Award Findings Section

No matters were reported.

Part IV - State Findings Section

No matters were reported.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2003**

Finding	Recommendation	Status
<p>Revenue Limit Components of the revenue limit calculation were not adjusted to actual number for needy meals served and PERS reduction salaries. In addition, core summer school hours were under-reported on the annual attendance report.</p>	<p>It is recommended that the District revise the revenue limit calculation to include the actual-year-end amounts. These adjustments will result in a net gain of approximately \$45,000 for the District.</p>	<p>Implemented. The revenue limit was recalculated and resubmitted for the PERS reduction salaries using the prior year's auditor proposed method and revised for the core summer school hours.</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 still used the original rate for its obligation to the Workers' Compensation Self-Insurance Fund..</p>
<p>Internal control – Personnel and Payroll The personnel and payroll system does not provide the proper segregation of duties for internal control purposes. The payroll department enters new employees, terminations, and changes in status and/or rates. The personnel department does not have procedures in place to verify the data entries made by payroll. In addition, the payroll clerks perform all accounting functions, reconcile the accounts, and receive warrants back from the County Superintendent for distribution. As a result, errors and/or irregularities could occur without being noted in a timely manner.</p>	<p>There appears to be a need for improved communication between the personnel and payroll departments to facilitate the input of information into the personnel and payroll system to ensure all data entered is done in an accurate and timely manner. Once the information is authorized by the personnel department and communicated to payroll department, the information entered by the payroll department should be verified by someone independent of the payroll department to ensure that the personnel information is correct.</p>	<p>Implemented.</p>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2003**

Finding	Recommendation	Status
<p>Accrued Vacation During the audit of the accrued vacation balance, it was noted that the employee pay rate used in the calculation comes directly from the salary schedules. This rate does not include any longevity stipend that an employee may also be receiving. Because of this, it appears as though the accrued vacation calculation is understated.</p>	<p>The data in the computerized system should be updated to reflect the actual amounts that an employee will be paid for any compensated absences.</p>	<p>Implemented. The District computer program has been updated to reflect the employee's current rate of pay.</p>
<p>Site Cash Collections – Los Cerritos Middle School The petty cash fund was not reconciled during the year.</p>	<p>Petty cash should be reconciled periodically during the year in order to ensure that cash on hand is intact and that expenditures have been properly documented.</p>	<p>Implemented. Petty cash funds are reconciled when they are replenished and at the fiscal year end.</p>
<p>Site Cash Collections – Sequoia Middle School During the audit of cash collection procedure, we noted the following weaknesses in internal control:</p> <ul style="list-style-type: none"> • Receipts are not written for all cash collected. In observing cash collection awaiting deposit of \$664, only \$350 was documented with a receipt. • Cash refunds are given out of cash collections awaiting deposit. • Transmittals to the District are not submitted timely. A transmittal on January 18, 2002, included receipts dated back to November 26, 2001. 	<p>To strengthen controls over cash collections, the site should perform the following procedures:</p> <ul style="list-style-type: none"> • Receipts should be written for all cash collections to adequately safeguard cash on hand and to ensure that amounts collected are deposited intact and in a timely manner. • All refunds for lost books found should be processed through the District to allow for the proper posting of receipts and disbursements to the general ledger system. • Cash should be transmitted to the District at least monthly and more frequently based on the quantity of cash on hand. 	<p>Implemented. The District has issued cash handling procedures to be implemented at all school sites.</p>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2003**

Finding	Recommendation	Status
<p>Site Cash Collections – Thousand Oaks High School</p> <p>During the audit of cash collections for lost/damaged textbooks, we noted the following weaknesses in internal control:</p> <ul style="list-style-type: none"> • Cash collected in September for textbook fees was not submitted to the ASB clerk until February. The money collected for lost textbooks was not submitted to the ASB clerk for transmittal to the District Office. • We also noted that the cash collected for lost textbooks was not submitted timely. Checks received are submitted regularly, however, cash is held until a large enough number are collected and then is submitted for deposit. • Cash refunds are given out of cash collections awaiting deposit. 	<p>To strengthen controls over cash collections for lost/damaged textbooks, the site should perform the following:</p> <ul style="list-style-type: none"> • Submit cash collected for lost/damaged textbooks at least monthly and more frequently if the amount of collections is significant. • Submit money collected in the order it is received. This will reduce the risk of theft or loss of cash on hand held for long periods of time. • Process all refunds for lost books found through the District Office. 	<p>Implemented. The District has issued cash handling procedures to be implemented at all school sites.</p>
<p>Site Cash Collections – Thousand Oaks High School</p> <p>Money is being collected by the security staff for parking permits. However, receipts are not issued. If students pay with a check, the check is submitted to the District. However, if payment is made with cash, the money is kept at the site to be used by security staff as deemed necessary. There was \$1,241 on hand from parking permit collected for October 10, 2003</p>	<p>Prenumbered receipts should be used to document all money received for parking permits. All money collected should be transmitted to the District. All petty cash funds maintained at the site should be authorized and issued by the District Office.</p>	<p>Implemented. The District has issued cash handling procedures to be implemented at all school sites.</p>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2003**

