



**CONEJO VALLEY UNIFIED  
SCHOOL DISTRICT**

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**ANNUAL FINANCIAL REPORT**

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**JUNE 30, 2009**

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**OF VENTURA COUNTY**

**THOUSAND OAKS, CALIFORNIA**

**JUNE 30, 2009**

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**GOVERNING BOARD**

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Timothy Stephens, Ed.D.	President	December 2010
Patricia Phelps	Vice President	December 2010
Mike Dunn	Clerk	December 2010
Peggy Buckles	Member	December 2012
Betsy Connolly	Member	December 2012

**ADMINISTRATION**

Mario Contini	Superintendent
Jeffrey Baarstad, Ed.D.	Deputy Superintendent
Janet Cosaro	Assistant Superintendent, Instructional Services
Jo-Ann Yoos	Assistant Superintendent, Personnel Services

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Conejo Valley Unified School District  
Thousand Oaks, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Conejo Valley Unified School District (the "District") as of and for the year ended June 30, 2009, 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 2008-09*, 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.

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 Conejo Valley Unified School District, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes to the basic financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding requirements of the State of California to the K-12 educational community.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2009, 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 12 and budgetary comparison and other postemployment information on pages 52 through 53, is not a required part of the basic financial statements, but is 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.

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*, and the Combining Statements – Non-Major Governmental Funds, 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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California

December 11, 2009



# Conejo Valley Unified School District

## BUSINESS SERVICES

1400 E. Janss Road, Thousand Oaks, California 91362-2198  
Telephone (805) 497-9511 • FAX (805) 497-2581

Mario V. Contini  
Superintendent of Schools

Jeffrey L. Baarstad, Ph. D.  
Deputy Superintendent

This section of Conejo Valley Unified School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. 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 District and its component units using the integrated approach as prescribed by Governmental 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. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

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

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

The *Business-Type Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fiduciary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

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### ***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, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether *its financial health is* improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing 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 separate the District activities as follows:

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

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

#### ***Fund Financial Statements***

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

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

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

**Proprietary Funds** - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Assets* and the *Statement of Revenues, Expenses, and Changes in Fund Net Assets*. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

### **THE DISTRICT AS A TRUSTEE**

#### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities, scholarships, employee retiree benefits, and pensions. The District's fiduciary activities are reported in the *Statements of Fiduciary Net Assets* and *Statement of Revenues, Expenses, and Changes in Fund 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.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

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### *THE DISTRICT AS A WHOLE*

#### *Net Assets*

The District's net assets were \$97,341,184 million for the fiscal year ended June 30, 2009. Of this amount, \$8,559,132 million was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net assets for day-to-day operations. Our analysis below, in summary form, focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

**Table 1**

	Governmental Activities	
	2009	2008
<b>Assets</b>		
Current and other assets	\$ 54,760,012	\$ 61,031,384
Capital assets	133,713,220	143,542,715
<b>Total Assets</b>	<b>188,473,232</b>	<b>204,574,099</b>
<b>Liabilities</b>		
Current liabilities	12,242,291	13,748,260
Long-term obligations	78,889,757	81,900,753
<b>Total Liabilities</b>	<b>91,132,048</b>	<b>95,649,013</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	66,652,628	77,683,397
Restricted	22,129,424	22,152,841
Unrestricted	8,559,132	9,088,848
<b>Total Net Assets</b>	<b>\$ 97,341,184</b>	<b>\$ 108,925,086</b>

The \$8,559,132 million in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

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### *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 14. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 5,040,634	\$ 4,810,351
Operating grants and contributions	34,494,657	34,020,083
Capital grants and contributions	2,246,584	12,615,912
General revenues:		
Federal and State aid not restricted	55,908,052	62,282,417
Property taxes	82,948,456	80,793,163
Other general revenues	17,179,023	18,833,832
<b>Total Revenues</b>	<u>197,817,406</u>	<u>213,355,758</u>
<b>Expenses</b>		
Instruction-related	144,701,984	142,881,969
Student support services	14,953,643	15,128,221
Administration	9,952,841	9,471,406
Maintenance and operations	27,155,773	16,733,368
Other	12,637,067	12,919,172
<b>Total Expenses</b>	<u>209,401,308</u>	<u>197,134,136</u>
<b>Change in Net Assets</b>	<u>\$ (11,583,902)</u>	<u>\$ 16,221,622</u>

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2009**

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### *Governmental Activities*

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$209,401,308. However, the amount that our taxpayers ultimately financed for these activities through local taxes was \$82,948,456 because the cost was paid by those who benefited from the programs (\$5,040,634) or by other governments and organizations who subsidized certain programs with grants and contributions (\$36,741,241). We paid for the remaining "public benefit" portion of our governmental activities with \$73,087,075 in State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**Table 3**

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction	\$ 126,250,960	\$ 124,327,473	\$ 97,917,109	\$ 87,065,696
Instruction-related activities	18,451,024	18,554,496	16,235,478	16,352,853
Pupil services	14,953,643	15,128,221	6,917,044	7,246,983
Administration	9,952,841	9,471,406	8,702,160	8,470,819
Maintenance and operations	27,155,773	16,733,368	26,933,390	15,446,145
Other	12,637,067	12,919,172	10,914,252	11,105,294
<b>Total</b>	<b>\$ 209,401,308</b>	<b>\$ 197,134,136</b>	<b>\$ 167,619,433</b>	<b>\$ 145,687,790</b>

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

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### *THE DISTRICT'S FUNDS*

As the District completed this year, our governmental funds reported a combined fund balance of \$43,731,611, which is a decrease of \$4,995,022 from last year (Table 4).

**Table 4**

	Balances and Activity			
	July 1, 2008	Revenues	Expenditures	June 30, 2009
General Fund	\$ 15,840,253	\$ 173,864,794	\$ 171,026,175	\$ 18,678,872
Building Fund	15,438,449	2,465,622	7,867,720	10,036,351
Capital Facilities Fund	991	1,485,924	1,409,331	77,584
Bond Interest and Redemption	6,978,073	6,949,810	6,572,903	7,354,980
Non-Major Governmental Funds	10,468,867	17,582,441	20,467,484	7,583,824
<b>Total</b>	<b>\$ 48,726,633</b>	<b>\$ 202,348,591</b>	<b>\$ 207,343,613</b>	<b>\$ 43,731,611</b>

The primary reasons for these increases/decreases are:

- The General Fund is the District's principal operating fund. The fund balance in the General Fund increased by \$2,838,619, to \$18,678,872. This increase is primarily due to the deferment of additional 2008-09 State imposed revenue limit reductions. The revenue limit reduction was implemented in the 2009-10 fiscal year. Also, the district received and is included in the fund balance, a portion of the State Fiscal Stabilization funds. In addition, the District continued prudent business practices.
- The Building Fund (Bond) balance decreased by \$5,402,098, to \$10,036,351. These funds are expended in accordance with the guidelines outlined in the Measure "R" bond on projects approved by the Board of Education.
- The Non-Major Governmental Funds balance decreased by \$2,885,043, to \$7,583,824. The decrease was predominately realized in the School Modernization Fund. This decrease was the result of major school site improvements such as the Thousand Oaks High School science laboratory conversion, Westlake High School HVAC upgrades, renovations and expansions of the Redwood Middle School locker rooms and numerous Madrona Elementary modernization projects.

### *General Fund Budgetary Highlights*

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 15, 2009. (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 52).

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

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### *CAPITAL ASSET AND DEBT ADMINISTRATION*

#### *Capital Assets*

At June 30, 2009, the District had \$133,713,220 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$9,829,495, or 6.85 percent, from last year (Table 5).

**Table 5**

	Governmental Activities	
	2009	2008
Land and construction in progress	\$ 25,687,587	\$ 42,246,826
Buildings and improvements	105,549,228	99,725,156
Equipment	2,476,405	1,570,733
<b>Total</b>	<b>\$ 133,713,220</b>	<b>\$ 143,542,715</b>

#### *Long-Term Obligations*

At the end of this year, the District had \$71,909,240 in bonds outstanding versus \$74,800,249 last year, a decrease of \$2,891,009. Long-term obligations consisted of:

**Table 6**

	Governmental Activities	
	2009	2008
General obligation bonds (financed with property taxes)	\$ 71,909,240	\$ 74,800,249
Capitalized lease obligations	4,417,323	5,565,931
Accumulated vacation - net	849,759	719,037
Postemployment benefits obligations	1,713,435	815,536
<b>Total</b>	<b>\$ 78,889,757</b>	<b>\$ 81,900,753</b>

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2009**

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

In considering the District Budget for the 2009-10 year, the Board of Education and management used the following criteria:

1. Revenue Limit Income deficit factor of 17.967 percent.
2. Decline in district enrollment in part due to the opening of a new Charter School.
3. A 2 day work year reduction imposed on all district employees, and a corresponding decrease in salary averaging one percent.
4. Reduction in work force due to lay-offs.
5. Unrestricted general fund recapture of categorical dollars (flexibility) granted under SBX3 4.
6. Receipts of State Fiscal Stabilization funds.

