



**Oxnard Union
High School District**

ANNUAL FINANCIAL REPORT

JUNE 30, 2007

OXNARD UNION HIGH SCHOOL DISTRICT
OF VENTURA COUNTY
OXNARD, CALIFORNIA
JUNE 30, 2007

GOVERNING BOARD

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Randy Winton	Assistant Superintendent, Business Services
Roger Rice	Assistant Superintendent, Human Resources
Martha Mutz	Assistant Superintendent, Educational Services

OXNARD UNION HIGH SCHOOL DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Governing Board
Oxnard Union High School District
Oxnard, California

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2006-07* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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 opinions.

The financial statements referred to above include only the primary government of the District, which consists of all funds that comprise the District's legal entity. The financial statements do not include financial data for the District's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the District's primary government, as discussed in Note 1. As a result, the primary government financial statements do not purport to and do not, present fairly the financial position of the reporting entity of the District, as of June 30, 2007, and the changes in its financial position, for the year ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The required supplementary information, such as management's discussion and analysis on pages 4 through 13 and budgetary comparison information on pages 48 and 49, are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

The unaudited supplementary information listed in the table of contents, including the Combining Statements - Non-Major Governmental Funds, and the General Fund Selected Financial Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion.

Vannich, Tui, Day & Co., LLP

Rancho Cucamonga, California

December 1, 2007



**Oxnard Union
High School District**

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Administration

Jody Dunlap, Ed.D.
Superintendent

Martha Mutz
Assistant Superintendent
Educational Services

Roger Rice
Assistant Superintendent
Human Resources

Randy Winton
Assistant Superintendent
Business Services

This section of Oxnard Union High School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2007, with comparative information from 2006 information. 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 Oxnard Union High School District and its component units using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 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. These statements include all assets of the District, as well as all liabilities. 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 two categories of activities: governmental and fiduciary.

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

The Primary unit of the government is the Oxnard Union High School District.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

Total General Fund Revenue increased by 12.3% from the previous fiscal year. The following table shows major revenue sources for fiscal year 2006-07 compared with fiscal year 2005-06.

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

General Fund Revenue Comparison-Amount

	2007	2006	Increase (Decrease)
Revenue Limit Sources	\$ 98,038,957	\$ 89,026,811	\$ 9,012,146
Federal Revenues	8,141,996	9,343,535	(1,201,539)
Other State Revenues	19,014,179	13,089,988	5,924,191
Other Local Revenues	10,945,764	9,716,901	1,228,863
	<u>\$136,140,896</u>	<u>\$121,177,235</u>	<u>\$ 14,963,661</u>

Total General Fund Expenditures increased by 5.9% from the previous fiscal year. The following table shows expenditures for fiscal year 2006-07 compared with fiscal year 2005-06.

General Fund Expenditure Comparison-Unrestricted and Restricted

	2006-07		2005-06		Change	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Certificated salaries	\$ 62,069,610	48.2%	\$ 57,378,365	47.2%	\$4,691,245	8.18%
Classified salaries	17,333,326	13.5%	15,837,624	13.0%	1,495,702	9.44%
Employee benefits	31,018,153	24.1%	31,633,512	26.0%	(615,359)	-1.95%
Books and supplies	6,698,014	5.2%	5,144,256	4.2%	1,553,758	30.20%
Services and other	10,802,648	8.4%	11,188,090	9.2%	(385,442)	-3.45%
Other outgo	(524,853)	-0.4%	(673,339)	-0.6%	148,486	-22.05%
Capital outlay & Debt service	1,302,909	1.0%	982,489	0.8%	320,420	32.61%
	<u>\$ 128,699,807</u>	<u>100.0%</u>	<u>\$ 121,490,997</u>	<u>100.0%</u>	<u>\$ 7,208,810</u>	<u>5.93%</u>

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The *Statement of Net Assets* and the *Statement of Activities* 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.

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

The relationship between revenues and expenses is the District's *operating 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*, we present the District activities as follows:

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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. 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.

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were \$152,982,970 for the fiscal year ended June 30, 2007. Of this amount, \$15,534,117 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

		<u>Governmental Activities</u>	
		<u>2007</u>	<u>2006</u>
Assets			
Current and other assets		\$ 54,138,738	\$ 49,406,572
Capital assets		<u>178,295,539</u>	<u>177,848,698</u>
Total Assets		<u>232,434,277</u>	<u>227,255,270</u>
Liabilities			
Current liabilities		6,901,140	7,409,961
Long-term obligations		<u>72,550,167</u>	<u>74,363,012</u>
Total Liabilities		<u>79,451,307</u>	<u>81,772,973</u>
Net Assets			
Invested in capital assets, net of related debt		105,430,464	103,043,352
Restricted		32,018,389	30,456,406
Unrestricted		<u>15,534,117</u>	<u>11,982,539</u>
Total Net Assets		<u>\$152,982,970</u>	<u>\$145,482,297</u>

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

Changes in Net Assets

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the *Statement of Activities* so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2007	2006
Revenues		
Program revenues:		
Charges for services	\$ 2,848,430	\$ 2,905,254
Operating grants and contributions	36,793,938	30,178,712
Capital grants and contributions	5,663	46,582
General revenues:		
State revenue limit sources	64,122,959	56,731,665
Property taxes	42,552,220	41,544,847
Other general revenues	10,067,746	11,854,148
Total Revenues	<u>156,390,956</u>	<u>143,261,208</u>
Expenses		
Instruction-related	103,504,976	98,802,372
Student support services	17,244,332	16,172,175
Administration	7,007,700	6,629,602
Maintenance and operations	15,045,757	15,014,883
Other	6,087,518	5,767,784
Total Expenses	<u>148,890,283</u>	<u>142,386,816</u>
Change in Net Assets	<u>\$ 7,500,673</u>	<u>\$ 874,392</u>

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$148,890,283. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$42,552,220 because the cost was paid by those who benefited from the programs \$2,848,430 or by other governments and organizations who subsidized certain programs with grants and contributions \$36,799,601. We paid for the remaining "public benefit" portion of our governmental activities with, \$66,690,032 in State funds and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions – instruction-related, student support services, administration, including information technology, maintenance and operations, and other (student cafeterias, libraries, staff development, community services, student clubs and athletics).

Table 3

	Total Cost of Services	
	2007	2006
Instruction-related	\$ 80,145,561	\$ 80,018,728
Student support services	5,131,767	5,949,596
Administration	5,070,875	4,879,687
Maintenance and operations	12,894,735	12,693,022
Other	5,999,314	5,715,235
Totals	\$109,242,252	\$109,256,268

General Fund revenues were \$6,902,461 more than final revised budgeted and expenditures were \$1,382,739 less than budgeted, not including the amounts that the State of California paid to the State Teachers Retirement System on behalf of the District.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$50,212,568, which is an increase of \$5,214,695 from last year.

This increase is due to the General Fund and State and local revenues and increased revenues in the Cafeteria fund.

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

General Fund Budgetary Highlights

The District is required to adopt its budget by June 30, each year. This was prior to adoption of the State budget on August 24, 2007. Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. These revisions occur at the First Interim and Second Interim reporting periods. The final amendment to the budget was included with the Unaudited Actuals and was adopted on September 12, 2007. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 48.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the District had \$178,295,539 in a broad range of capital assets (net of accumulative depreciation), including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$446,841, or .25%, from last year.

Table 4

	Governmental Activities	
	2007	2006
Land	\$ 27,535,321	\$ 27,535,321
Construction in process	2,265,307	51,918,299
Buildings and improvements	146,230,098	96,825,743
Furniture and equipment	2,264,813	1,569,335
Totals	\$178,295,539	\$177,848,698

This year's addition of \$6,351,595 included projects such as re-roofing, asphalt/parking lot repairs, renovations and additions to district land and buildings, replacement of five old buses and technology upgrades.

Several capital projects are planned for the 2007-08 and 2008-09 years, including conversion to a sewer system from a septic tank at one site, addition of an office for District testing staff, expanding and renovating classrooms, repair/replacement of bleachers and remodeling cafeterias. We anticipate capital additions to be \$8.6 million for the 2007-08 and 2008-09 years. We present more detailed information about our capital assets in Note 4 to the financial statements.

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

Long-Term obligations

At the end of this year, the District had \$74,732,167 in outstanding debt versus \$76,570,710 last year, a decrease of \$1,838,543. Long-term obligations consisted of:

Table 5

	Governmental Activities	
	2007	2006
General obligation bonds	\$ 48,551,113	\$ 49,740,261
Certificates of participation	4,825,000	5,115,000
Municipal leases	19,665,000	20,030,000
Municipal lease discount	(176,038)	(185,547)
Accumulated vacation	1,521,092	1,197,364
Supplemental early retirement	346,000	568,000
Capitalized lease obligations	-	105,632
Totals	\$ 74,732,167	\$ 76,570,710

The District's outstanding general obligation debt of \$48,551,113 is significantly below the assessed value cap for voter approved debt.

Other obligations include municipal leases, compensated absences payable and postemployment benefits (not including health benefits). We present more detailed information regarding our long-term obligations in Note 8 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2006-07 ARE NOTED BELOW:

- Maintained the three percent State recommended reserve for economic uncertainties.
- Completed portable buildings for Law Enforcement Academy (OHS), science labs (CIHS), and Health Science Academy (PHS).
- Upgraded technology using over \$500,000 in Microsoft Settlement funds.
- Completed \$1.5 million expansion of ACHS home side bleachers.
- Made \$1.7 million contribution to the Retiree Benefit Trust, an irrevocable trust established to provide health and welfare benefits to eligible retired district employees.
- Replaced 5 buses with lower emission buses through a grant received by the California Energy Commission.
- Continued projects to improve the overall appearance and safety at our sites, including renovations to quads and athletic fields, upgrading fencing and outdoor lighting systems, and installation of closed circuit television (CCTV) camera systems.

