



**CONEJO VALLEY UNIFIED
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2008

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

OF VENTURA COUNTY

THOUSAND OAKS, CALIFORNIA

JUNE 30, 2008

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Dorothy Beaubien	President	December 2010
Timothy Stephens, Ed.D.	Vice President	December 2008
Patricia Phelps	Clerk	December 2008
Delores Didio	Member	December 2010
Mike Dunn	Member	December 2010

ADMINISTRATION

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

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CONEJO VALLEY UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION



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, 2008, 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 2007-08* 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, 2008, 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 accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 45 for the year ended June 30, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in 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 information on pages 55, and the schedule of other postemployment benefits (OPEB) on page 56, 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Vaupinek, Triac, Day & Co., LLP

Rancho Cucamonga, California

December 12, 2008



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, 2008. 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 agency funds, which only report a balance sheet and do not have a measurement focus.

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

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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, 2008

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 separate *Statements of Fiduciary Net Assets*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were \$108,925,086 million for the fiscal year ended June 30, 2008. Of this amount, \$9,088,848 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	
	2008	2007
Assets		
Current and other assets	\$ 61,031,384	\$ 64,986,156
Capital assets	143,542,715	126,974,497
Total Assets	204,574,099	191,960,653
Liabilities		
Current liabilities	13,748,260	14,353,785
Long-term obligations	81,900,753	84,654,857
Total Liabilities	95,649,013	99,008,642
Net Assets		
Invested in capital assets, net of related debt	77,683,397	42,276,225
Restricted	22,152,841	942,474
Unrestricted	9,088,848	49,733,312
Total Net Assets	\$ 108,925,086	\$ 92,952,011

The \$9,088,848 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, 2008

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>2008</u>	<u>2007</u>
Revenues		
Program revenues:		
Charges for services	\$ 4,810,351	\$ 5,156,763
Operating grants and contributions	34,020,083	36,417,641
Capital grants and contributions	12,615,912	21,652,910
General revenues:		
Federal and State aid not restricted	62,282,417	63,160,730
Property taxes	80,793,163	76,147,436
Other general revenues	18,833,832	25,543,513
Total Revenues	<u>213,355,758</u>	<u>228,078,993</u>
Expenses		
Instruction-related	142,881,969	130,351,201
Student support services	15,128,221	14,044,487
Administration	9,471,406	9,448,145
Maintenance and operations	16,733,368	18,923,550
Other	12,919,172	22,249,987
Total Expenses	<u>197,134,136</u>	<u>195,017,370</u>
Change in Net Assets	<u>\$ 16,221,622</u>	<u>\$ 33,061,623</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$197,134,136. However, the amount that our taxpayers ultimately financed for these activities through local taxes was \$80,793,163 because the cost was paid by those who benefited from the programs (\$4,810,351) or by other governments and organizations who subsidized certain programs with grants and contributions (\$46,635,995). We paid for the remaining "public benefit" portion of our governmental activities with \$62,282,417 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 six 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	
	2008	2007	2008	2007
Instruction	\$ 124,327,473	\$ 111,799,955	\$ 87,065,696	\$ 48,572,641
Instruction-related activities	18,554,496	18,551,246	16,352,853	18,551,246
Pupil services	15,128,221	14,044,487	7,246,983	14,044,487
Administration	9,471,406	9,448,145	8,470,819	9,448,145
Maintenance and operations	16,733,368	18,923,550	15,446,145	18,923,550
Other	12,919,172	22,249,987	11,105,294	22,249,987
Total	\$ 197,134,136	\$ 195,017,370	\$ 145,687,790	\$ 131,790,056

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$48,726,633, which is a decrease of \$3,415,135 of from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2007	Revenues	Expenditures	June 30, 2008
General Fund	\$ 13,984,279	\$ 177,052,527	\$ 175,196,553	\$ 15,840,253
Building Fund	13,437,611	11,158,029	9,157,191	15,438,449
Capital Facilities Fund	293,530	1,120,798	1,413,337	991
County School Facilities Fund	10,638,964	12,615,912	20,417,157	2,837,719
Non-Major Governmental Funds	13,787,384	22,859,551	22,037,714	14,609,221
Total	\$ 52,141,768	\$ 323,815,459	\$ 228,221,952	\$ 48,726,633