District Staffing and enrollment forecasts:

	<u>Staffing Ratio</u>	<u>Enrollment</u>
Grades kindergarten through third	21.5:1	5,482
Grades four through eight	30:1	7,655
Grades nine through twelve	30:1	7,480
Special Education (SDC)	12:1	541
Independent Study		72

### ***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 Deputy Superintendent, at Conejo Valley Unified School District, 1400 E. Janss Rd., Thousand Oaks, California, 91362, or call 805/497-9511.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## STATEMENT OF NET ASSETS JUNE 30, 2009

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Deposits and investments	\$ 37,086,766
Receivables	17,325,657
Prepaid expenditures	6,136
Stores inventories	341,453
Capital assets	
Land and construction in progress	25,687,587
Other capital assets	186,412,892
Less: Accumulated depreciation	<u>(78,387,259)</u>
Capital assets, net of accumulated depreciation	<u>133,713,220</u>
<b>Total Assets</b>	<u><u>188,473,232</u></u>
<b>LIABILITIES</b>	
Accounts payable	5,398,039
Interest payable	605,161
Deferred revenue	2,264,040
Claims liabilities	3,975,051
Current portion of long-term obligations	6,921,043
Noncurrent portion of long-term obligations	<u>71,968,714</u>
Total Long-Term Obligations	<u>78,889,757</u>
<b>Total Liabilities</b>	<u><u>91,132,048</u></u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	66,652,628
Restricted for:	
Debt service	6,749,819
Capital projects	4,458,878
Educational programs	6,947,817
Other activities	3,972,910
Unrestricted	8,559,132
<b>Total Net Assets</b>	<u><u>\$ 97,341,184</u></u>

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

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Instruction	\$ 126,250,960	\$ 1,126,870	\$ 24,960,397	\$ 2,246,584	\$ (97,917,109)
Instruction-related activities:					
Supervision of instruction	3,028,226	-	1,133,842	-	(1,894,384)
Instructional library, media, and technology	1,414,237	-	2,507	-	(1,411,730)
School site administration	14,008,561	234,742	844,455	-	(12,929,364)
Pupil services:					
Home-to-school transportation	1,838,472	-	960,219	-	(878,253)
Food services	5,240,691	3,394,934	1,880,462	-	34,705
All other pupil services	7,874,480	3,327	1,797,657	-	(6,073,496)
Administration:					
Data processing	3,531,346	-	355,169	-	(3,176,177)
All other administration	6,421,495	190,042	705,470	-	(5,525,983)
Plant services	27,155,773	88,660	133,723	-	(26,933,390)
Ancillary services	2,167,752	-	2,043	-	(2,165,709)
Community services	863,688	-	804,410	-	(59,278)
Enterprise services	3,690,937	2,059	2,707	-	(3,686,171)
Interest on long-term obligations	4,269,125	-	-	-	(4,269,125)
Other outgo	1,645,565	-	911,596	-	(733,969)
<b>Total Governmental Activities</b>	<b>\$ 209,401,308</b>	<b>\$ 5,040,634</b>	<b>\$ 34,494,657</b>	<b>\$ 2,246,584</b>	<b>(167,619,433)</b>
General revenues and subventions:					
					76,122,186
					6,826,270
					55,908,052
					1,895,075
					376,774
					14,907,174
					<b>156,035,531</b>
					<b>(11,583,902)</b>
					<b>108,925,086</b>
					<b>\$ 97,341,184</b>

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

**JUNE 30, 2009**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Capital Facilities Fund</b>
<b>ASSETS</b>			
Deposits and investments	\$ 6,714,663	\$ 9,265,971	\$ 1,816,226
Receivables	16,463,426	56,662	4,907
Due from other funds	940,811	1,794,909	11,801
Prepaid expenditures	-	-	-
Stores inventories	265,388	-	-
<b>Total Assets</b>	<b>\$ 24,384,288</b>	<b>\$ 11,117,542</b>	<b>\$ 1,832,934</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 3,513,856	\$ 615,347	\$ 5,441
Due to other funds	75,276	451,344	1,749,909
Deferred revenue	2,116,284	14,500	-
<b>Total Liabilities</b>	<b>5,705,416</b>	<b>1,081,191</b>	<b>1,755,350</b>
<b>Fund Balances:</b>			
Reserved for:			
Revolving cash	40,000	-	-
Stores inventories	265,388	-	-
Prepaid expenditures	-	-	-
Legally restricted balances	6,947,817	-	-
Other reservations	3,000	-	-
Unreserved:			
Designated	8,762,600	7,698,547	-
Undesignated, reported in:			
General Fund	2,660,067	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	2,337,804	77,584
<b>Total Fund Balance</b>	<b>18,678,872</b>	<b>10,036,351</b>	<b>77,584</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,384,288</b>	<b>\$ 11,117,542</b>	<b>\$ 1,832,934</b>

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

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<b>Bond Interest and Redemption Fund</b>	<b>Non Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 7,318,453	\$ 8,371,264	\$ 33,486,577
36,527	732,998	17,294,520
-	495,117	3,242,638
-	6,136	6,136
-	76,065	341,453
<u>\$ 7,354,980</u>	<u>\$ 9,681,580</u>	<u>\$ 54,371,324</u>

\$ -	\$ 990,600	\$ 5,125,244
-	973,900	3,250,429
-	133,256	2,264,040
<u>-</u>	<u>2,097,756</u>	<u>10,639,713</u>

-	-	40,000
-	76,065	341,453
-	6,136	6,136
-	-	6,947,817
-	-	3,000
-	1,100,000	17,561,147
-	-	2,660,067
-	2,790,709	2,790,709
7,354,980	-	7,354,980
-	3,610,914	6,026,302
<u>7,354,980</u>	<u>7,583,824</u>	<u>43,731,611</u>
<u>\$ 7,354,980</u>	<u>\$ 9,681,580</u>	<u>\$ 54,371,324</u>

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2009

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<b>Total Fund Balance - Governmental Funds</b>		\$ 43,731,611
<b>Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:</b>		
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	\$ 212,100,479	
Accumulated depreciation is	<u>(78,387,259)</u>	
Net Capital Assets		133,713,220
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.		(605,161)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		(608,729)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of		
Bonds payable	(71,909,240)	
Capital leases payable	(4,417,323)	
Compensated absences (vacations)	(849,759)	
Post-employment benefits obligations	<u>(1,713,435)</u>	
Total Long-Term Obligations		<u>(78,889,757)</u>
<b>Total Net Assets - Governmental Activities</b>		<u><u>\$ 97,341,184</u></u>

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

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Building Fund	Capital Facilities Fund
<b>REVENUES</b>			
Revenue limit sources	\$ 121,415,960	\$ -	\$ -
Federal sources	12,071,921	-	-
Other State sources	20,795,688	-	-
Other local sources	18,058,752	311,567	603,894
<b>Total Revenues</b>	172,342,321	311,567	603,894
<b>EXPENDITURES</b>			
Current			
Instruction	113,906,164	-	-
Instruction-related activities:			
Supervision of instruction	3,033,099	-	-
Instructional library, media and technology	1,400,106	-	-
School site administration	13,255,376	-	-
Pupil services:			
Home-to-school transportation	1,836,798	-	-
Food services	-	-	-
All other pupil services	7,829,961	-	-
Administration:			
Data processing	3,235,629	-	-
All other administration	5,470,413	-	15,176
Plant services	15,904,468	-	-
Facility acquisition and construction	17,031	7,867,720	23,905
Ancillary services	2,178,650	-	-
Community services	868,218	-	-
Other outgo	1,645,565	-	-
Enterprise services	-	-	-
Debt service			
Principal	-	-	1,148,608
Interest and other	384,933	-	221,642
<b>Total Expenditures</b>	170,966,411	7,867,720	1,409,331
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	1,375,910	(7,556,153)	(805,437)
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,522,473	2,154,055	882,030
Transfers out	(59,764)	-	-
<b>Net Financing Sources (Uses)</b>	1,462,709	2,154,055	882,030
<b>NET CHANGE IN FUND BALANCES</b>	2,838,619	(5,402,098)	76,593
<b>Fund Balance - Beginning</b>	15,840,253	15,438,449	991
<b>Fund Balance - Ending</b>	\$ 18,678,872	\$ 10,036,351	\$ 77,584

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

<b>Bond Interest and Redemption Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 121,415,960
-	1,904,391	13,976,312
61,411	5,608,919	26,466,018
6,888,399	10,009,367	35,871,979
<u>6,949,810</u>	<u>17,522,677</u>	<u>197,730,269</u>
-	3,256,298	117,162,462
-	-	3,033,099
-	-	1,400,106
-	667,173	13,922,549
-	-	1,836,798
-	5,195,774	5,195,774
-	9,455	7,839,416
-	-	3,235,629
-	845,409	6,330,998
-	219,777	16,124,245
-	2,773,299	10,681,955
-	-	2,178,650
-	-	868,218
-	-	1,645,565
-	3,691,741	3,691,741
5,190,000	-	6,338,608
1,382,903	-	1,989,478
<u>6,572,903</u>	<u>16,658,926</u>	<u>203,475,291</u>
<u>376,907</u>	<u>863,751</u>	<u>(5,745,022)</u>
-	59,764	4,618,322
-	(3,808,558)	(3,868,322)
-	(3,748,794)	750,000
376,907	(2,885,043)	(4,995,022)
6,978,073	10,468,867	48,726,633
<u>\$ 7,354,980</u>	<u>\$ 7,583,824</u>	<u>\$ 43,731,611</u>