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

FACTORS BEARING ON THE DISTRICT'S FUTURE

Although the District is financially stable, its financial condition is highly dependent upon the economic condition of the State of California. At the time these financial statements were prepared and audited, there are several factors that could significantly affect its future financial condition:

- The decline in enrollment, both statewide and in our feeder districts, continues to be an area that the District is monitoring closely.
- As of July 1, 2006, the District has an actuarially determined unfunded liability for retiree medical benefits in the amount of \$115 million. As of June 30, 2007, the District has set aside \$30.3 million (26% of total liability). The District continues to implement strategies to control and continue to fund this liability.
- A unification effort to unify the high schools in Camarillo with the Pleasant Valley School District continues.
- The District passed a \$135 million bond in November 2004 for the construction of two high schools and continuation of modernization projects over the next 20 years. As of June 30, 2007, none of these bonds have been issued.

State Assumptions at Adopted Budget

- 4.53% COLA on all programs
- No Deficit factor
- No Equalization aid
- Summer School and hourly core program cap remains at 5%
- PERS reduction is 3.714%
- PERS restoration is 16% of PERS reduction
- Continuation of final apportionment deferment started in 2002-2003
- Lottery funds, unrestricted, at \$118 per ADA
- Lottery funds, restricted, at \$19 per ADA
- Base revenue limit (including equalization) at \$6,695.62 per ADA
- Hourly program reimbursement rate at \$4.08
- 3% of Total General Fund required district contribution for Routine Restricted Maintenance

Local Assumptions

- Zero growth in ADA. Statewide the decline is projected at .88%. (14,866.55 Projected 2007-08 District-retained P2 ADA)
- 2.00% increase for Step increases. An additional \$200,000 is budgeted for column movement based on historical costs.
- Medical Health benefit cost increased by 2.8% (October-June) from \$9,573 to \$9,937 a year for each employee (HMO PPO blended rate before employee contribution)
- Other Health and Welfare costs increased by 2.5% from \$1,563 to \$1,602

OXNARD UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

- Employee and retiree Health and Welfare contributions unchanged at \$1,800/year (PPO) and \$624/year (HMO)
- Teacher Student ratio 27:1
- Discontinue athletic transportation fee (estimated revenue \$150,000)
- High School grade 9 class size reduction budgeted at \$204 per eligible pupil. May revise estimates \$213. District will revise budget at a later date
- State is once again deferring reimbursement for mandated cost claims but requirement to continue to service remains. OUHSD has not included any mandate reimbursement in our adopted budget.
- AB 825 – Categorical Flexibility included in Adopted budget

Other Comments

- State recommended reserve for economic uncertainties remains 3%
- Unobligated Reserve (in addition to 3% reserve) will be \$5,829,126
- Current Unrestricted General Fund surplus is \$8,023

Special Revenue Funds Assumptions

- Adult Education receives growth and 4.53% COLA
- Adult Education base revenue limit is \$2,645.30
- Adult Education ADA is projected to be 1,386.98
- Adult Education cap "use it or lose it" formula in effect. Lose ½ of unused ADA from 2005-2006 and 2006-2007.
- Deferred Maintenance budgeted at ½ of 1% (from RRM funds). Expect 100% funding by State

Capital Facility Funds Assumptions

- 1 new portable to house the expanded Testing Department
- Replace Stadium Visitor bleachers at HHS
- Complete state required conversion to sewer system at RMHS
- Renovate cafeterias at ACHS and CIHS
- Re-roofing at FHS

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Business Services, at Oxnard Union High School District, 309 South K Street, Oxnard, CA, or e-mail at randy.winton@ouhsd.k12.ca.us.

OXNARD UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET ASSETS JUNE 30, 2007

	<u>Governmental Activities</u>
ASSETS	
Deposits and investments	\$ 39,345,076
Receivables	14,086,768
Prepaid expenses	42,706
Stores inventories	242,221
Deferred cost on issuance	421,967
Capital assets	
Land and construction in progress	29,800,628
Other capital assets	230,734,155
Less: Accumulated depreciation	<u>(82,239,244)</u>
Capital assets, net of accumulated depreciation	<u>178,295,539</u>
Total Assets	<u>232,434,277</u>
LIABILITIES	
Accounts payable	2,768,694
Interest payable	1,214,937
Deferred revenue	735,509
Current portion of long-term obligations	2,182,000
Noncurrent portion of long-term obligations	<u>72,550,167</u>
Total Liabilities	<u>79,451,307</u>
NET ASSETS	
Invested in capital assets, net of related debt	105,430,464
Restricted for:	
Debt service	2,804,026
Capital projects	18,591,597
Educational programs	5,536,423
Other activities	5,086,343
Unrestricted	<u>15,534,117</u>
Total Net Assets	<u>\$ 152,982,970</u>

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

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OXNARD UNION HIGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 86,107,477	\$ 202,560	\$ 16,856,358	\$ 5,663	\$ (69,042,896)
Instruction-related activities:					
Supervision of instruction	2,428,676	9,847	3,687,477	-	1,268,648
Instructional library, media and technology	1,947,556	3,855	780,882	-	(1,162,819)
School site administration	13,021,267	47,609	1,765,164	-	(11,208,494)
Pupil services:					
Home-to-school transportation	1,676,209	-	1,525,923	-	(150,286)
Food services	5,857,152	2,281,418	4,332,631	-	756,897
All other pupil services	9,710,971	31,027	3,941,566	-	(5,738,378)
Administration:					
Data processing	1,423,193	-	-	-	(1,423,193)
All other administration	5,584,507	247,837	1,688,988	-	(3,647,682)
Plant services	15,045,757	23,488	2,127,534	-	(12,894,735)
Ancillary services	1,869,009	-	15,702	-	(1,853,307)
Community services	237,248	-	-	-	(237,248)
Interest on long-term obligations	3,702,826	-	-	-	(3,702,826)
Other (outgo)	278,435	789	71,713	-	(205,933)
Total Governmental Activities	\$148,890,283	\$ 2,848,430	\$ 36,793,938	\$ 5,663	(109,242,252)
General revenues and subventions					
Property taxes, levied for general purposes					38,316,767
Property taxes, levied for debt service					3,738,357
Taxes levied for other specific purposes					497,096
Federal and State aid not restricted to specific purposes					64,122,959
Interest and investment earnings					2,021,076
Interagency revenues					229,832
Miscellaneous					7,816,838
Subtotal, General Revenues					116,742,925
Changes in Net Assets					7,500,673
Net Assets - Beginning					145,482,297
Net Assets - Ending					\$152,982,970

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

OXNARD UNION HIGH SCHOOL DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2007

	General Fund	Cafeteria Fund	Capital Facilities Fund
ASSETS			
Deposits and investments	\$ 12,195,357	\$ 2,884,163	\$ 8,752,030
Receivables	12,618,004	865,795	104,112
Due from other funds	1,217,140	53,463	-
Prepaid expenses	42,557	-	-
Stores inventory	154,563	87,658	-
Total Assets	\$ 26,227,621	\$ 3,891,079	\$ 8,856,142
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,339,160	\$ 123,743	\$ 56,080
Due to other funds	638,251	578,878	283,722
Deferred revenue	734,545	-	-
Total Liabilities	3,711,956	702,621	339,802
FUND BALANCES			
Reserved for:			
Other reservations	5,743,543	89,156	-
Unreserved:			
Designated	10,418,005	-	-
Undesignated, reported in:			
General Fund	6,354,117	-	-
Special revenue funds	-	3,099,302	-
Debt service funds	-	-	-
Capital projects funds	-	-	8,516,340
Total Fund Balances	22,515,665	3,188,458	8,516,340
Total Liabilities and Fund Balances	\$ 26,227,621	\$ 3,891,079	\$ 8,856,142

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

Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 9,845,716	\$ 5,667,810	\$ 39,345,076
79,017	419,840	14,086,768
-	584,788	1,855,391
-	149	42,706
-	-	242,221
<u>\$ 9,924,733</u>	<u>\$ 6,672,587</u>	<u>\$ 55,572,162</u>

\$ 540	\$ 249,171	\$ 2,768,694
5,574	348,966	1,855,391
-	964	735,509
<u>6,114</u>	<u>599,101</u>	<u>5,359,594</u>

-	149	5,832,848
-	-	10,418,005
-	-	6,354,117
-	1,897,736	4,997,038
-	4,018,963	4,018,963
9,918,619	156,638	18,591,597
<u>9,918,619</u>	<u>6,073,486</u>	<u>50,212,568</u>
<u>\$ 9,924,733</u>	<u>\$ 6,672,587</u>	<u>\$ 55,572,162</u>

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OXNARD UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2007

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Total Fund Balance - Governmental Funds		\$ 50,212,568
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 260,534,783	
Accumulated depreciation is	<u>(82,239,244)</u>	178,295,539
Net Capital Assets		
Expenditures relating to issuance of debt of next fiscal year were recognized in modified accrual basis, but should not be recognized in accrual basis.		421,967
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(1,214,937)
Long-term obligations at year-end consist of:		
Bonds payable	(48,551,113)	
Certificates of participation	(4,825,000)	
Municipal lease	(19,665,000)	
Discount on municipal lease	176,038	
Compensated absences (vacations)	(1,521,092)	
Special termination benefits payable	<u>(346,000)</u>	
Total Long-Term Obligations		<u>(74,732,167)</u>
Total Net Assets - Governmental Activities		<u>\$ 152,982,970</u>

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

OXNARD UNION HIGH SCHOOL DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Cafeteria Fund	Capital Facilities Fund
REVENUES			
Revenue limit sources	\$ 98,038,957	\$ -	\$ -
Federal sources	8,141,996	4,462,514	-
Other State sources	19,014,179	443,219	-
Other local sources	10,945,764	2,682,299	3,380,731
Total Revenues	136,140,896	7,588,032	3,380,731
EXPENDITURES			
Current			
Instruction	80,884,692	-	-
Instruction related activities:			
Supervision of instruction	2,301,243	-	-
Instructional library, media, and technology	1,937,280	-	-
School site administration	10,094,959	-	-
Pupil services:			
Home-to-school transportation	2,100,743	-	-
Food services	5,077	5,606,691	-
All other pupil services	9,500,030	-	-
Administration:			
Data processing	1,424,673	-	-
All other administration	5,004,061	546,726	86,683
Plant services	12,808,267	-	-
Facility acquisition and construction	181,466	139,796	2,498,446
Ancillary services	1,875,621	-	-
Community services	237,248	-	-
Other outgo	278,435	-	-
Debt service			
Principal	48,938	-	421,694
Interest and other	17,074	-	272,526
Total Expenditures	128,699,807	6,293,213	3,279,349
Excess (Deficiency) of Revenues Over Expenditures	7,441,089	1,294,819	101,382
Other Financing Sources (Uses)			
Transfers in	196,723	-	176,090
Transfers out	(857,219)	(32,151)	(635,038)
Net Financing Sources (Uses)	(660,496)	(32,151)	(458,948)
NET CHANGE IN FUND BALANCES	6,780,593	1,262,668	(357,566)
Fund Balance - Beginning	15,735,072	1,925,790	8,873,906
Fund Balance - Ending	\$ 22,515,665	\$ 3,188,458	\$ 8,516,340