Finding	Recommendation	Status
<p>Site Cash Collections – Conejo Valley High School The site collected \$5 from each student for art and wood shop fees. However, receipts are not used to document money collected and the money collected is not submitted to the District Office. Instead, a petty cash fund is made available for teachers to purchase art and wood supplies for classrooms. As of our audit date, \$450 was counted as cash on hand from money collected for shop fees.</p>	<p>Pre-numbered receipts should be used to be transmitted to the District. All petty cash funds maintained at the site should be authorized and controlled by the District Office.</p>	<p>Implemented. The District has issued cash handling procedures to be implemented at all school sites.</p>
<p>Associates Student Body Accounts – Thousand Oaks High School We noted the following:</p> <ul style="list-style-type: none"> • A physical count of the student store inventory is scheduled to be taken once a year, and none was taken this fiscal year. • Student store does not reconcile their candy sales to cash collections. 	<ul style="list-style-type: none"> • We recommend that a quarterly physical inventory count be taken and reconciled to student store sales to ensure all merchandise has been accounted for. The prior quarter's ending inventory plus quarterly purchases less quarterly sales should equal the current physical count. • Student body should submit a sales analysis form with every deposit. Such a sales analysis should compare cash collections to sales. 	<p>Implemented. The District has issued Associated Student Body policies to be implemented at all sites.</p>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2003**

Finding	Recommendation	Status
<p>Associates Student Body Accounts – Thousand Oaks High School The site has one vending machine that is controlled and stocked by site personnel. Currently, there is no reconciliation or accounting for the total funds that should have been collected from the machine based on the number of cans or candy sold since the last time the machine was stocked.</p>	<p>A vending machine sales analysis should be completed by whoever has responsibility for stocking and collecting the money from the machine. This analysis should be forwarded to the bookkeeper along with the cash retrieved to the bookkeeper. The form should track the merchandise purchased to stock the machine, the item count each time the machine is restocked, and the potential revenue that should have been collected from the machine based on the number and the price and items sold.</p>	<p>Implemented. The District has issued Associated Student Body policies to be implemented at all sites.</p>
<p>Associates Student Body Accounts – Thousand Oaks High School During examination of disbursements, we noticed several internal control weaknesses:</p> <ul style="list-style-type: none"> • Disbursements tested did not have documentation indicating that the goods purchased had been received. • Of ten disbursements examined, only two were approved in the ASB minutes. • Three purchase orders were approved after their accompanying invoice date. 	<ul style="list-style-type: none"> • All invoices should be accompanied by a signed receiving documentation. This reduces the risk of items being paid for and not received. Purchase orders can be checked to the receiving documents for accuracy and completeness, giving the ASB better control over their inventory and spending. • Site should approve purchase orders before placing orders or making purchase to help ensure purchases are properly approved. • The student body personnel should review the cash disbursement procedures outlined in the California Department of Education’s manual titled Accounting and Procedures for Student Organizations. The manual explains that three signatures and ASB minutes reflect in check disbursements. 	<p>Implemented. The District has issued Associated Student Body policies to be implemented at all sites.</p>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2003**

Finding	Recommendation	Status
<p>Associates Student Body Accounts – Los Cerritos Middle School</p>	<ul style="list-style-type: none"> • All invoices should be accompanied by signed receiving documentation. This reduces the risk of items being paid for and not received. Purchase orders documentation of items requested that can then be agreed to the receiving documents for accuracy and completeness. • The site should approve purchase orders before invoice is received to help ensure purchases are properly approved. • The site should review the cash disbursement procedures outlined in the California Department of Education’s manual titled Accounting and Procedures for Student Organizations. The manual requires three signatures, one being a student representative, are required pursuant to California Educational Code Section 48933(5)(b) on all disbursements from a student body account and that the ASB minutes reflect student council participation in the approval of check disbursements. 	<p>Implemented. The District has issued Associated Student Body policies to be implemented at all sites.</p>
<p>Of five disbursements selected for testing:</p> <ul style="list-style-type: none"> • Three lack appropriate receiving documentation. • Five purchase orders were approved after the invoice was received. • Approval of disbursements was not documented correctly in the ASB minutes, and one disbursement had only two of the required three signatures. 		
<p>Attendance – Los Cerritos Middle School</p>	<p>The school should record on the attendance logs that a correction has been made in the attendance system in order to document the correction.</p>	<p>Implemented. Absences were verified and logged before being cleared.</p>
<p>There is no documentation maintained when a student who had been incorrectly recorded as absent in the system is changed to present.</p>		

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