**CONEJO VALLEY UNIFIED 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, 2009**

<b>Total Net Change in Fund Balances - Governmental Funds</b>		\$ (4,995,022)
<b>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</b>		
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 depreciation exceeds capital outlays in the period.		
Capital outlays	\$ (230,150)	
Depreciation expense	<u>(9,599,345)</u>	
Net Expense Adjustment		(9,829,495)
In the statement of activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year.		
In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was less than the amounts earned by \$130,722.		(130,722)
Payment of principal on long-term obligations 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.		
General obligation bonds	5,190,000	
Capital leases	<u>1,148,608</u>	
Net Adjustment		6,338,608
The liability for postemployment benefits is not recognized in the governmental funds. However, GASB Statement No. 45 requires the inclusion of the liability in the government-wide financial statements. This represents the difference between the District's annual required contribution and the contributions made (amounts paid in the current year for retiree health benefits).		(897,899)
Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the statement of activities interest expense is recognized as the interest accrues, regardless of when it is due.		(2,279,647)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The net loss of the internal service fund is reported with governmental activities.		431,717
An internal service fund is used by the District's management to charge the costs of the health and welfare insurance program to the individual funds. The net revenue of the internal service fund is reported with governmental activities.		<u>(221,442)</u>
<b>Change in Net Assets of Governmental Activities</b>		<u><u>\$ (11,583,902)</u></u>

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	<b>Governmental Activities</b>		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
<b>ASSETS</b>			
<b>Current Assets</b>			
Deposits and investments	\$ 930,467	\$ 2,669,722	\$ 3,600,189
Receivables	8,129	23,008	31,137
Due from other funds	3,811,675	3,317	3,814,992
<b>Total Current Assets</b>	<u>4,750,271</u>	<u>2,696,047</u>	<u>7,446,318</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	11,124	261,671	272,795
Due to other funds	7,093	3,800,108	3,807,201
Claim liabilities	3,533,702	441,349	3,975,051
<b>Total Current Liabilities</b>	<u>3,551,919</u>	<u>4,503,128</u>	<u>8,055,047</u>
<b>NET ASSETS</b>			
Unrestricted	1,198,352	(1,807,081)	(608,729)
<b>Total Net Assets</b>	<u>\$ 1,198,352</u>	<u>\$ (1,807,081)</u>	<u>\$ (608,729)</u>

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Governmental Activities</b>		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
<b>OPERATING REVENUES</b>			
Local and intermediate sources	\$ 1,769,562	\$ 20,742,230	\$ 22,511,792
<b>Total Operating Revenues</b>	<u>1,769,562</u>	<u>20,742,230</u>	<u>22,511,792</u>
<b>OPERATING EXPENSES</b>			
Payroll costs	89,151	169,112	258,263
Supplies and materials	431	16,928	17,359
Services and other	-	116	116
Professional and contract services	538,653	20,824,263	21,362,916
<b>Total Operating Expenses</b>	<u>628,235</u>	<u>21,010,419</u>	<u>21,638,654</u>
<b>Operating Income (Loss)</b>	<u>1,141,327</u>	<u>(268,189)</u>	<u>873,138</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	40,390	46,747	87,137
Transfers out	(750,000)	-	(750,000)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(709,610)</u>	<u>46,747</u>	<u>(662,863)</u>
<b>Change in Net Assets</b>	431,717	(221,442)	210,275
<b>Total Net Assets - Beginning</b>	766,635	(1,585,639)	(819,004)
<b>Total Net Assets - Ending</b>	<u>\$ 1,198,352</u>	<u>\$ (1,807,081)</u>	<u>\$ (608,729)</u>

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Governmental Activities - Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from assessments made to other funds	\$ 20,785,637
Cash payments to employees for services	(258,263)
Cash payments to suppliers for goods and services	(21,857,253)
Cash payments for other operating expenses	(17,359)
Net Cash Used by Operating Activities	<u>(1,347,238)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating transfers out	(750,000)
Net Cash Used from Noncapital Financing Activities	<u>(750,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	87,137
Net Cash Provided by Investing Activities	<u>87,137</u>
Net Decrease in Cash and Cash Equivalents	(2,010,101)
Cash and Cash Equivalents - Beginning	5,610,290
Cash and Cash Equivalents - Ending	<u>\$ 3,600,189</u>
<b>RECONCILIATION OF OPERATING GAIN TO NET CASH USED FOR OPERATING ACTIVITIES</b>	
Operating loss	\$ 873,138
Changes in assets and liabilities:	
Receivables	26,490
Due from other funds	(1,752,645)
Accounts payable	40,365
Due to other funds	1,744,878
Claim liabilities	(2,279,464)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (1,347,238)</u>

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	<u>Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Deposits and investments	\$ 21	\$ 1,128,822
Receivables	-	33,319
Prepaid expenditures	-	80,445
Stores inventories	-	175,786
Other current assets	-	2,646
<b>Total Assets</b>	<u>21</u>	<u>\$ 1,421,018</u>
<b>LIABILITIES</b>		
Accounts payable	-	\$ 178,554
Due to student groups	-	1,242,464
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 1,421,018</u>
<b>NET ASSETS</b>		
Unreserved	<u>21</u>	
<b>Total Net Assets</b>	<u>\$ 21</u>	

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009**

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	<u>Trust</u>
<b>ADDITIONS</b>	
Private donations	\$ 2,208
<b>Total Additions</b>	<u>2,208</u>
<b>DEDUCTIONS</b>	
Other expenditures	<u>2,207</u>
<b>Total Deductions</b>	<u>2,207</u>
<b>Change in Net Assets</b>	1
<b>Net Assets - Beginning</b>	<u>20</u>
<b>Net Assets - Ending</b>	<u>\$ 21</u>

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

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial Reporting Entity

The Conejo Valley Unified School District (the "District") was unified on July 1, 1974, 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 K - 12 as mandated by the State and/or Federal agencies. The District operates 20 elementary schools, five middle schools, three high schools, a continuation high school, an adult education program, an alternative education site, and a preschool 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 Conejo Valley Unified 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 also 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.

#### 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 three broad fund categories: governmental, proprietary, 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 is the chief operating fund for all districts. It is used to account for the ordinary operations of a district. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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**Building Fund** The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

**Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

**Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

### Non-Major Governmental Funds

**Special Revenue Funds** The Special Revenue funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities:

**Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues for adult education programs and is to be expended for adult education purposes only.

**Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

**Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

**Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

**Capital Projects Funds** The Capital Projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

**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.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has no enterprise funds.

**Internal Service Fund** Internal service funds may be used to account for any activity for which services are provided to other funds of the District on a cost-reimbursement basis. The District operates a workers' compensation program and a health and welfare benefits program that are accounted for in internal service funds.

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

### **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. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. 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. Eliminations have been made to minimize the double counting of internal activities.

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.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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**Fund Financial Statements** Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund 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. The internal service fund is presented on the face of the proprietary fund statements.

**Governmental Funds** All governmental funds are accounted for using the 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 reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

**Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net assets. The statement of changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

**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.

**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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

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**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 balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met 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, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

### **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. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

### **Investments**

Investments held at June 30, 2009, 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 investment pool is determined by the program sponsor.

### **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 Inventories**

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

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$10,000. 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 statement of net assets. The valuation basis for capital assets is 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.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 40 years; improvements/infrastructure, 5 to 40 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 governmental activities column of the statement of net assets.

### 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. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund 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 governmental 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 governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

### **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.

### **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 \$22,129,424 of restricted net assets.

### **Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charged to other funds for self-insurance. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses 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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities, except for the net residual amounts transferred between governmental and business-type 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<sup>st</sup> 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 budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

### New Accounting Pronouncements

In March 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. Early implementation is encouraged.

In April 2009, the GASB issued GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for State and local governments into the GASB authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of State and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. GASB Statement No. 55 is effective immediately.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

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In April 2009, the GASB issued GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. GASB Statement No. 56 is effective immediately.