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

Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 3,863,406	\$ 101,902,363
-	-	12,604,510
-	679,498	20,136,896
506,383	4,232,010	21,747,187
506,383	8,774,914	156,390,956
-	2,057,077	82,941,769
-	93,629	2,394,872
-	-	1,937,280
-	834,910	10,929,869
-	-	2,100,743
-	-	5,611,768
-	198,697	9,698,727
-	-	1,424,673
-	169,879	5,807,349
656,400	2,014,833	15,479,500
1,619,376	375,632	4,814,716
-	-	1,875,621
-	-	237,248
-	-	278,435
-	1,520,000	1,990,632
557,721	2,805,738	3,653,059
2,833,497	10,070,395	151,176,261
(2,327,114)	(1,295,481)	5,214,695
-	1,155,363	1,528,176
(3,768)	-	(1,528,176)
(3,768)	1,155,363	-
(2,330,882)	(140,118)	5,214,695
12,249,501	6,213,604	44,997,873
\$ 9,918,619	\$ 6,073,486	\$ 50,212,568

OXNARD UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2007

Total Net Change in Fund Balances - Governmental Funds		\$ 5,214,695
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
This is the amount by which capital outlay exceeds depreciation in the period.		
Capital outlays	\$ 6,351,595	
Depreciation expense	<u>(5,904,754)</u>	446,841
In the statement of activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. However, expenditures for these items in the governmental funds are measured by the amount of financial resources used (essentially, the amounts actually paid). In previous years, the District offered early termination benefits, payable in future periods. During the current year, payments of \$222,000 were made towards the existing plan. Vacation earned was greater than the amounts used by \$323,728.		(101,728)
The annual amortization of the accrued debt issue costs and discounts is as follows:		
Municipal lease issue costs	(24,763)	
Municipal lease discount	<u>(9,509)</u>	(34,272)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term obligations in the statement of net assets and does not affect the statement of activities.		1,230,000
Repayment of certificates of participation principal is an expenditure in the governmental funds, but it reduces long-term obligations in the statement of net assets and does not affect the statement of activities.		290,000
Repayment of capital lease principal is an expenditure in the governmental funds, but it reduces long-term obligations in the statement of net assets and does not affect the statement of activities.		105,632
Repayment of municipal lease principal is an expenditure in the governmental funds, but it reduces long-term obligations in the statement of net assets and does not affect the statement of activities.		365,000
The accretion of interest on capital appreciation bonds is not recognized in the governmental funds, but it increases long-term obligations in the statement of net assets and increases interest expense in the statement of activities.		(40,852)
Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the net result of two factors.		25,357
Change in Net Assets of Governmental Activities		<u><u>\$ 7,500,673</u></u>

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

OXNARD UNION HIGH SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF NET ASSETS JUNE 30, 2007

	<u>Agency Funds</u>
ASSETS	
Deposits and investments	\$ 1,277,584
Receivables	125
Stores inventory	17,299
Total Assets	<u><u>\$ 1,295,008</u></u>
LIABILITIES	
Due to student groups	<u><u>\$ 1,295,008</u></u>

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

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Oxnard Union High School District was organized under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades 9 - 12 as mandated by the State and/or Federal agencies. The District operates six high schools, three alternative education sites, and an adult education program.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Oxnard Union High School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The basic financial statements include discretely presented component units. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize their separation from the primary government, however, current audited financial statements for the discretely presented component unit is not available nor included in the District's financial report.

The Oxnard Union High School District, the Ventura County Schools Public Facilities Financing Corporation, and the San Gabriel Valley Schools Financing Authority (the "Corporations") have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the District's portion of the Corporations as component units of the District. Accordingly, the District's financial activities of the Corporations have been included as a separate fund blended component unit, in the financial statements of the District.

Other Related Entities

Public Entity Risk Pools and Joint Powers Authority The District is associated with two public entity risk pools and one joint powers authority. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 14 to the financial statements. These organizations are:

- Ventura County Schools Self-Funding Authority (VCSSFA)
- Coastal Schools Employee Benefits Organization (CSEBO)
- Ventura County Fast Action School Transit Authority (VCFASTA)

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Discretely Presented Component Units

The Oxnard Union High School District Health Benefits Plan (the "Plan") is a legally separate, tax-exempt component unit of the District. The Plan is to provide health and welfare benefits for retired employees of the District and their dependents on an insured or self-funded basis through a voluntary employee benefit association for the District. Although the District does not control the timing or amount of receipts and disbursements from the Plan, the majority of resources held by the Plan can only be used by, or of the benefit of, the District retirees and administrative costs. The Plan is considered a component unit of the District, and audited financial statements have not been completed as of June 30, 2007. During the year ended, June 30, 2007, the Plan Administrators reported approximately \$30,400,000 in assets.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California.

Cafeteria Fund The Cafeteria Fund is used to account for the financial transactions related to the food service operations of the District.

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

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects is used to account for funds set aside for Board designated construction projects.

Non-Major Governmental Funds

Special Revenue Funds The 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 the following special revenue funds:

Adult Education Fund The Adult Education Fund is used to account for resources committed to adult education programs maintained by the District.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Child Development Fund The Child Development Fund is used to account for the financial transactions related to a Federal award for the development of child care resources.

Deferred Maintenance Fund The Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.

Special Reserve Fund for Other Than Capital Outlay Projects The Special Reserve Fund for Other Than Capital Outlay Projects is used to provide for the accumulation of General Fund monies for general operating purposes.

Foundation Fund The Foundation Fund is used to account for donations to the District and for related expenditures.

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

County School Facilities Fund The County School Facilities Fund is used primarily to account separately for State apportionments provided for construction and reconstruction of school facilities (Education Code Sections 17010.10-17076.10).

Debt Service Funds The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term obligations principal, interest, and related costs. The District maintains the following debt service funds:

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

COP Debt Service Fund The COP Debt Service Fund is used to account for the interest and redemption of principal of Certificates of Participation.

Fiduciary Funds Fiduciary Funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is comprised of agency funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student body activities (ASB).

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The government-wide financial statement of activities presents a comparison between direct expenses and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions, and segments using a full cost allocation approach. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other activities result from special revenue funds and the restrictions on their net asset use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements, because they do not represent resources of the District.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments held at June 30, 2007, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general and debt service funds represent cash and cash equivalents required by grantor agencies and debt covenants name requirement source to be set aside by the District for the purpose of satisfying certain requirements of the grants and the bonded debt issuance.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. 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 expenditures when incurred.

Stores Inventory

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in first-out basis weighted average basis. The costs of inventory items are recorded as expenditures in the governmental type funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statement of net assets. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the statement of net assets.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net assets. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave.

Accrued Liabilities and Long-Term Obligations

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

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

Deferred Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund 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 straight line method.

Fund Balance Reserves and Designations

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for revolving cash accounts, stores inventories, prepaid expenditures (expenses), and legally restricted grants and entitlements. Designations of fund balances consist of that portion of the fund balance that has been designated (set aside) by the governing board to provide for specific purposes or uses. Fund balance designations have been established for economic uncertainties and other purposes.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The government-wide financial statements reports \$32,018,389 of restricted net assets. ..

Interfund Activity

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

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Ventura bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

New Accounting Pronouncements

In July 2004, GASB issued GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement will require local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB generally are based on pay-as-you-go financing approaches. They fail to measure or recognize the cost of OPEB during the periods when employees render the services or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.

This Statement generally provides for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District will be required to implement the provisions of this Statement for the fiscal year ended June 30, 2009. The District is in the process of determining the impact the implementation of this Statement will have on the government-wide statement of net assets and activities.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2007, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 39,345,076
Fiduciary funds	1,277,584
Total Deposits and Investments	<u>\$ 40,622,660</u>

Deposits and investments as of June 30, 2007, consist of the following:

Cash on hand and in banks	\$ 1,418,508
Cash in revolving	11,498
Investments	39,192,654
Total Deposits and Investments	<u>\$ 40,622,660</u>

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing primarily in the county pool.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Fair Value	Maturity Date
County Pool	\$ 35,257,038	300 days*
Mutual Funds	3,580,474	N/A
U.S. Treasury Bonds	473,450	12 years
Total	<u>\$ 39,310,962</u>	

*Weighted average days to maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the county pool, mutual funds, and U.S. Treasury Bonds, are not required to be rated, nor have they been rated as of June 30, 2007.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2007, of the District's bank balance of \$1,638,145, \$1,308,510 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in the certificates of participation and municipal lease trustee accounts of \$6,134,486 the District has a custodial credit risk exposure for the entire balance because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 3 - RECEIVABLES

Receivables at June 30, 2007, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
Federal Government					
Categorical aid	\$ 2,355,560	\$ 777,808	\$ -	\$ -	\$ -
State Government					
Apportionment	279,862	-	-	-	353,432
Categorical aid	3,637,369	7,685	-	-	-
Lottery	1,213,774	-	-	-	-
Local Government					
Interest	316,613	32,940	101,423	79,017	61,216
Other Local Sources	4,814,826	47,362	2,689	-	5,192
Total	<u>\$ 12,618,004</u>	<u>\$ 865,795</u>	<u>\$ 104,112</u>	<u>\$ 79,017</u>	<u>\$ 419,840</u>