### NOTE 2 - DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2009, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 37,086,766
Fiduciary funds	1,128,843
Total Deposits and Investments	<u><u>\$ 38,215,609</u></u>

Deposits and investments as of June 30, 2009, consist of the following:

Cash on hand and in banks	\$ 1,660,097
Cash in revolving	604,796
Investments	35,950,716
Total Deposits and Investments	<u><u>\$ 38,215,609</u></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.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### 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 in the county pool.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>
County Pool	<u>\$ 36,446,836</u>	248*

\* Weighted average days to maturity

### 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 agency. 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, 2009, of the District's bank balance of \$2,390,464, \$1,390,464 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.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

### NOTE 3 - RECEIVABLES

Receivables at June 30, 2009, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund
Federal Government				
Categorical aid	\$ 3,294,691	\$ -	\$ -	\$ -
State Government				
Apportionment	8,199,747	-	-	-
Categorical aid	2,264,386	-	-	-
Lottery	1,460,646	-	-	-
Local Government				
Interest	211,632	56,662	4,907	36,527
Other Local Sources	1,032,324	-	-	-
Total	<u>\$ 16,463,426</u>	<u>\$ 56,662</u>	<u>\$ 4,907</u>	<u>\$ 36,527</u>

	Non-Major Governmental Funds	Internal Service Funds	Total	Fiduciary Funds
Federal Government				
Categorical aid	\$ 339,616	\$ -	\$ 3,634,307	\$ -
State Government				
Apportionment	300,087	-	8,499,834	-
Categorical aid	7,416	-	2,271,802	-
Lottery	-	-	1,460,646	-
Local Government				
Interest	53,155	31,137	394,020	-
Other Local Sources	32,724	-	1,065,048	33,319
Total	<u>\$ 732,998</u>	<u>\$ 31,137</u>	<u>\$ 17,325,657</u>	<u>\$ 33,319</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 18,671,449	\$ -	\$ -	\$ 18,671,449
Construction in Progress	23,575,377	352,696	16,911,935	7,016,138
Total Capital Assets	<u>42,246,826</u>	<u>352,696</u>	<u>16,911,935</u>	<u>25,687,587</u>
Capital Assets Being Depreciated:				
Land Improvements	30,635,373	-	17,850,840	12,784,533
Buildings and Improvements	138,652,674	29,972,531	-	168,625,205
Furniture and Equipment	3,447,232	1,555,922	-	5,003,154
Total Capital Assets Being Depreciated	<u>172,735,279</u>	<u>31,528,453</u>	<u>17,850,840</u>	<u>186,412,892</u>
Total Capital Assets	<u>214,982,105</u>	<u>31,881,149</u>	<u>34,762,775</u>	<u>212,100,479</u>
Less Accumulated Depreciation:				
Land Improvements	4,890,319	612,364	2,651,476	2,851,207
Buildings and Improvements	64,672,572	8,336,731	-	73,009,303
Furniture and Equipment	1,876,499	650,250	-	2,526,749
Total Accumulated Depreciation	<u>71,439,390</u>	<u>9,599,345</u>	<u>2,651,476</u>	<u>78,387,259</u>
Governmental Activities Capital Assets, Net	<u>\$ 143,542,715</u>	<u>\$ 22,281,804</u>	<u>\$ 32,111,299</u>	<u>\$ 133,713,220</u>

Depreciation expense was charged as a direct expense to governmental functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 9,167,372
Food services	47,998
Data processing	287,980
All other administration	47,998
Plant services	47,997
Total Depreciation Expenses Governmental Activities	<u>\$ 9,599,345</u>

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

### NOTE 5 - INTERFUND TRANSACTIONS

#### Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2009, between major and non-major governmental funds, and internal service funds, are as follows:

Due To	Due From					Total
	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 4,710	\$ -	\$ 928,900	\$ 7,201	\$ 940,811
Building Fund	-	-	1,749,909	45,000	-	1,794,909
Capital Facilities Fund	-	11,801	-	-	-	11,801
Non-Major Governmental Funds	60,284	434,833	-	-	-	495,117
Internal Service Funds	14,992	-	-	-	3,800,000	3,814,992
<b>Total</b>	<b>\$ 75,276</b>	<b>\$ 451,344</b>	<b>\$ 1,749,909</b>	<b>\$ 973,900</b>	<b>\$ 3,807,201</b>	<b>\$ 7,057,630</b>

The balance of \$1,749,909 is due to the Building Fund from the Capital Facilities Fund for construction expenses related to the Colina Building.

The balance of \$45,000 is due to the Building Fund from the County School Facilities (Non-Major) Fund for the Los Cerritos Modernization.

The balance of \$434,833 is due to the County School Facilities (Non-Major) Fund from the Building Fund for the Westlake High School Modernization.

A balance of \$768,473 is due to the General Fund from the Deferred Maintenance (Non-Major) Fund for the remaining revenues that were swept.

The balance of \$3,800,000 is due to the Internal Service Fund (Health and Welfare) from the Internal Service Fund (Workers' Compensation) as a temporary loan to help pay for expenses related to Worker's Compensation and Insurance expenses.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**Operating Transfers**

Interfund transfers for the year ended June 30, 2009, consisted of the following:

Transfer To	Transfer From			Total
	General Fund	Non-Major Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 772,473	\$ 750,000	\$ 1,522,473
Building Fund	-	2,154,055	-	2,154,055
Capital Facilities Fund	-	882,030	-	882,030
Non-Major Governmental Funds	59,764	-	-	59,764
Total	\$ 59,764	\$ 3,808,558	\$ 750,000	\$ 4,618,322

The General Fund transferred to the Special Reserve Fund for Other Than Capital Outlay Projects for pass-through.	\$ 59,764
The Deferred Maintenance Fund transferred to the General Fund for flexibility.	768,473
The County School Facilities fund transferred to the Building Fund for capital outlay.	2,154,055
The Special Reserve Fund for Capital Outlay Projects transferred to the General Fund for interest on loan.	4,000
The Special Reserve Fund for Capital Outlay Projects transferred to the Capital Facilities Fund for lease payment.	882,030
The Internal Service Fund transferred to the General Fund for cash flow.	750,000
Total	\$ 4,618,322

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 6 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2009, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds
Vendor payables	\$ 583,446	\$ -	\$ -	\$ 145,223
Salaries and benefits	2,930,410	-	-	356,808
Construction	-	615,347	5,441	488,569
Total	<u>\$ 3,513,856</u>	<u>\$ 615,347</u>	<u>\$ 5,441</u>	<u>\$ 990,600</u>

  

	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Vendor payables	\$ 272,795	\$ 1,001,464	\$ 178,554
Salaries and benefits	-	3,287,218	-
Construction	-	1,109,357	-
Total	<u>\$ 272,795</u>	<u>\$ 5,398,039</u>	<u>\$ 178,554</u>

**NOTE 7 - DEFERRED REVENUE**

Deferred revenue at June 30, 2009, consists of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 1,281,208	\$ -	\$ -	\$ 1,281,208
State categorical aid	234,116	-	-	234,116
Other local	600,960	14,500	133,256	748,716
Total	<u>\$ 2,116,284</u>	<u>\$ 14,500</u>	<u>\$ 133,256</u>	<u>\$ 2,264,040</u>

**NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)**

On July 1, 2008, the District issued \$19,780,000 Tax and Revenue Anticipation Notes bearing interest at 1.65 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on July 1, 2009. By May, 2009, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes. As the District has in substance defeased the debt, the tax anticipation notes of \$19,780,000 and related accrued interest and cash held in trust are not included in these financial statements.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

Changes in the outstanding liabilities for the Tax and Revenue Anticipation Notes is as follows:

<u>Issue Date</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2008</u>	<u>Additions</u>	<u>Payments</u>	<u>Outstanding June 30, 2009</u>
7/1/2007	4.25%	7/1/2008	\$ 19,935,000	\$ -	\$ 19,935,000	\$ -
7/1/2008	1.65%	7/6/2009	-	19,780,000	-	19,780,000
			<u>\$ 19,935,000</u>	<u>\$ 19,780,000</u>	<u>\$ 19,935,000</u>	<u>\$ 19,780,000</u>

**NOTE 9 - LONG-TERM OBLIGATIONS**

**Summary**

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

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>	<u>Due in One Year</u>
General obligation bonds	\$ 74,800,249	\$ 2,298,991	\$ 5,190,000	\$ 71,909,240	\$ 5,723,761
Accumulated vacation - net	719,037	130,722	-	849,759	-
Capital leases	5,565,931	-	1,148,608	4,417,323	1,197,282
Net OPEB obligation	815,536	1,285,965	388,066	1,713,435	-
	<u>\$ 81,900,753</u>	<u>\$ 3,715,678</u>	<u>\$ 6,726,674</u>	<u>\$ 78,889,757</u>	<u>\$ 6,921,043</u>

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues.

The accrued vacation will be paid by the fund for which the employee worked.

The capital leases are paid by the Capital Facilities Fund.

The postemployment benefits are paid by the General Fund.

**Bonded Debt**

**General Obligation Bonds, Election of 1998, Series A**

In March 1999, the District issued \$30,000,000 original principal of the General Obligation Bonds, Election of 1998, Series A. The 1998 Series A Bonds were issued as current interest bonds. The bonds mature through August 1, 2013, with interest rates from 4.0 to 4.5 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. In October 2000, the District refunded \$20,755,000 of the General Obligation Bonds, Election of 1998, Series A. At June 30, 2009, the principal balance outstanding was \$9,245,000.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

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### **2000 General Obligation Refunding Bonds**

In October 2000, the District issued \$19,020,000 principal amount of the 2000 General Obligation Refunding Bonds. The 2000 Refunding Bonds were issued as current interest bonds. The bonds mature through August 1, 2009, with interest rates from 4.00 to 5.75 percent. Proceeds from the sale of the bonds were used to refund a portion of the General Obligation Bonds, Election of 1998, Series A and pay costs of issuance of the refunding bonds. At June 30, 2009, the principal balance outstanding was \$2,960,000.

### **General Obligation Bonds, Election of 1998, Series B**

In October 2000, the District issued \$13,785,000 in current interest bonds and \$19,990,115 in capital appreciation bonds of the General Obligation Bonds, Election of 1998, Series B. The capital appreciation bonds accreting interest to a maturity value of \$38,615,000. The bonds mature through August 1, 2015, with interest rates from 3.85 to 5.40 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. At June 30, 2009, there was no principal balance outstanding.

### **General Obligation Bonds, Election of 1998, Series C**

In April 2002, the District issued \$8,205,028 principal amount of the General Obligation Bonds Election of 1998, Series C. The Election of 1998, Series C Bonds were issued as capital appreciation bonds, with the capital bond principal accreting interest to a maturity value of \$18,955,000. The bonds mature through August 1, 2017, with interest rates from 5.55 to 5.60 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. At June 30, 2009, the principal balance outstanding was \$12,336,653.

### **General Obligation Bonds, Election of 1998, Series D**

In November 2004, the District issued \$16,015,000 principal amount of the General Obligation Bonds Election of 1998, Series D. The Election of 1998, Series D Bonds were issued as current interest bonds. The bonds mature through August 1, 2019, with interest rates from 2.5 to 4.5 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. At June 30, 2009, the principal balance outstanding was \$15,810,000.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2008	Additions/ Accreted Interest	Redeemed	Bonds Outstanding June 30, 2009
<b>Current Interest</b>							
03/01/1999	8/1/2013	4.00-4.50%	\$ 30,000,000	\$ 9,245,000	\$ -	\$ -	\$ 9,245,000
10/26/2000	8/1/2008	3.85-4.30%	13,785,000	2,530,000	-	2,530,000	-
10/26/2000	8/1/2009	4.00-5.75%	19,020,000	5,620,000	-	2,660,000	2,960,000
11/15/2004	8/1/2019	2.50-4.50%	16,015,000	15,810,000	-	-	15,810,000
<b>Capital Appreciation</b>							
10/26/2000	8/1/2015	4.75-5.40%	19,990,115	29,937,334	1,620,254	-	31,557,588
04/04/2002	8/1/2017	5.55-5.60%	8,205,028	11,657,915	678,738	-	12,336,652
				<b>\$ 74,800,249</b>	<b>\$ 2,298,992</b>	<b>\$ 5,190,000</b>	<b>\$ 71,909,240</b>

### Debt Service Requirements to Maturity

Fiscal Year	Current Interest Bonds		Capital Appreciation Bonds		
	Principal	Interest	Principal	Future Interest Accretion	Total
2010	\$ 2,960,000	\$ 1,189,395	\$ 2,763,761	\$ 2,170,534	\$ 9,083,690
2011	3,300,000	1,042,495	2,770,394	2,150,437	9,263,326
2012	1,900,000	932,345	4,256,632	2,002,637	9,091,614
2013	1,980,000	847,935	4,551,767	1,841,264	9,220,966
2014	2,065,000	757,913	4,625,530	1,890,239	9,338,682
2015-2019	7,740,000	3,738,825	24,926,156	3,884,194	40,289,175
2020	8,070,000	181,575	-	-	8,251,575
<b>Total</b>	<b>\$ 28,015,000</b>	<b>\$ 8,690,483</b>	<b>\$ 43,894,240</b>	<b>\$ 13,939,305</b>	<b>\$ 94,539,028</b>

### Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2009, amounted to \$849,759.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

### Capital Leases

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

	Capital Leases
Balance, July 1, 2008	\$ 6,166,123
Payments	1,370,249
Balance, June 30, 2009	<u>\$ 4,795,874</u>

The capital leases have minimum lease payments as follows:

<u>Fiscal Year</u>	Lease Payment
2010	\$ 1,370,250
2011	1,370,250
2012	1,370,250
2013	685,124
Total	<u>4,795,874</u>
Less: Amount Representing Interest	378,551
Present Value of Minimum Lease Payments	<u>\$ 4,417,323</u>

### Other Postemployment Benefit Obligation

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2008. The District's annual required contribution for the year ended June 30, 2009, was \$1,235,439 and contributions made by the District during the year were \$337,540, which resulted in an increase in net OPEB obligation of \$897,899. At June 30, 2009, the net OPEB obligation outstanding was \$1,713,435. See Note 11 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**NOTE 10 - FUND BALANCES**

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

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund
Reserved				
Revolving cash	\$ 40,000	\$ -	\$ -	\$ -
Stores inventories	265,388	-	-	-
Prepaid expenditures	-	-	-	-
Restricted programs	6,947,817	-	-	-
Other restriction	3,000	-	-	-
Total Reserved	<u>7,256,205</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved				
Designated				
Economic uncertainties	5,011,853	-	-	-
Other designation	3,750,747	7,698,547	-	-
Total Designated	<u>8,762,600</u>	<u>7,698,547</u>	<u>-</u>	<u>-</u>
Undesignated	<u>2,660,067</u>	<u>2,337,804</u>	<u>77,584</u>	<u>7,354,980</u>
Total Unreserved	<u>11,422,667</u>	<u>10,036,351</u>	<u>77,584</u>	<u>7,354,980</u>
Total	<u>\$ 18,678,872</u>	<u>\$ 10,036,351</u>	<u>\$ 77,584</u>	<u>\$ 7,354,980</u>
	Non-Major Governmental Funds	Total	Fiduciary Funds	
Reserved				
Revolving cash	\$ -	\$ 40,000	\$ -	
Stores inventories	76,065	341,453	-	
Prepaid expenditures	6,136	6,136	-	
Restricted programs	-	6,947,817	-	
Other restriction	-	3,000	-	
Total Reserved	<u>82,201</u>	<u>7,338,406</u>	<u>-</u>	
Unreserved				
Designated				
Economic uncertainties	-	5,011,853	-	
Other designation	1,100,000	12,549,294	-	
Total Designated	<u>1,100,000</u>	<u>17,561,147</u>	<u>-</u>	
Undesignated	<u>6,401,623</u>	<u>18,832,058</u>	<u>21</u>	
Total Unreserved	<u>7,501,623</u>	<u>36,393,205</u>	<u>21</u>	
Total	<u>\$ 7,583,824</u>	<u>\$ 43,731,611</u>	<u>\$ 21</u>	

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

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### **NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION**

#### **Plan Description**

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Conejo Valley Unified School District. The Plan provides medical and prescription drug benefits to eligible retirees. Membership of the Plan consists of 118 retirees and beneficiaries currently receiving benefits, and 1,567 active plan members. Separate financial statements are not prepared for the Plan.

#### **Contribution Information**

For fiscal year 2008-2009, the District contributed \$337,540 to the Plan, all of which was used for current premiums.

#### **Annual OPEB Cost and Net OPEB Obligation**

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 1,245,188
Interest on net OPEB obligation	40,777
Adjustment to annual required contribution	(50,526)
Annual OPEB cost (expense)	<u>1,235,439</u>
Contributions made	<u>(337,540)</u>
Increase in net OPEB obligation	897,899
Net OPEB obligation, beginning of year	815,536
Net OPEB obligation, end of year	<u><u>\$ 1,713,435</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 was as follows:

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 1,245,118	34.5%	\$ 815,536
2009	1,245,118	27.1%	1,713,435

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008, actuarial valuation, the Projected Unit Credit Cost Method was used. The actuarial assumptions included a 5.0 percent investment rate of return, based on assumed long-term return on plan assets or employer assets, as appropriate. Healthcare cost trend rates were assumed at an initial rate of 9 percent to an ultimate rate of 5 percent.

## NOTE 12 - RISK MANAGEMENT

### Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2009, the District participates in the Ventura County Schools Self-Funding Authority (VCSSFA) for property and liability insurance coverage. See Note 15 for more information on the VCSSFA. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

### Workers' Compensation and Employee Medical Benefits

The District's workers' compensation and health and welfare benefits are recorded in the Internal Service Funds. The purpose of the fund is to administer workers' compensation, and employee medical benefit claims. The District has obtained insurance coverage that will cover claims within the following ranges to supplement its self-insurance program:

Workers' Compensation	\$750,000 per claim up to statutory limits
Medical and prescription drugs	\$175,000 per contract period per person

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

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### Claims Liabilities

The District records an estimated liability for workers' compensation, and health and welfare benefits claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

### Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2007 to June 30, 2009 (in thousands):

	Workers' Compensation	Health Care
Liability Balance, July 1, 2007	\$ 5,358,059	\$ 2,182,634
Claims and changes in estimates	(312,624)	21,857,011
Claims payments	(690,920)	(22,139,645)
Liability Balance, June 30, 2008	4,354,515	1,900,000
Claims and changes in estimates	(110,602)	21,299,141
Claims payments	(710,211)	(22,757,792)
Liability Balance, June 30, 2009	<u>\$ 3,533,702</u>	<u>\$ 441,349</u>
Assets available to pay claims at June 30, 2009	<u>\$ 4,750,271</u>	<u>\$ 2,696,047</u>

### NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

#### CalSTRS

##### Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, California 95826.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2008-2009 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2009, 2008, and 2007, were \$7,118,239, \$7,164,676, and \$6,905,985, respectively, and equal 100 percent of the required contributions for each year.