	Total	Fiduciary Funds
Federal Government		
Categorical aid	\$ 3,133,368	\$ -
State Government		
Apportionment	633,294	-
Categorical aid	3,645,054	-
Lottery	1,213,774	-
Local Government		
Interest	591,209	-
Other Local Sources	4,870,069	125
Total	<u>\$ 14,086,768</u>	<u>\$ 125</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 27,535,321	\$ -	\$ -	\$ 27,535,321
Construction in Progress	51,918,299	5,565,368	55,218,360	2,265,307
Total Capital Assets Not Being Depreciated	79,453,620	5,565,368	55,218,360	29,800,628
Capital Assets Being Depreciated:				
Land Improvements	30,350,415	1,467,380	-	31,817,795
Buildings and Improvements	139,558,993	53,750,980	-	193,309,973
Furniture and Equipment	4,820,160	786,227	-	5,606,387
Total Capital Assets Being Depreciated	174,729,568	56,004,587	-	230,734,155
Total Capital Assets	254,183,188	61,569,955	55,218,360	260,534,783
Less Accumulated Depreciation:				
Land Improvements	17,090,148	1,922,534	-	19,012,682
Buildings and Improvements	55,993,517	3,891,471	-	59,884,988
Furniture and Equipment	3,250,825	90,749	-	3,341,574
Total Accumulated Depreciation	76,334,490	5,904,754	-	82,239,244
Governmental Activities Capital Assets, Net	\$ 177,848,698	\$55,665,201	\$55,218,360	\$ 178,295,539

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 3,306,662
School site administration	2,066,664
Home-to-school transportation	177,143
Food services	236,190
Plant services	118,095
Total Depreciation Expenses All Activities	<u>\$ 5,904,754</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2007, between major and non-major governmental funds are as follows:

Due To	Due From					Total
	General Fund	Facilities Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	
General Fund	\$ -	\$ 578,878	\$ 283,722	\$ 5,574	\$ 348,966	\$1,217,140
Cafeteria Fund	53,463	-	-	-	-	53,463
Capital Facilities Fund	-	-	-	-	477,234	477,234
Non-Major Governmental Funds	584,788	-	-	-	-	584,788
Total	<u>\$ 638,251</u>	<u>\$ 578,878</u>	<u>\$ 283,722</u>	<u>\$ 5,574</u>	<u>\$ 826,200</u>	<u>\$2,332,625</u>

Operating Transfers

Interfund transfers for the year ended June 30, 2007, consisted of the following:

Transfer To	Transfer From				Total
	General Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	
General Fund	\$ -	\$ 32,151	\$ 160,804	\$ 3,768	\$ 196,723
Capital Facilities Fund	176,090	-	-	-	176,090
Non-Major Governmental Funds	681,129	-	474,234	-	1,155,363
Total	<u>\$ 857,219</u>	<u>\$ 32,151</u>	<u>\$ 635,038</u>	<u>\$ 3,768</u>	<u>\$ 1,528,176</u>

The General Fund transferred to the Capital Facilities Fund for debt service payments.	\$ 176,090
The General Fund transferred to the Adult Education Fund for related expenditures.	18,756
The General Fund transferred to the Deferred Maintenance Fund for the District match.	662,373
The Cafeteria Fund transferred to the General Fund for expenditure reimbursements	32,151
The Capital Facilities Fund transferred to the General Fund for construction expenditures.	160,804
The Capital Facilities Fund transferred to the COP Debt Service Fund for certificates of participation debt service.	474,234
The Special Reserve Fund for Capital Outlay Projects transferred to the General Fund for construction expenditures.	3,768
Total	<u>\$ 1,528,176</u>

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2007, consisted of the following:

	General Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Vendor payables	\$ 1,016,412	\$ 111,118	\$ -	\$ -	\$ 91,245	\$ 1,218,775
State apportionment	749,686	-	-	-	95,550	845,236
Salaries and benefits	573,062	12,625	-	-	62,376	648,063
Construction	-	-	56,080	540	-	56,620
Total	<u>\$ 2,339,160</u>	<u>\$ 123,743</u>	<u>\$ 56,080</u>	<u>\$ 540</u>	<u>\$ 249,171</u>	<u>\$ 2,768,694</u>

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2007, consists of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 181,029	\$ 964	\$ 181,993
State categorical aid	498,870	-	498,870
Other local	54,646	-	54,646
Total	<u>\$ 734,545</u>	<u>\$ 964</u>	<u>\$ 735,509</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 8 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007	Due in One Year
General obligation bonds	\$49,740,261	\$ 40,852	\$ 1,230,000	\$48,551,113	\$ 1,285,000
Certificates of participation	5,115,000	-	290,000	4,825,000	295,000
Municipal leases	20,030,000	-	365,000	19,665,000	380,000
Municipal lease discount	(185,547)	-	(9,509)	(176,038)	-
Accumulated vacation - net	1,197,364	323,728	-	1,521,092	-
Supplemental early retirement	568,000	-	222,000	346,000	222,000
Capital leases	105,632	-	105,632	-	-
	<u>\$76,570,710</u>	<u>\$ 364,580</u>	<u>\$ 2,203,123</u>	<u>\$74,732,167</u>	<u>\$ 2,182,000</u>

General Obligations Refunding Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2006	Principal Accretion	Redeemed	Bonds Outstanding June 30, 2007
April 1999	8/1/2027	4.6-5.8	\$10,199,913	\$ 8,580,261	\$ 40,852	\$ 250,000	\$ 8,371,113
May 2001	8/1/2030	4.0-6.2	31,705,000	28,020,000	-	605,000	27,415,000
May 2003	8/1/2027	2.0-4.5	14,180,000	13,140,000	-	375,000	12,765,000
			<u>\$56,084,913</u>	<u>\$49,740,261</u>	<u>\$ 40,852</u>	<u>\$ 1,230,000</u>	<u>\$48,551,113</u>

The General Obligation Bonds will be paid by the Bond Interest and Redemption Fund.

1999 Series A

Series A of the 1999 Revenue General Obligation Refunding Bonds were issued in April 1999. These bonds were issued to defease the 1997 General Obligation Bonds, Series B. The Taxable General Obligation Refunding Bonds, 1999 Series A were issued for \$10,199,913, with interest rates ranging from 4.6 percent to 5.8 percent. The refunding bonds mature at various dates with the final maturity of August 1, 2027. The remaining balance for Series A of the 1999 General Obligation Bonds is \$8,371,113.

2001 Series A

Series A of the 2001 General Obligations Refunding Bond were issued May 17, 2001. These bonds were issued to defease the 1997 General Obligation Bonds Series C, D, and E. The Taxable General Obligation Refunding Bonds, 2001 Series A were issued for \$31,705,000, with interest rates ranging from 4.0 percent to 6.2 percent. The refunding bonds mature at various dates with the final maturity of August 1, 2030. The remaining balance for Series A of the 2001 General Obligation Bonds is \$27,415,000.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

2003 Series A

Series A of the 2003 General Obligation Refunding Bonds were issued in May 2003. These bonds were issued to defease the 1997 General Obligation Bonds, Series A. The Taxable General Obligation Refunding Bonds, 2003 Series A were issued for \$14,180,000, with interest rates ranging from 2.0 percent to 4.5 percent. The refunding bonds mature at various dates with the final maturity of August 1, 2027. The remaining balance for Series A of the 2003 General Obligation Bonds is \$12,765,000.

The future debt service requirements for the three general obligation bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Principal Accretion</u>	<u>Total</u>
2008	\$ 1,285,000	\$ 2,552,061	\$ 43,269	\$ 3,880,330
2009	1,360,000	2,499,209	45,830	3,905,039
2010	1,430,000	2,441,082	48,543	3,919,625
2011	1,495,000	2,376,721	51,416	3,923,137
2012	1,590,000	2,306,995	54,459	3,951,454
2013-2017	9,290,000	10,276,181	324,632	19,890,813
2018-2022	12,175,000	7,542,105	432,769	20,149,874
2023-2027	14,534,298	3,808,702	443,918	18,786,918
2028-2031	5,391,815	491,605	4,052	5,887,472
Total	<u>\$ 48,551,113</u>	<u>\$ 34,294,661</u>	<u>\$ 1,448,888</u>	<u>\$ 84,294,662</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Certificates of Participation

The Certificates of Participation will be paid by the Certificates of Participation Debt Service Fund.

During the 2000-01 fiscal year, the District issued Certificates of Participation in the amount of \$1,860,000, to refund the outstanding balance of the 1993-94 Certificates of Participation. The 2000 certificates mature during the 2019-2020 fiscal year with interest rates ranging from 6.40 percent to 7.50 percent. The balance of the 1993-1994 certificates outstanding at June 30, 2007 was \$1,430,000.

In April 2003, the District issued the 2003 Refunding Certificates of Participation in the amount of \$3,970,000. The 2003 certificates mature in the 2019-2020 fiscal year with interest rates ranging from 2.0 percent to 4.3 percent. The balance of the 2003 Refunding Certificates of Participation outstanding at June 30, 2007 was \$3,395,000.

Year Ending June 30,	Principal	Interest	Total
2008	\$ 295,000	\$ 193,199	\$ 488,199
2009	305,000	184,339	489,339
2010	310,000	174,468	484,468
2011	330,000	163,184	493,184
2012	330,000	150,730	480,730
2013-2017	1,905,000	521,796	2,426,796
2018-2020	1,350,000	93,836	1,443,836
Total	<u>\$ 4,825,000</u>	<u>\$ 1,481,552</u>	<u>\$ 6,306,552</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Municipal Leases

During the 2003-2004 fiscal year, the District entered into a lease agreement to finance the construction of the swimming pool at Rio Mesa High School. The lease carries an interest rate of four percent. The lease will be fully paid in September 2013. The lease will be paid by the Special Reserve Capital Outlay Fund. The balance outstanding for the 2004 municipal lease is \$1,850,000.

During the 2004-05 fiscal year, the District entered into a lease agreement to finance the purchase of a parcel of land for the future construction of a high school in the Camarillo area. The lease carries an interest rate of 4.5 percent. The lease will be fully paid in 2028. The lease will be paid by the Special Reserve Capital Outlay Fund. The balance outstanding for the 2005 municipal lease is \$5,470,000.

The 2005 municipal lease was issued at a discount of \$30,500. The discount will be amortized over the term of the lease in the government-wide statements.