### CalPERS

#### Plan Description

The District contributes to the School Employer Pool under 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 survivor 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, California 95811.

#### 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 2008-2009 was 9.428 percent of covered 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, 2009, 2008, and 2007, were \$2,099,828, \$2,079,527, and \$1,970,885, 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 (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and an employees are calculated according to Federal law.

### On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$3,964,420 (4.517 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the *General Fund - Budgetary Comparison Schedule*.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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### NOTE 14 - 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, 2009.

#### 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, 2009.

#### Construction Commitments

As of June 30, 2009, the District had the following commitments with respect to the unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Thousand Oaks High School - Gym	\$ 94,432	12/31/09
Thousand Oaks High School - Classroom corridor	485,970	12/31/09
Westlake High School - Heating, air conditioning, and electrical	439,567	12/31/09
Westlake High School -Theater renovation	2,259,000	08/01/10
	<u>\$ 3,278,969</u>	

### NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

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

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

During the year ended June 30, 2009, the District made payments of \$1,470,985 to VCSSFA for services received.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2009**

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### **NOTE 16 - FISCAL ISSUES RELATING TO BUDGET REDUCTIONS**

The State of California continues to suffer the effects of a recessionary economy. California school districts are reliant on the State of California to appropriate the funding necessary to continue the level of educational services expected by the State constituency. With the implementation of education trailer bill Senate Bill 4 of the 2009-10 Third Extraordinary Session (SBX3 4) (Chapter 12, Statutes of 2009), 14 percent of current year appropriations have now been deferred to a subsequent period, creating significant cash flow management issues for districts in addition to requiring substantial budget reductions, ultimately impacting the ability of California school districts to meet their goals for educational services.

### **NOTE 17 - SUBSEQUENT EVENTS**

#### **Tax and Revenue Anticipation Notes**

The District issued \$19,690,000 of Tax and Revenue Anticipation Notes dated July 6, 2009. The notes mature on July 1, 2010, and yield 2.45 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning February 2010, until 100 percent of principal and interest due is on account in May 2010.

#### **Assembly Bill of the Fourth Extraordinary Session (ABX4 3)**

On July 28, 2009, Governor Schwarzenegger signed a package of bills amending the 2008-2009 and 2009-2010 California State budgets. The budget amendments were designed to address the State's budget gap of \$24 billion that had developed as a result of the deepening recession since the State's last budget actions in February 2009.

The July budget package reduced, on a State-wide basis, \$1.6 billion in 2008-2009 Proposition 98 funding through a reversion of undistributed categorical program balances. The budget language identified 51 specific programs and required the amounts associated with these programs that were "unallocated, unexpended, or not liquidated as of June 30, 2009," to revert to the State's General Fund. The July budget package also provided an appropriation in 2009-2010 to backfill \$1.5 billion of these cuts to repay the 2008-2009 reversion of the undistributed categorical program balances.

In accordance with the requirements of GASB Statement No. 33, the District has not recorded the revenue and related receivable associated with the District's portion of the unallocated, unexpended or unliquidated categorical program balances identified in the July 2009 State Budget package.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variations -
	(GAAP Basis)			Positive
	Original	Final		(Negative) Final to Actual
<b>REVENUES</b>				
Revenue limit sources	\$ 124,533,259	\$ 116,538,385	\$ 121,415,960	\$ 4,877,575
Federal sources	6,053,896	6,555,676	12,071,921	5,516,245
Other State sources	20,562,706	20,972,991	20,795,688	(177,303)
Other local sources	14,422,396	17,548,203	18,058,752	510,549
<b>Total Revenues</b> <sup>1</sup>	<b>165,572,257</b>	<b>161,615,255</b>	<b>172,342,321</b>	<b>10,727,066</b>
<b>EXPENDITURES</b>				
Current				
Instruction	108,982,502	113,280,920	113,906,164	(625,244)
Instruction-related activities:				
Supervision of instruction	3,230,492	3,066,025	3,033,099	32,926
Instructional library, media, and technology	1,491,225	1,415,306	1,400,106	15,200
School site administration	14,118,030	13,399,270	13,255,376	143,894
Pupil services:				
Home-to-school transportation	1,918,133	1,943,378	1,836,798	106,580
All other pupil services	8,176,679	8,284,293	7,829,961	454,332
Administration:				
Data processing	1,951,250	3,357,122	3,235,629	121,493
All other administration	3,298,938	5,675,820	5,470,413	205,407
Plant services	18,563,785	17,148,226	15,904,468	1,243,758
Facility acquisition and construction	19,879	18,364	17,031	1,333
Ancillary services	1,461,858	1,897,660	2,178,650	(280,990)
Community services	843,826	840,016	868,218	(28,202)
Other outgo	2,239,000	2,221,048	1,645,565	575,483
Debt service				
Interest	-	-	384,933	(384,933)
<b>Total Expenditures</b> <sup>1</sup>	<b>166,295,597</b>	<b>172,547,448</b>	<b>170,966,411</b>	<b>1,581,037</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(723,340)</b>	<b>(10,932,193)</b>	<b>1,375,910</b>	<b>9,146,029</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	754,000	1,579,000	1,522,473	(56,527)
Transfers out	(934,064)	(934,283)	(59,764)	874,519
<b>Net Financing Sources (Uses)</b>	<b>(180,064)</b>	<b>644,717</b>	<b>1,462,709</b>	<b>817,992</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(903,404)</b>	<b>(10,287,476)</b>	<b>2,838,619</b>	<b>13,126,095</b>
<b>Fund Balance - Beginning</b>	<b>15,840,253</b>	<b>15,840,253</b>	<b>15,840,253</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 14,936,849</b>	<b>\$ 5,552,777</b>	<b>\$ 18,678,872</b>	<b>\$ 13,126,095</b>

<sup>1</sup> On behalf payments of \$3,964,420 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING  
 PROGRESS AND EMPLOYER CONTRIBUTION  
 FOR THE YEAR ENDED JUNE 30, 2009**

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ([b - a] / c)</b>
June 30, 2008	\$ -	\$ 9,688,289	\$ 9,688,289	0%	\$ 119,234,574	8.13%

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***SUPPLEMENTARY INFORMATION***

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**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through the California Department of Education (CDE):			
Adult Basic Education and English as a Second Language	84.002A	14508	\$ 108,175
Adult Education - Secondary Education	84.002	13978	10,858
Adult Education - English Literacy and Civic Education	84.002A	14109	48,888
Elementary and Secondary Education Act as amended by the No Child Left Behind Act (2001)			
Title I, Part A - Basic Grants Low-Income and Neglected ARRA Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	1,240,604
Title II, Part A - Improving Teacher Quality Local Grants	84.389	15005	8,839
Title II, Part D - Enhancing Education Through Technology	84.367	14341	352,414
Title II, Part D - Enhancing Education Through Technology	84.318	14334	8,661
Title III - Immigrant Education Program	84.365	14346	34,197
Title III - Limited English Proficiency	84.365	10084	205,411
Title IV, Part A - Safe and Drug-Free Schools and Communities	84.186	14347	46,440
Title V, Part A - Innovative Education Strategies	84.298A	14354	20,168
Transition Partnership Program -Workability II	84.158	10006	268,330
Subtotal			<u>2,352,985</u>
Passed through the Ventura County Superintendent of Schools Office:			
Individuals with Disabilities Education Act (IDEA):			
Part B, Section 611, Basic Local Assistance	84.027	13379	3,453,838
Part B, Section 611, Preschool Local Entitlement	84.027A	13682	232,769
Part B, Section 619, Federal Preschool Grants	84.173	13430	125,816
Special Ed: IDEA, Infant Discretionary, Part B	84.027A	13612	1,815
Part B, Section 617, Low Incidence Entitlement	84.027A	13459	2,723
Subtotal			<u>3,816,961</u>
Carl Perkins Vocational and Applied Technology			
Vocational Programs: Vocational and Application Technology			
Secondary Title IC Sec 121	84.048	13924	84,652
Total U.S. Department of Education			<u>6,254,598</u>

See accompanying note to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through the CDE:			
National School Lunch Program	10.555	13523	\$ 1,186,813
Basic School Breakfast	10.553	13525	51,723
Especially Needy Breakfast	10.553	13526	271,525
Meal Supplement Program	10.555	13158	11,546
Food Distribution	10.555	13389	214,863
Subtotal			<u>1,736,470</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through California Department of Health Services:			
Medi-Cal Billing Option	93.778	10013	21,236
Medical Administrative Activities Program	93.778	10060	9,440
Total Federal Programs			<u>\$ 8,021,744</u>

See accompanying note to supplementary information.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2009

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### ORGANIZATION

The Conejo Valley Unified School District was established on July 1, 1974, and consists of an area comprising approximately 139 square miles. The District operates 20 elementary schools, five middle schools, three high schools, a continuation, and an adult education program, an alternate education site, and a preschool program. There were no boundary changes during the year.

### GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Timothy Stephens, Ed.D.	President	December 2010
Patricia Phelps	Vice President	December 2010
Mike Dunn	Clerk	December 2010
Peggy Buckles	Member	December 2012
Betsy Connolly	Member	December 2012

### ADMINISTRATION

Mario Contini	Superintendent
Jeffrey Baarstad, Ed.D.	Deputy Superintendent
Janet Cosaro	Assistant Superintendent, Instructional Services
Jo-Ann Yoos	Assistant Superintendent, Personnel Services

See accompanying note to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

	Second Period Report	Annual Report
<b>ELEMENTARY</b>		
Kindergarten	1,360	1,363
First through third	4,212	4,214
Fourth through sixth	4,478	4,473
Seventh and eighth	3,259	3,259
Home and hospital	3	2
Special education	335	345
Total Elementary	13,647	13,656
<b>SECONDARY</b>		
Regular classes	6,847	6,806
Continuation education	193	187
Home and hospital	-	1
Special education	183	184
Total Secondary	7,223	7,178
Total K-12	20,870	20,834
<b>CLASSES FOR ADULTS</b>		
Concurrently enrolled	22	25
Not concurrently enrolled	1,047	1,133
Total Classes for Adults	1,069	1,158
Grand Total	21,939	21,992
		Hours of Attendance
<b>SUMMER SCHOOL</b>		
Elementary		108,043
High school		168,857
Total Hours		276,900

See accompanying note to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2009**

Grade Level	1982-83	1986-87	2008-09	Number of Days		Status
	Actual Minutes	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	31,500	36,000	36,000	180	N/A	Complied
Grades 1 - 3	44,380	50,400				
Grade 1			50,670	180	N/A	Complied
Grade 2			50,670	180	N/A	Complied
Grade 3			50,670	180	N/A	Complied
Grades 4 - 6	53,375	54,000				
Grade 4			54,135	180	N/A	Complied
Grade 5			54,135	180	N/A	Complied
Grade 6			54,150	180	N/A	Complied
Grades 7 - 8	53,375	54,000				
Grade 7			54,487	180	N/A	Complied
Grade 8			54,487	180	N/A	Complied
Grades 9 - 12	53,375	64,800				
Grade 9			65,090	180	N/A	Complied
Grade 10			65,240	180	N/A	Complied
Grade 11			65,100	180	N/A	Complied
Grade 12			65,300	180	N/A	Complied

See accompanying note to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>General Fund</u>
FUND BALANCE	
Balance, June 30, 2009, Unaudited Actuals	\$ 22,331,974
Decrease in:	
Accounts receivable <sup>1</sup>	<u>(3,653,102)</u>
Balance, June 30, 2009, Audited Financial Statement	<u>\$ 18,678,872</u>

<sup>1</sup> The adjustment is the ABX4 3 categorical un-appropriated state categorical as described in Note 17 Subsequent Events.

See accompanying note to supplementary information.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

	(Budget) 2010 <sup>1</sup>	2009	2008	2007
<b>GENERAL FUND</b>				
Revenues	\$ 164,233,982	\$ 172,342,321	\$ 177,048,527	\$ 171,730,258
Other sources and transfers in	7,892,700	1,522,473	4,000	129,000
<b>Total Revenues     and Other Sources</b>	<b>172,126,682</b>	<b>173,864,794</b>	<b>177,052,527</b>	<b>171,859,258</b>
Expenditures	161,684,584	170,966,411	172,385,229	165,480,522
Other uses and transfers out	8,910,700	59,764	2,811,324	1,419,850
<b>Total Expenditures     and Other Uses</b>	<b>170,595,284</b>	<b>171,026,175</b>	<b>175,196,553</b>	<b>166,900,372</b>
<b>INCREASE IN FUND BALANCE</b>	<b>\$ 1,531,398</b>	<b>\$ 2,838,619</b>	<b>\$ 1,855,974</b>	<b>\$ 4,958,886</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 20,210,270</b>	<b>\$ 18,678,872</b>	<b>\$ 15,840,253</b>	<b>\$ 13,984,279</b>
<b>AVAILABLE RESERVES <sup>2</sup></b>	<b>\$ 16,804,868</b>	<b>\$ 7,671,920</b>	<b>\$ 8,728,135</b>	<b>\$ 7,452,383</b>
<b>AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO <sup>3</sup></b>	<b>9.85%</b>	<b>4.59%</b>	<b>5.10%</b>	<b>4.47%</b>
<b>LONG-TERM OBLIGATIONS</b>	<b>N/A</b>	<b>\$ 78,889,757</b>	<b>\$ 81,900,753</b>	<b>\$ 84,654,857</b>
<b>K-12 AVERAGE DAILY ATTENDANCE AT P-2 <sup>4</sup></b>	<b>20,747</b>	<b>20,870</b>	<b>21,206</b>	<b>21,709</b>

The General Fund balance has increased by \$4,694,593 over the past two years. The fiscal year 2009-2010 budget projects a further increase of \$1,531,398 (8.20 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 surpluses in each of the past three years and anticipates incurring an operating surplus during the 2009-2010 fiscal year. Total long-term obligations have decreased by \$5,765,100 over the past two years.

Average daily attendance has decreased by 839 over the past two years. Additional decline of 123 ADA is anticipated during fiscal year 2009-2010.

<sup>1</sup> Budget 2010 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund.

<sup>3</sup> On behalf payments of \$3,964,420 and \$3,922,764 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2009 and 2008.

<sup>4</sup> Excludes adult education ADA.

See accompanying note to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2009**

	<b>Adult Education Fund</b>	<b>Child Development Fund</b>	<b>Cafeteria Fund</b>
<b>ASSETS</b>			
Deposits and investments	\$ 14,004	\$ 841,228	\$ 128,067
Receivables	389,693	28,235	273,521
Due from other funds	-	520	-
Prepaid expenditures	-	6,136	-
Stores inventories	-	-	76,065
<b>Total Assets</b>	<b>\$ 403,697</b>	<b>\$ 876,119</b>	<b>\$ 477,653</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 321,125	\$ 57,921	\$ 119,007
Due to other funds	1,724	53	153,592
Deferred revenue	-	133,256	-
<b>Total Liabilities</b>	<b>322,849</b>	<b>191,230</b>	<b>272,599</b>
<b>Fund Balances:</b>			
Reserved for:			
Stores inventories	-	-	76,065
Prepaid expenditures	-	6,136	-
Unreserved:			
Designated	-	-	-
Undesignated, reported in:			
Special revenue funds	80,848	678,753	128,989
Capital projects funds	-	-	-
<b>Total Fund Balance</b>	<b>80,848</b>	<b>684,889</b>	<b>205,054</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 403,697</b>	<b>\$ 876,119</b>	<b>\$ 477,653</b>

See accompanying note to supplementary information.

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<b>Deferred Maintenance Fund</b>	<b>County School Facilities Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Total Non-Major Governmental Funds</b>
\$ 3,839,990	\$ 1,094,310	\$ 2,453,665	\$ 8,371,264
18,976	3,387	19,186	732,998
-	434,833	59,764	495,117
-	-	-	6,136
-	-	-	76,065
<u>\$ 3,858,966</u>	<u>\$ 1,532,530</u>	<u>\$ 2,532,615</u>	<u>\$ 9,681,580</u>
\$ 88,374	\$ 400,195	\$ 3,978	\$ 990,600
768,473	46,058	4,000	973,900
-	-	-	133,256
<u>856,847</u>	<u>446,253</u>	<u>7,978</u>	<u>2,097,756</u>
-	-	-	76,065
-	-	-	6,136
1,100,000	-	-	1,100,000
1,902,119	-	-	2,790,709
-	1,086,277	2,524,637	3,610,914
<u>3,002,119</u>	<u>1,086,277</u>	<u>2,524,637</u>	<u>7,583,824</u>
<u>\$ 3,858,966</u>	<u>\$ 1,532,530</u>	<u>\$ 2,532,615</u>	<u>\$ 9,681,580</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Adult Education Fund</b>	<b>Child Development Fund</b>	<b>Cafeteria Fund</b>
<b>REVENUES</b>			
Federal sources	\$ 167,921	\$ -	\$ 1,736,470
Other State sources	2,454,199	109,147	123,045
Other local sources	1,700,356	4,574,625	3,450,797
<b>Total Revenues</b>	<b>4,322,476</b>	<b>4,683,772</b>	<b>5,310,312</b>
<b>EXPENDITURES</b>			
Current			
Instruction	3,106,816	149,482	-
Instruction-related activities:			
School site administration	667,173	-	-
Pupil services:			
Food services	-	-	5,195,774
All other pupil services	9,455	-	-
Administration:			
All other administration	540,127	305,282	-
Plant services	185,410	-	34,367
Facility acquisition and construction	-	-	-
Enterprise services	-	3,691,741	-
<b>Total Expenditures</b>	<b>4,508,981</b>	<b>4,146,505</b>	<b>5,230,141</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(186,505)</b>	<b>537,267</b>	<b>80,171</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Net Financing Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(186,505)</b>	<b>537,267</b>	<b>80,171</b>
<b>Fund Balance - Beginning</b>	<b>267,353</b>	<b>147,622</b>	<b>124,883</b>
<b>Fund Balance - Ending</b>	<b>\$ 80,848</b>	<b>\$ 684,889</b>	<b>\$ 205,054</b>

See accompanying note to supplementary information.