During the 2005-2006 fiscal year, the District issued lease revenue bonds to finance various capital improvement projects. The bonds were issued in two series. The 2006 Lease Revenue Bonds, Series A were issued in the amount of \$9,795,000, with interest rates ranging from 4.50 percent. The 2006 Lease Revenue Bonds, Series A, balance outstanding at June 30, 2007, was \$9,795,000. The 2006 Lease Revenue Bonds, Series B, were issued in the amount of 2,550,000, with interest rates ranging from 3.75 percent to 4.60 percent. The 2006 Lease Revenue Bonds, Series B, balance outstanding at June 30, 2007, was \$2,550,000. The Lease Revenue bond debt service will be paid by the Special Reserve Fund for Capital Outlay Projects. The 2006 Lease Revenue Bonds, Series A and B, were issued at a discount of \$114,776 and \$51,000, respectively. The discounts will be amortized over the term of the leases in the government-wide financial statements. The debt service requirements for the leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 380,000	\$ 824,218	\$ 1,204,218
2009	910,000	810,268	1,720,268
2010	935,000	774,592	1,709,592
2011	975,000	737,730	1,712,730
2012	1,015,000	699,218	1,714,218
2013-2017	4,860,000	2,899,427	7,759,427
2018-2022	5,335,000	1,895,949	7,230,949
2023-2027	4,510,000	655,392	5,165,392
2028-2031	745,000	50,625	795,625
Total	<u>\$ 19,665,000</u>	<u>\$ 9,347,419</u>	<u>\$ 29,012,419</u>

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2007, amounted to \$1,521,092. Accumulated vacation will be paid by the fund for which the employee worked.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Early Retirement Program

During the 2002-2003 and 2003-2004 fiscal years, the District offered an early retirement incentive to certificated employees. Depending on the retiree's age and years of service to the District, the retiree will receive a predetermined amount annually for up to six years. Twenty-four employees opted to participate. The Plan is funded by the General Fund on a pay-as-you-go basis.

The District's early retirement program payments are summarized below:

Year Ending June 30,	Retirement Payment
2008	\$ 222,000
2009	92,000
2010	32,000
Total	<u>\$ 346,000</u>

Capital Leases

The capital leases are paid by the Capital Facilities Fund. The District's liability on lease agreements with options to purchase are summarized below:

	Relocatable Buildings
Balance, Beginning of Year	\$ 110,808
Payments	(110,808)
Balance, End of Year	<u>\$ -</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007

NOTE 9 - FUND BALANCES

Fund balances with reservations and designations are composed of the following elements:

	General Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Reserved						
Revolving cash	\$ 10,000	\$ 1,498	\$ -	\$ -	\$ -	\$ 11,498
Stores inventory	154,563	87,658	-	-	-	242,221
Prepaid expenditures	42,557	-	-	-	149	42,706
Restricted programs	5,536,423	-	-	-	-	5,536,423
Total Reserved	5,743,543	89,156	-	-	149	5,832,848
Unreserved						
Designated						
Economic uncertainties	3,802,656	-	-	-	-	3,802,656
Other designation	6,615,349	-	-	-	-	6,615,349
Total Designated	10,418,005	-	-	-	-	10,418,005
Undesignated	6,354,117	3,099,302	8,516,340	9,918,619	6,073,337	33,961,715
Total Unreserved	16,772,122	3,099,302	8,516,340	9,918,619	6,073,337	44,379,720
Total	\$ 22,515,665	\$ 3,188,458	\$ 8,516,340	\$ 9,918,619	\$ 6,073,486	\$ 50,212,568

NOTE 10 - POSTEMPLOYMENT BENEFITS

The District provides postemployment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 15 years of service. Currently, 476 retirees meet those eligibility requirements in the program. The District contributes 100 percent of the amount of premiums incurred by retirees and their dependents for those who retired during or prior to 1991. Those who retired after 1991 contribute \$150 per month toward the cost of the preferred provider plan or \$52 per month for the health maintenance organization. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis, as premiums are paid. During the year, expenditures of \$3,007,173 recognized for retirees' health care benefits.

The District had an actuarial study completed during 2005-06. The accumulated future liability as of June 30, 2006, amounts to \$115,470,463 for all current and future retirees as determined by the actuarial study. The accrued liability for retirees age 65 and over amounts to \$93,770,468.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 11 - RISK MANAGEMENT

Description

The District's risk management activities are recorded in the General Fund. Employee health programs are administered by the General Fund through payments made to Coastal Schools Employee Benefits Organization, a public entity risk pool. The Oxnard Union High School District also participates in the Ventura County Schools Self-Funding Authority public entity risk pool (JPA) for the workers' compensation, property and liability programs. Refer to Note 14 for additional information regarding the JPAs.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The following is a summary of the insurance policies carried by the Oxnard Union High School District.

Insurance Program / Company Name	Type of Coverage	Limits
Ventura County Schools Self-Funding Authority	Workers' Compensation	Statutory
	Property	\$27 Million
	Excess Liability	\$15 Million
	Boiler and Machinery	\$50 Million
	Professional Liability	\$4 Million
	Earthquake and Flood	\$2 Million
	Public Employee Dishonesty	\$0.5 Million

Employee Medical Benefits

The District has contracted with the Coastal Schools Employee Benefits Organization (CSEBO) to provide employee medical and surgical benefits. CSEBO is a shared risk pool comprised of members in Ventura County. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement 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).

STRS

Plan Description

The District contributes to the California State Teachers' Retirement System (STRS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. 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 STRS, 7667 Folsom Blvd., Sacramento, CA 95826.

Funding Policy

Active plan members are required to contribute 8.0 percent 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 STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2006-2007 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for the fiscal years ending June 30, 2007, 2006, and 2005, were \$5,117,360, \$4,764,885, and \$4,542,277, respectively, and equal 100 percent of the required contributions for each year.

PERS

Plan Description

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

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2006-2007 was 9.124 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2007, 2006, and 2005, were \$1,701,699, \$1,540,981, and \$1,626,258, respectively, and equal 100 percent of the required contributions for each year.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its alternative plan. The District's and employee's contributions are in accordance with Federal laws.

On Behalf Payments

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of \$2,801,831 (4.517 percent of salaries subject to STRS). No contributions were made to PERS for the year ended June 30, 2007. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts have not been included in the budget amounts reported in the General Fund Budgetary Schedule. These amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2007.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2007.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Construction Commitments

As of June 30, 2007, the District had the following commitments with respect to the unfinished capital projects:

	Remaining Construction Commitments	Expected Date of Completion
CAPITAL PROJECTS		
Adolfo Camarillo H.S. - Bleachers	\$ 18,715	12/31/2007
Hueneme H.S. - Bleachers	231,874	Unknown
Rio Mesa H.S. - Sewer conversion	79,546	09/30/07
	<u>\$ 330,135</u>	

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITY

The District is a member of the Ventura County Schools Self-funding Authority (VCSSFA) and the Coastal Schools Employee Benefits Organization (CSEBO) public entity risk pools. The District pays an annual premium to each entity for its workers' compensation and property liability coverage and for its health and welfare benefits, respectively. The District also belongs to the Ventura County Fast Action School Transit Authority (VCFASTA) joint powers authority (JPA). Payments for courier services are paid to the VCFASTA. The relationships between the District, the pools and the JPA are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2007, the District made payments of \$5,347,576, \$16,757,917, and \$3,467 to VCSSFA, CSEBO, and VCFASTA, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

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OXNARD UNION HIGH SCHOOL DISTRICT

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts (GAAP Basis)		Actual (GAAP Basis)	Variances - Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Revenue limit sources	\$ 95,131,744	\$ 97,787,272	\$ 98,038,957	\$ 251,685
Federal sources	8,245,231	8,679,191	8,141,996	(537,195)
Other State sources	9,095,845	14,970,678	19,014,179	4,043,501
Other local sources	7,757,272	7,801,294	10,945,764	3,144,470
Total Revenues ¹	120,230,092	129,238,435	136,140,896	6,902,461
EXPENDITURES				
Current				
Instruction	73,629,658	80,147,900	80,884,692	(736,792)
Instruction-related activities:				
Supervision of instruction	2,676,019	4,409,726	2,301,243	2,108,483
Instructional library, media, and technology	1,791,009	1,878,332	1,937,280	(58,948)
School site administration	9,328,445	10,180,340	10,094,959	85,381
Pupil services:				
Home-to-school transportation	1,397,635	1,457,108	2,100,743	(643,635)
Food services	-	-	5,077	(5,077)
All other pupil services	8,537,675	9,716,102	9,500,030	216,072
General administration:				
Data processing	1,264,802	1,357,560	1,424,673	(67,113)
All other general administration	5,528,006	5,229,626	5,004,061	225,565
Plant services	12,855,529	13,210,619	12,808,267	402,352
Facility acquisition and construction	243,550	257,910	181,466	76,444
Ancillary services	1,654,571	1,566,034	1,875,621	(309,587)
Community services	185,280	185,280	237,248	(51,968)
Other outgo	420,000	420,000	278,435	141,565
Debt service				
Principal	48,938	48,935	48,938	(3)
Interest	17,074	17,074	17,074	-
Total Expenditures ¹	119,578,191	130,082,546	128,699,807	1,382,739
Excess (Deficiency) of Revenues				
Over Expenditures	651,901	(844,111)	7,441,089	8,285,200
Other Financing Sources (Uses)				
Transfers in	-	-	196,723	196,723
Transfers out	(643,139)	(684,173)	(857,219)	(173,046)
Net Financing Sources (Uses)	(643,139)	(684,173)	(660,496)	23,677
NET CHANGE IN FUND BALANCES	8,762	(1,528,284)	6,780,593	8,308,877
Fund Balance - Beginning	15,735,072	15,735,072	15,735,072	-
Fund Balance - Ending	\$ 15,743,834	\$ 14,206,788	\$ 22,515,665	\$ 8,308,877

¹ On behalf payments of \$2,801,831 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

OXNARD UNION HIGH SCHOOL DISTRICT

CAFETERIA FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts (GAAP Basis)		Actual (GAAP Basis)	Variances - Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal sources	\$ 3,603,152	\$ 3,603,152	\$ 4,462,514	\$ 859,362
Other State sources	250,467	335,767	443,219	107,452
Other local sources	2,526,525	2,526,525	2,682,299	155,774
Total Revenues ¹	6,380,144	6,465,444	7,588,032	1,122,588
EXPENDITURES				
Current				
Pupil services:				
Food services	5,597,477	5,692,800	5,606,691	86,109
General administration:				
All other general administration	545,828	555,123	546,726	8,397
Facility acquisition and construction	139,566	141,943	139,796	2,147
Total Expenditures ¹	6,282,871	6,389,866	6,293,213	96,653
Excess (Deficiency) of Revenues Over Expenditures	97,273	75,578	1,294,819	1,219,241
Other Financing Sources (Uses)				
Transfers out			(32,151)	(32,151)
NET CHANGE IN FUND BALANCES	97,273	75,578	1,262,668	1,187,090
Fund Balance - Beginning	1,925,790	1,925,790	1,925,790	-
Fund Balance - Ending	\$ 2,023,063	\$ 2,001,368	\$ 3,188,458	\$ 1,187,090

¹ The fair market value of commodities received from the federal government and used in the cafeteria program in the amount of \$310,390, is included in the actual revenues and expenditures, but has not been included in the budgeted amounts.