<b>Deferred Maintenance Fund</b>	<b>County School Facilities Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Total Non-Major Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 1,904,391
768,473	2,154,055	-	5,608,919
94,368	92,529	96,692	10,009,367
862,841	2,246,584	96,692	17,522,677
-	-	-	3,256,298
-	-	-	667,173
-	-	-	5,195,774
-	-	-	9,455
-	-	-	845,409
-	-	-	219,777
848,133	1,843,971	81,195	2,773,299
-	-	-	3,691,741
848,133	1,843,971	81,195	16,658,926
14,708	402,613	15,497	863,751
-	-	59,764	59,764
(768,473)	(2,154,055)	(886,030)	(3,808,558)
(768,473)	(2,154,055)	(826,266)	(3,748,794)
(753,765)	(1,751,442)	(810,769)	(2,885,043)
3,755,884	2,837,719	3,335,406	10,468,867
\$ 3,002,119	\$ 1,086,277	\$ 2,524,637	\$ 7,583,824

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2009

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### 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.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent federal funds that have been recorded as revenues that have not been expended by June 30, 2009. The unspent balances are reported as legally restricted ending balances within the General Fund.

Description	CFDA Number	Amount
Total Federal Revenues Statement of Revenues, Expenditures		\$ 13,976,312
ARRA-State Fiscal Stabilization Fund	84.394	(5,727,319)
MAA Billing	93.778	(227,249)
Total Schedule of Expenditures of Federal Awards		<u>\$ 8,021,744</u>

#### 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 requirements, whichever is greater, as required by *Education Code* Section 46201.

# **CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

## **NOTE TO SUPPLEMENTARY INFORMATION**

**JUNE 30, 2009**

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### **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.

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

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.

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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  
Conejo Valley Unified School District  
Thousand Oaks, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejo Valley Unified School District as of and for the year ended June 30, 2009, which collectively comprise Conejo Valley Unified School District's basic financial statements and have issued our report thereon dated December 11, 2009. 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 Conejo Valley Unified 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 Conejo Valley Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Conejo Valley Unified 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 Conejo Valley Unified 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 Conejo Valley Unified School District in a separate letter dated December 11, 2009.

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.

Vavrinek, Trine, Day & Co., LLP  
Rancho Cucamonga, California  
December 11, 2009



**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  
Conejo Valley Unified School District  
Thousand Oaks, California

**Compliance**

We have audited the compliance of Conejo Valley Unified 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, 2009. Conejo Valley Unified 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 Conejo Valley Unified School District's management. Our responsibility is to express an opinion on Conejo Valley Unified 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 Conejo Valley Unified 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 Conejo Valley Unified School District's compliance with those requirements.

In our opinion, Conejo Valley Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of Conejo Valley Unified 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 Conejo Valley Unified 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 Conejo Valley Unified 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.

Varrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California

December 11, 2009



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejo Valley Unified School District as of and for the year ended June 30, 2009, and have issued our report thereon dated December 11, 2009. 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 2008-09, 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 Conejo Valley Unified School District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Conejo Valley Unified School District's compliance with the State laws and regulations applicable to the following items:

Table with 3 columns: Item, Procedures in Audit Guide, and Procedures Performed. Rows include Attendance Accounting (Attendance reporting, Independent study, Continuation education), Instructional Time (School districts, County offices of education, Community day schools), Instructional Materials general requirements, Ratios of Administrative Employees to Teachers, Classroom Teacher Salaries, Early retirement incentive, Gann limit calculation, and School Accountability Report Card.

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not Applicable
District or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Not Applicable
After school	4	Not Applicable
Before school	5	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 performed testing of procedure (a) only for Instructional Materials general requirements, as additional procedures were determined to not be required.

Based on our audit, we found that for the items tested, the Conejo Valley Unified 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 Conejo Valley Unified School District had not complied with the laws and regulations. Our audit does not provide a legal determination on Conejo Valley Unified 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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California  
December 11, 2009

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**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)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>
<u>84.010</u>	<u>Title I, Part A - Basic Grants Low-Income and Neglected</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

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None reported.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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None reported.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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None reported.

# CONEJO VALLEY UNIFIED SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

### *Financial Statement Findings*

**2008-1     30000**

#### ***INTERNAL CONTROLS***

##### **Finding**

While performing our documentation of Payroll internal controls, we noted that the Senior Payroll Clerk is responsible for various functions which presents a segregation of duties concern. The clerk is responsible for assigning access to the accounting system, Escape Online, including her own access, with no oversight by a supervisor.

In addition, we noted that the Payroll Department is capable of making changes to salary schedule placement in the system and there is no mitigating control or independent review to ensure that changes are properly recorded. As a result, errors and/or irregularities could occur without being noted.

##### **Recommendation**

The District should provide for adequate segregation of duties by having a management-level employee independent of payroll functions perform the task of assigning access to the various modules of the Escape system. This would ensure that access is given to employees based on the specific requirements of their job functions.

The District should implement procedures to ensure that any changes made to the payroll system, including changes to salary schedule placement, are reviewed and approved by a supervisor. The Escape system is able to generate a report showing all changes to the payroll system during a given date range. An employee independent of the payroll process, preferably in the personnel department, should review this report periodically to ensure that no unauthorized changes have been made. The reports should be initialed and dated by the reviewer and kept on file to demonstrate that the process has been completed.

##### **Current Status**

Implemented



Governing Board  
Conejo Valley Unified School District  
Thousand Oaks, California

In planning and performing our audit of the financial statements of Conejo Valley Unified School District (the District), for the year ended June 30, 2009, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

During our audit we followed up on the prior year findings and recommendations as noted below. This letter does not affect our report dated December 11, 2009, on the government-wide financial statements of Conejo Valley Unified School District.

## CURRENT YEAR OBSERVATIONS AND RECOMMENDATIONS

### *DISTRICT OFFICE - FIXED ASSETS INVENTORY*

#### **Observation**

During our examination, it came to our attention that the District does not maintain a complete and current equipment inventory. In order to accurately report fixed assets, the District's fixed assets accounting system should provide for the following:

- Maintain detail records indicating asset description, acquisition date and costs, funding source, location and serial/identification.
- Such detailed property records should be periodically checked by physical inventory with differences reconciled and records adjusted to reflect changes.
- Have procedures in place governing the disposition of property and equipment including monitoring the disposition of property acquired with grant funds.

We also noted specific areas of concern as they relate to assets currently in the system and the proper reporting of those assets in the financial statements:

- Assets were recorded in the system but coded so that there was no corresponding depreciation. This results in the overstatement of assets and the understatement of depreciation expense.
- Items were noted in the system as capital assets when in reality they should have been expensed in the year the cost was incurred and not shown as a capitalized asset. This would include yearly renewals of software licenses.

**Recommendation**

District management should review its procedures relating to the fixed assets accounting system and implement appropriate modifications to ensure safeguarding of assets and compliance with Federal and State requirements.

***ASSOCIATED STUDENT BODY***

***Colina Middle School***

**Observation**

Internal controls over the disbursement process are not in place. Check request forms are not used, resulting in a lack of evidence for the approval of the disbursement. In addition, 21 out of 21 expenditures tested were purchased prior to being approved. It appears that employees would be reimbursed without submitting supporting documentation.

**Recommendation**

Before checks are written out of the account, a check request form should be completed and include the required authorization signatures. The number of reimbursements should be limited and checks issued directly to vendors after receiving invoices. All check requests and invoices should be kept on file to support the expenditures made from the account.

***CASH COLLECTIONS***

***Ladera Elementary School***

**Observation**

During our audit of cash collections, auditor was unable to reconcile cash on hand to receipts due because a regular receipt book was not maintained. The library did issue receipts, but from multiple receipt books making cash on hand unverifiable. It was also noted that no form of receipting exists for the librarian when she gives a prepared deposit for the district office to pick up at the front office.

**Recommendation**

A single pre-numbered receipt book should be utilized for all school site locations where cash is collected and should be reconciled to cash on hand. When deposits to the district office are prepared, copies of pre-numbered receipts issued should be included to reconcile to the cash being deposited along with an explanation for any discrepancies.

Governing Board  
Conejo Valley Unified School District

***Receipting Site Cash***

**Observation**

Prenumbered receipts are not being used for the collection of money received for lost/damaged books or other funds which are subsequently forwarded to the District office.

**Recommendation**

It is necessary to receipt and reconcile the receipts to bank deposits for the student body funds. The same procedure should be followed for the funds subsequently forwarded to the District Office. These District funds should be forwarded in a timely manner.

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

*Vavrinek, Trine, Day & Co., LLP*  
Rancho Cucamonga, California  
December 11, 2009