SUPPLEMENTARY INFORMATION

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OXNARD UNION HIGH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
No Child Left Behind Act (2001)			
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	\$ 1,978,436
Title II, Part A - Teacher Quality	84.367	14341	456,287
Title II, Part A - Principal Training	84.367	14344	2,700
Title II, Part D - Enhancing Technology	84.318	14334	19,095
Title III - Immigrant Education	84.365	14346	21,622
Title III - Limited English Proficiency	84.365	10084	385,634
Title IV, Part A - Safe and Drug-Free Schools	84.186	14347	70,106
Title V, Part A - Innovative Education Strategies	84.298A	13340	16,482
Advanced Placement Testing Fees	84.330	13917	61,465
Workability II, Transition Partnership	84.158	00006	170,281
PL 101-476, Individuals with Disabilities Education Act			
Local Assistance	84.027	13379	2,301,654
Carl Perkins Vocational and Applied Technology Educational Act of 1998			
Title IIC - Secondary Education	84.048	13924	429,219
Passed through Ventura County Department of Education			
School to Career	84.278	10009	9,654
ESEA, Title I, Part C - Migrant Education	84.011	13628	1,014,180
ESEA, Title I, Part C - Migrant Education, Summer School	84.011	10005	136,649
Subtotal			<u>7,073,464</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
National School Lunch Program	10.555	13524	2,654,513
Especially Needy Breakfast	10.553	13526	1,497,101
Meal Supplements	10.555	13755	510
Food Distribution	10.558	13534	310,390
Subtotal			<u>4,462,514</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through CDE:			
LEA Medi-Cal Billing Option	93.778	10013	149,761
Medical Administrative Activities Program	93.778	10060	783,945
Child Development: Quality Improvement Activities	93.575	13979	5,994
Subtotal			<u>939,700</u>
U.S. DEPARTMENT OF DEFENSE			
Junior Reserve Officer Training Corps - Air Force	12.000	[1]	99,017
U.S. DEPARTMENT OF LABOR			
Passed through CDE:			
Workforce Investment Act	17.260	02854	29,815
Total Federal Programs			<u>\$ 12,604,510</u>

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2007

ORGANIZATION

The Oxnard Union High School District was established in 1901 and consists of an area comprising approximately 300 square miles. The District operates six high schools, three alternative education sites, and an adult education program. There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Richard D. Jaquez	President	2008
Irene Pinkard, Ed.D.	Vice President	2010
Steve W. Stocks	Clerk	2008
Socorro Lopez Hanson	Member	2010
Robert Q. Valles	Member	2010

ADMINISTRATION

Jody Dunlap, Ed.D.	Superintendent
Randy Winton	Assistant Superintendent, Business Services
Roger Rice	Assistant Superintendent, Human Resources
Martha Mutz	Assistant Superintendent, Educational Services

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2007

	Revised Second Period Report	Revised Annual Report
HIGH SCHOOL		
Regular classes	13,740	13,589
Continuation education	328	310
Opportunity schools	71	71
Home and hospital	18	21
Community day school	66	69
Special education	714	703
Total Secondary	14,937	14,763
CLASSES FOR ADULTS		
Concurrently enrolled	22	23
Not concurrently enrolled	1,498	1,523
Total Class for Adults	1,520	1,546
Grand Total	16,457	16,309
		Hours of Attendance
SUMMER SCHOOL		
High school		294,821

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2007

Grade Level	1982-83	1986-87	2006-07	Number of Days		Status
	Actual Minutes	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Grades 9 - 12	59,712	64,800				
Grade 9			65,120	180	N/A	Complied
Grade 10			65,120	180	N/A	Complied
Grade 11			65,120	180	N/A	Complied
Grade 12			65,120	180	N/A	Complied

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2007.

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

	(Budget) 2008 ¹	2007	2006	2005
GENERAL FUND				
Revenues	\$ 130,007,384	\$ 136,140,896	\$ 121,177,235	\$ 113,451,981
Other sources and transfers in	33,577	196,723	690,948	5,310,099
Total Revenues and Other Sources	130,040,961	136,337,619	121,868,183	118,762,080
Expenditures	129,292,191	128,699,807	121,490,997	114,766,174
Other uses and transfers out	862,176	857,219	801,125	5,769,934
Total Expenditures and Other Uses	130,154,367	129,557,026	122,292,122	120,536,108
INCREASE (DECREASE) IN FUND BALANCE	\$ (113,406)	\$ 6,780,593	\$ (423,939)	\$ (1,774,028)
ENDING FUND BALANCE	\$ 22,402,259	\$ 22,515,665	\$ 15,735,072	\$ 16,159,011
AVAILABLE RESERVES ²	\$ 18,673,927	\$ 10,759,262	\$ 10,514,102	\$ 9,320,988
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ³	14.3%	8.5%	8.8%	7.9%
LONG-TERM OBLIGATIONS	N/A	\$ 74,732,167	\$ 76,570,710	\$ 65,968,918
AVERAGE DAILY ATTENDANCE AT P-2 ⁴	14,867	14,937	14,562	14,515

The General Fund balance has increased by \$6,356,654 over the past two years. The fiscal year 2007-2008 budget projects a decrease of \$113,406 (0.5 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2007-2008 fiscal year. Total long-term obligations have increased by \$8,763,249 over the past two years.

Average daily attendance has increased by 422 over the past two years. A decline of 70 ADA is anticipated during fiscal year 2007-2008.

¹ Budget 2008 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

³ On behalf payments of \$2,806,831, \$2,608,846, and \$2,489,332, have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2007, 2006, and 2005, respectively.

⁴ Does not include Adult Education ADA.

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

EXCESS SICK LEAVE

JUNE 30, 2007

Section 19833.5 (a)(3) or (a)(3)(b) Disclosure

Oxnard Union High School District does not provide more than 12 sick leave days in a school year to any CalSTRS member.

See accompanying note to supplementary information.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2007

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

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

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 Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

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

Excess Sick Leave

This schedule provides information required by the Audit Guide for California K-12 Local Educational Agencies for excess sick leave authorized or accrued for members of the California State Teachers Retirement System (CalSTRS).

SUPPLEMENTARY INFORMATION - UNAUDITED

OXNARD UNION HIGH SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET - UNAUDITED JUNE 30, 2007

	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
ASSETS				
Deposits and investments	\$ 234,805	\$ 36	\$ 638,465	\$ 595,180
Receivables	364,775	-	10,426	7,309
Due from other funds	584,788	-	-	-
Prepaid expenses	149	-	-	-
Total Assets	\$ 1,184,517	\$ 36	\$ 648,891	\$ 602,489
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 199,114	\$ -	\$ 50,057	\$ -
Due to other funds	169,879	-	179,087	-
Deferred revenue	928	36	-	-
Total Liabilities	369,921	36	229,144	-
FUND BALANCES				
Reserved for:				
Other reservations	149	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	814,447	-	419,747	602,489
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total Fund Balances	814,596	-	419,747	602,489
Total Liabilities and Fund Balances	\$ 1,184,517	\$ 36	\$ 648,891	\$ 602,489

See accompanying note to supplementary information - unaudited.

Foundation Fund	County School Facilities Fund	Bond Interest and Redemption Fund	COP Debt Service Fund	Total Non-Major Governmental Funds
\$ 60,292	\$ 155,042	\$ 3,405,665	\$ 578,325	\$ 5,667,810
761	1,596	34,973	-	419,840
-	-	-	-	584,788
-	-	-	-	149
<u>\$ 61,053</u>	<u>\$ 156,638</u>	<u>\$ 3,440,638</u>	<u>\$ 578,325</u>	<u>\$ 6,672,587</u>
\$ -	\$ -	\$ -	\$ -	\$ 249,171
-	-	-	-	348,966
-	-	-	-	964
-	-	-	-	599,101
-	-	-	-	149
61,053	-	-	-	1,897,736
-	-	3,440,638	578,325	4,018,963
-	156,638	-	-	156,638
<u>61,053</u>	<u>156,638</u>	<u>3,440,638</u>	<u>578,325</u>	<u>6,073,486</u>
<u>\$ 61,053</u>	<u>\$ 156,638</u>	<u>\$ 3,440,638</u>	<u>\$ 578,325</u>	<u>\$ 6,672,587</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - UNAUDITED FOR THE YEAR ENDED JUNE 30, 2007

	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
REVENUES				
Revenue limit sources	\$ 3,863,406	\$ -	\$ -	\$ -
Other State sources	-	-	648,330	-
Other local sources	309,736	-	29,809	26,979
Total Revenues	4,173,142	-	678,139	26,979
EXPENDITURES				
Current				
Instruction	2,057,077	-	-	-
Instruction-related activities:				
Supervision of instruction	93,629	-	-	-
School site administration	830,310	-	-	-
Pupil services:				
All other pupil services	198,697	-	-	-
Administration:				
All other administration	169,879	-	-	-
Plant services	305,973	-	1,708,860	-
Facility acquisition and construction	-	-	278,304	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	3,655,565	-	1,987,164	-
Excess (Deficiency) of Revenues Over Expenditures	517,577	-	(1,309,025)	26,979
OTHER FINANCING SOURCES (USES)				
Transfers in	18,756	-	662,373	-
NET CHANGE IN FUND BALANCES	536,333	-	(646,652)	26,979
Fund Balance - Beginning	278,263	-	1,066,399	575,510
Fund Balance - Ending	\$ 814,596	\$ -	\$ 419,747	\$ 602,489

See accompanying note to supplementary information - unaudited.

Foundation Fund	County School Facilities Fund	Bond Interest and Redemption Fund	COP Debt Service Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 3,863,406
-	-	31,168	-	679,498
4,712	5,863	3,828,598	26,313	4,232,010
4,712	5,863	3,859,766	26,313	8,774,914
-	-	-	-	2,057,077
-	-	-	-	93,629
4,600	-	-	-	834,910
-	-	-	-	198,697
-	-	-	-	169,879
-	-	-	-	2,014,833
-	97,328	-	-	375,632
-	-	1,230,000	290,000	1,520,000
-	-	2,604,361	201,377	2,805,738
4,600	97,328	3,834,361	491,377	10,070,395
112	(91,465)	25,405	(465,064)	(1,295,481)
-	-	-	474,234	1,155,363
112	(91,465)	25,405	9,170	(140,118)
60,941	248,103	3,415,233	569,155	6,213,604
\$ 61,053	\$ 156,638	\$ 3,440,638	\$ 578,325	\$ 6,073,486

OXNARD UNION HIGH SCHOOL DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BY OBJECT - UNAUDITED FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects
REVENUES				
Revenue limit sources	\$ 98,038,957	\$ -	\$ -	\$ -
Federal sources	8,141,996	4,462,514	-	-
Other State sources	19,014,179	443,219	-	-
Other local sources	10,945,764	2,682,299	3,380,731	506,383
Total Revenues	136,140,896	7,588,032	3,380,731	506,383
EXPENDITURES				
Current Expenditures				
Certificated salaries	62,069,610	-	-	-
Classified salaries	17,333,326	1,966,802	-	-
Employee benefits	31,018,153	992,080	-	-
Books and supplies	6,698,014	2,523,136	229	-
Services and operating expenditures	10,802,648	119,596	58,563	656,400
Other outgo	(524,853)	546,726	86,683	-
Capital outlay	1,236,897	144,873	2,442,204	1,619,376
Debt service - principal	48,938	-	421,695	-
Debt service - interest and other	17,074	-	269,975	557,721
Total Expenditures	128,699,807	6,293,213	3,279,349	2,833,497
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,441,089	1,294,819	101,382	(2,327,114)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	196,723	-	176,090	-
Operating transfers out	(857,219)	(32,151)	(635,038)	(3,768)
Total Financing Sources (Uses)	(660,496)	(32,151)	(458,948)	(3,768)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	6,780,593	1,262,668	(357,566)	(2,330,882)
FUND BALANCE, BEGINNING OF YEAR	15,735,072	1,925,790	8,873,906	12,249,501
FUND BALANCE, END OF YEAR	\$ 22,515,665	\$ 3,188,458	\$ 8,516,340	\$ 9,918,619

See accompanying note to supplementary information - unaudited.

Non-Major Governmental Funds	Total Governmental Funds
\$ 3,863,406	\$101,902,363
-	12,604,510
679,498	20,136,896
4,232,010	21,747,187
<u>8,774,914</u>	<u>156,390,956</u>
1,611,574	63,681,184
450,887	19,751,015
658,102	32,668,335
253,353	9,474,732
2,198,198	13,835,405
169,879	278,435
402,664	5,846,014
1,520,000	1,990,633
2,805,738	3,650,508
<u>10,070,395</u>	<u>151,176,261</u>
<u>(1,295,481)</u>	<u>5,214,695</u>
1,155,363	1,528,176
<u>-</u>	<u>(1,528,176)</u>
<u>1,155,363</u>	<u>-</u>
(140,118)	5,214,695
6,213,604	44,997,873
<u>\$ 6,073,486</u>	<u>\$ 50,212,568</u>

OXNARD UNION HIGH SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BY OBJECT - UNAUDITED FOR THE YEAR ENDED JUNE 30, 2007

	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
REVENUES				
Revenue limit sources	\$ 3,863,406	\$ -	\$ -	\$ -
Other State sources	-	-	648,330	-
Other local sources	309,736	-	29,809	26,979
Total Revenues	<u>4,173,142</u>	<u>-</u>	<u>678,139</u>	<u>26,979</u>
EXPENDITURES				
Current Expenditures				
Certificated salaries	1,611,574	-	-	-
Classified salaries	449,953	-	-	-
Employee benefits	658,039	-	-	-
Books and supplies	157,335	-	96,018	-
Services and operating expenditures	575,915	-	1,612,842	-
Other outgo	169,879	-	-	-
Capital outlay	32,870	-	278,304	-
Debt service - principal	-	-	-	-
Debt service - interest and other	-	-	-	-
Total Expenditures	<u>3,655,565</u>	<u>-</u>	<u>1,987,164</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>517,577</u>	<u>-</u>	<u>(1,309,025)</u>	<u>26,979</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	18,756	-	662,373	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>536,333</u>	<u>-</u>	<u>(646,652)</u>	<u>26,979</u>
FUND BALANCE, BEGINNING OF YEAR	<u>278,263</u>	<u>-</u>	<u>1,066,399</u>	<u>575,510</u>
FUND BALANCE, END OF YEAR	<u>\$ 814,596</u>	<u>\$ -</u>	<u>\$ 419,747</u>	<u>\$ 602,489</u>

See accompanying note to supplementary information - unaudited.

Foundation Fund	County School Facilities Fund	Bond Interest and Redemption Fund	COP Debt Service Fund	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 3,863,406
-	-	31,168	-	679,498
4,712	5,863	3,828,598	26,313	4,232,010
4,712	5,863	3,859,766	26,313	8,774,914
-	-	-	-	1,611,574
-	934	-	-	450,887
-	63	-	-	658,102
-	-	-	-	253,353
4,600	4,841	-	-	2,198,198
-	-	-	-	169,879
-	91,490	-	-	402,664
-	-	1,230,000	290,000	1,520,000
-	-	2,604,361	201,377	2,805,738
4,600	97,328	3,834,361	491,377	10,070,395
112	(91,465)	25,405	(465,064)	(1,295,481)
-	-	-	474,234	1,155,363
112	(91,465)	25,405	9,170	(140,118)
60,941	248,103	3,415,233	569,155	6,213,604
\$ 61,053	156,638	\$ 3,440,638	\$ 578,325	\$ 6,073,486

OXNARD UNION HIGH SCHOOL DISTRICT

SPECIAL RESERVE CAPITAL OUTLAY – SUB-FUND DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES OF FUND BALANCE BY OBJECT - UNAUDITED FOR THE YEAR ENDED JUNE 30, 2007

	Certificates of Participation	ACHS Growth	PHS Startup	RMHS Pool
REVENUES				
Other local sources	\$ 64,614	\$ 10,648	\$ 141,522	\$ 18,951
EXPENDITURES				
Current Expenditures				
Services and operating expenditures	-	-	-	-
Capital outlay	-	298,469	-	-
Debt service - interest and other	-	-	-	-
Total Expenditures	-	298,469	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	64,614	(287,821)	141,522	18,951
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	-	(3,768)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	64,614	(287,821)	141,522	15,183
FUND BALANCE, BEGINNING OF YEAR	1,382,059	861,613	3,268,797	201,958
FUND BALANCE, END OF YEAR	<u>\$ 1,446,673</u>	<u>\$ 573,792</u>	<u>\$ 3,410,319</u>	<u>\$ 217,141</u>

See accompanying note to supplementary information - unaudited.

Lease Revenue Bonds	Special Reserve Fund for Capital Outlay Projects Total
<u>\$ 270,648</u>	<u>\$ 506,383</u>
656,400	656,400
1,320,907	1,619,376
<u>557,721</u>	<u>557,721</u>
<u>2,535,028</u>	<u>2,833,497</u>
<u>(2,264,380)</u>	<u>(2,327,114)</u>
<u>-</u>	<u>(3,768)</u>
(2,264,380)	(2,330,882)
<u>6,535,074</u>	<u>12,249,501</u>
<u><u>\$ 4,270,694</u></u>	<u><u>\$ 9,918,619</u></u>

OXNARD UNION HIGH SCHOOL DISTRICT

GENERAL FUND SELECTED FINANCIAL INFORMATION THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES OF FUND BALANCE - UNAUDITED FOR THE YEAR ENDED JUNE 30, 2007

(Amounts in thousands)

	Actual Results for the Years					
	2006-2007		2005-2006		2004-2005	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	\$ 8,142	6.0	\$ 9,343	7.7	\$ 8,494	7.5
State and local revenue included in revenue limit	98,039	72.0	89,027	73.5	84,460	74.4
Other State revenue	19,014	14.0	13,090	10.8	12,025	10.6
Other local revenue	4,512	3.3	3,811	3.1	2,960	2.6
Tuition and transfers in	6,434	4.7	5,906	4.9	5,513	4.9
Total Revenues	136,141	100.0	121,177	100.0	113,452	100.0
EXPENDITURES						
Salaries and Benefits						
Certificated salaries	62,070	45.6	57,378	47.4	54,597	48.2
Classified salaries	17,333	12.7	15,838	13.1	15,670	13.8
Employee benefits	31,018	22.8	31,633	26.1	29,543	26.0
Total Salaries and Benefits	110,421	81.1	104,849	86.6	99,810	88.0
Books and supplies	6,698	4.9	5,144	4.2	4,540	4.0
Contracts and operating expenses	10,803	7.9	11,188	9.2	9,711	8.6
Capital outlay	1,237	0.9	917	0.8	923	0.8
Tuition and transfers out	(459)	(0.3)	(607)	(0.5)	(218)	(0.2)
Total Expenditures	128,700	94.5	121,491	100.3	114,766	101.2
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,441	5.5	(314)	(0.3)	(1,314)	(1.2)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	197	0.1	691	0.6	210	0.2
Other sources	-	0.0	-	0.0	5,100	4.5
Operating transfers out	(857)	(0.6)	(801)	(0.7)	(5,770)	(5.1)
Total Financing Sources (Uses)	(660)	(0.5)	(110)	(0.1)	(460)	(0.4)
INCREASE (DECREASE) IN FUND BALANCE	6,781	5.0	(424)	(0.4)	(1,774)	(1.6)
FUND BALANCE, BEGINNING	15,735		16,159		17,933	
FUND BALANCE, ENDING	\$ 22,516		\$ 15,735		\$ 16,159	

See accompanying note to supplementary information - unaudited.

OXNARD UNION HIGH SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION - UNAUDITED JUNE 30, 2007

NOTE 1 - PURPOSE OF SCHEDULES

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Unaudited

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

Statements of Revenue, Expenditures, and Changes in Fund Balance by Object

These statements present the revenues and expenditures for the major funds, the non-major funds, and the Special Reserve Capital Outlay sub-funds categorized by object.

General Fund Selected Financial Information - Unaudited

This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the General Fund for the past three years.

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INDEPENDENT AUDITORS' REPORTS

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

Governing Board
Oxnard Union High School District
Oxnard, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard Union High School District as of and for the year ended June 30, 2007, which collectively comprise Oxnard Union High School District's basic financial statements and have issued our report thereon dated December 1, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Oxnard Union High School District in a separate letter dated December 1, 2007.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, 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.

Vannuk, Ti, Day & Co., LLP

Rancho Cucamonga, California
December 1, 2007



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Governing Board
Oxnard Union High School District
Oxnard, California

Compliance

We have audited the compliance of Oxnard Union High School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2007. Oxnard Union High School District's major Federal programs are identified in the summary of auditors' 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 Oxnard Union High School District's management. Our responsibility is to express an opinion on Oxnard Union High School District's 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 Oxnard Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Oxnard Union High School District's compliance with those requirements.

In our opinion, Oxnard Union High 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, 2007.

Internal Control Over Compliance

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

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

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

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

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, 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.

Vannest, Tri, Day & Co, LLP

Rancho Cucamonga, California
December 1, 2007



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Oxnard Union High School District
Oxnard, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxnard Union High School District as of and for the year ended June 30, 2007, and have issued our report thereon dated December 1, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2006-07*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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 opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Oxnard Union High School District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Oxnard Union High School District's compliance with the State laws and regulations applicable to the following items:

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten continuance	3	Not Applicable
Independent study	23	Yes
Continuation education	10	Yes
Adult education	9	Yes
Regional occupational centers and programs	6	Not Applicable
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not Applicable
Community day schools	9	No, see below
Morgan-Hart Class Size Reduction	7	Yes

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Instructional Materials:		
General requirements	12	Yes
K-8 only	1	Not Applicable
9-12 only	1	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Early retirement incentive	4	Not Applicable
Gann limit calculation	1	Yes
School Construction Funds:		
School District bonds	3	Not Applicable
State school facilities funds	1	Yes
Alternative pension plans	2	No, see below
Excess sick leave	3	Yes
Notice of right to elect California State Teachers Retirement System (CalSTRS) membership	1	Yes
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-SAFE) Program	3	Yes
School Accountability Report Card	3	Yes
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Not Applicable
Option one classes	3	Not Applicable
Option two classes	4	Not Applicable
District or charter schools with only one school serving K-3	4	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	1	Not Applicable
Mode of instruction	1	Not Applicable
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	3	Not Applicable

We did not perform testing for Community Day School attendance, because the program's average daily attendance did not reach the level at which testing is required. Additionally, we did not perform Step 2 for Alternative Pension Plans, because the District did not offer such a program to regular, full-time employees.

Based on our audit, we found that for the items tested, the Oxnard Union High School District complied with the State laws and regulations referred to above. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Oxnard Union High School District had not complied with the laws and regulations. Our audit does not provide a legal determination on Oxnard Union High School District's compliance with the State laws and regulations referred to above.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, the California Department of Finance, 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.

Vanish, Tri, Day & Co., LLP

Rancho Cucamonga, California
December 1, 2007

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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OXNARD UNION HIGH SCHOOL DISTRICT

SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 2007

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	
Identification of major programs:	<u>No</u>

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553 and 10.555</u>	<u>Child Nutrition Cluster</u>
<u>84.048</u>	<u>Vocational Education - Perkins</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 378,135</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

OXNARD UNION HIGH SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

None reported.

OXNARD UNION HIGH SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

None reported.

OXNARD UNION HIGH SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

None reported.

OXNARD UNION HIGH SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

There were no audit findings reported in the prior year's schedule of financial statement findings.

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Governing Board
Oxnard Union High School District
Oxnard, California

In planning and performing our audit of the financial statements of Oxnard Union High School District, for the year ended June 30, 2007, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the combined and combining financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 1, 2007 on the government-wide financial statements of Oxnard Union High School District.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

INTERNAL CONTROL

Adult Education

Findings

The following issues were noted in the audit of the Adult Education program's petty cash and cash collections:

- The site's petty cash account did not reconcile to the District approved imprest amount of \$500. During the petty cash reconciliation we noted that cash on hand was \$290 and the total of the receipts was \$229, totaling \$520.
- Cash awaiting deposit did not reconcile with receipts. Cash on hand was \$73 more than the receipted amount.

Recommendations

- The site should resolve any discrepancies noted during the petty cash reconciliation as soon as possible. This is an internal control issue and may result in larger problems if not resolved in a timely manner.
- The site should write receipts for each transaction. In order for adequate internal controls to be in place, all discrepancies should be resolved as soon as possible.

ASSOCIATED STUDENT BODY ACCOUNTS

Camarillo High School

Findings

The following discrepancies were noted during the interim audit:

- As of October 31, 2006, there was a negative balance of \$436 was noted for the Band Club.
- Access to the student store is not limited to authorized workers. It is adjacent to a classroom, and any student can enter the student store through an unlocked door. During student store sales, there is no adult supervision.
- A physical inventory count of the student store inventory has not been taken since the store opened in September 2006.
- Lost text book fees are collected by the ASB clerk and are posted to the Text Book account. However, the site has not transferred the collections to the District Office.

Recommendations

- Clubs and organizations should not be allowed to draw their balances below zero. When this happens, the subject club is actually borrowing from the other clubs.
- Proper internal controls should be implemented at the student store. Access to the store should be limited to authorized workers during the hours the store is closed.
- A physical count of student store inventory should be taken at least quarterly. The results of the physical count should be compared to the written inventory records. Any discrepancies should be investigated.
- The clerk should transfer any fees collected for lost library and text books to the District Office.

Channel Islands

Finding

In reviewing the financial statements for the student body accounts we noted that the senior class and baseball club had negative balances. Since the student body accounts represent individual portions of the cash and asset pool, by some having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it. This control feature has not been sufficiently followed.

Recommendation

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to the other clubs and organizations. Request for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the groups account.

Oxnard High School

Findings

The following deficiencies were noted during the interim audit:

- A cash collection of \$433 on October 4, 2006, was omitted from the next deposit, which was made on October 6, 2006. This amount was included in a subsequent deposit made on October 13, 2006.
- We noted a discrepancy between the deposit on October 13, 2006, and the receipts written prior to that date in the amount of \$1030. The deposit on October 3, 2006, was short \$1000, and the bank had sent the ASB a debit advice for \$1000. Another \$30 was a check deposit correction from the bank. After four deposits following the deposit on October 13, 2006, the cash for \$1030 (that was kept in the bookkeeper's drawer) was deposited to the bank.

Recommendation

The District should take the necessary steps to implement procedures to prevent this type of situation from occurring in the future. Our recommendation is to have another person review the deposits prepared by the bookkeeper.

PACIFICA HIGH SCHOOL

Deficit Account Balances

Finding

In reviewing the financial statements for the student body accounts we noted that HOSA had a negative balance at year end. Since the student body accounts represent individual portions of the cash and asset pool, by some having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it. This control feature has not been sufficiently followed.

Recommendation

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to the other clubs and organizations. Request for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the groups account.

Rio Mesa High

Finding

In reviewing the financial statements for the student body accounts we noted that the total of those clubs with negative balances was over \$14,000. Since the student body accounts represent individual portions of the cash and asset pool, by some having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it. This control feature has not been sufficiently followed.

Recommendation

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to the other clubs and organizations. Request for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the groups account.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

INTERNAL CONTROLS

Cash Collections – Adult Education

Finding

During the audit of cash collections at the Adult Education office, we noted that collections from January 25 through February 16, 2006, were not transmitted to the County Treasury until March 3, 2006.

Recommendation

In order to maximize interest earnings on cash deposits and to provide internal control protections, the balance in the bank clearing account should be transmitted to the County Treasury weekly.

Current Status

Implemented.

Cash Collections - Pacifica High School Cafeteria

Finding

During the test period of February 6 to 17, 2006, we noted that cash deposits for cafeteria sales varied significantly from the reports generated from the point of sale system. The total overage for the two-week period was approximately \$550. There was an overage of \$327 for one day alone.

Recommendation

The point of sale system should be fully utilized to maintain proper cash collection and inventory information. All sales should be posted to the system. Cash collections should be balanced to sales reported each day. Periodic physical inventory counts should be reconciled to inventory balances maintained by the system.

Current Status

Implemented.

ASSOCIATED STUDENT BODY ACCOUNTS

Frontier Continuation High School

Findings

During the audit of the student body accounts, we noted the following:

- Petty Cash has disappeared from the ASB Bookkeeper's locked drawer.
- The controls and procedures in place at the student store are not sufficient to safeguard cash receipts and merchandise. The weekly cash deposits had numerous overages and shortages when compared to the inventory count for the week. Although the overages and shortages were documented by the site, no procedures had been put in place to address them.

Recommendation

The procedural changes at the site should include the following:

- The site should obtain a more secure location for the petty cash fund. The possibilities include changing the lock on the existing desk, using a locking file cabinet, or installing a safe.
- Daily overages in the register usually mean that merchandise was sold and not rung up on the register. To enhance the accountability and accounting of the student store activity, the importance of ringing all merchandise sales up should be emphasized to all who work the register. Daily cash shortages can be attributable to incorrect change being handed out, misplaced funds, or theft. If differences are of a substantial amount, an investigation should be conducted to try and pinpoint the reason.

Current Status

Implemented.

Rio Mesa High School

Finding

During the audit of the year-end financial statements for the ASB, we noted various clubs with negative ending balances.

Recommendation

Financial transactions for each club and activity should be monitored for negative balances. The ASB clerk should provide each advisor with financial statements monthly in order for him or her to review all receipts and disbursements in the accounts for which he or she is responsible. An expenditure should not be approved if it will bring the club's or activity's account to a negative balance.

Current Status

Not implemented.

We will review the status of the current year comments during our next audit engagement.

Vannuk, Ti, Day & Co., LP

Rancho Cucamonga, California
December 1, 2007