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 \$1,855,974 to \$15,840,253. This increase is primarily due to prudent business practices, implementation of an Energy Conservation/Rebate program, and a hiring freeze.
- The County School Facilities Fund balance decreased \$7,801,245 to \$2,837,719. These State funds were used for school modernization projects including Los Cerritos Middle School's interior ceiling, lighting and corridor renovations, Westlake High School's HVAC upgrades/replacements and ADA compliance projects, and Thousand Oak High School's Science Lab conversion.
- The Building Fund balance increased \$2,000,838 to \$15,438,449. These funds are expended in accordance with the guidelines outlined in the Measure "R" Bond.

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 16, 2008. (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 55).

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had \$143,542,715 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$16,568,218, or 13.1 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2008	2007
Land and construction in progress	\$ 42,246,826	\$ 25,350,419
Buildings and improvements	99,725,156	100,270,819
Equipment	1,570,733	1,353,259
Total	\$ 143,542,715	\$ 126,974,497

Long-Term Obligations

At the end of this year, the District had \$74,800,249 in bonds outstanding versus \$77,323,830 last year, a decrease of \$2,523,581. Long-term obligations consisted of:

Table 6

	Governmental Activities	
	2008	2007
General obligation bonds (financed with property taxes)	\$ 74,800,249	\$ 77,323,830
Capitalized lease obligations	5,565,931	6,667,862
Compensated absences	719,037	663,165
Postemployment benefits obligations	815,536	-
Total	\$ 81,900,753	\$ 84,654,857

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2009 year, the governing board and management used the following criteria:

1. Revenue limit income remains flat.
2. Decrease in the growth rate of new student enrollment.
3. State budget cuts.
4. Possible decline in district enrollment with the opening of our new charter school.

Expenditures are based on the following forecasts:

	<u>Staffing Ratio</u>	<u>Enrollment</u>
Grades kindergarten through third	19:1	5,775
Grades four through eight	30:1	8,029
Grades nine through twelve	30:1	7,357
Special Education (SDC)	12:1	482
Independent Study		87

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, Business Services, 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, 2008

	<u>Governmental Activities</u>
ASSETS	
Deposits and investments	\$ 43,631,368
Receivables	17,035,312
Prepaid expenditures	3,272
Stores inventories	361,432
Capital assets	
Land and construction in progress	42,246,826
Other capital assets	172,735,279
Less: Accumulated depreciation	<u>(71,439,390)</u>
Capital assets, net of accumulated depreciation	<u>143,542,715</u>
Total Assets	<u><u>204,574,099</u></u>
LIABILITIES	
Accounts payable	5,747,844
Interest payable	624,505
Deferred revenue	1,121,396
Claims liabilities	6,254,515
Current portion of long-term obligations	6,338,608
Noncurrent portion of long-term obligations	<u>75,562,145</u>
Total Liabilities	<u><u>95,649,013</u></u>
NET ASSETS	
Invested in capital assets, net of related debt	77,683,397
Restricted for:	
Debt service	6,353,568
Capital projects	7,105,703
Educational programs	4,665,181
Other activities	4,028,389
Unrestricted	<u>9,088,848</u>
Total Net Assets	<u><u>\$ 108,925,086</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, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
Instruction	\$ 124,327,473	\$ 909,461	\$ 23,736,404	\$ 12,615,912	\$ (87,065,696)
Instruction-related activities:					
Supervision of instruction	3,085,468	2,352	1,166,199	-	(1,916,917)
Instructional library, media, and technology	1,459,194	-	5,342	-	(1,453,852)
School site administration	14,009,834	203,878	823,872	-	(12,982,084)
Pupil services:					
Home-to-school transportation	1,764,619	-	1,023,325	-	(741,294)
Food services	5,349,242	3,355,188	1,478,530	-	(515,524)
All other pupil services	8,014,360	4,504	2,019,691	-	(5,990,165)
Administration:					
Data processing	2,507,134	-	37	-	(2,507,097)
All other administration	6,964,272	176,316	824,234	-	(5,963,722)
Plant services	16,733,368	98,930	1,188,293	-	(15,446,145)
Ancillary services	2,189,087	-	3,170	-	(2,185,917)
Community services	886,644	-	787,389	-	(99,255)
Enterprise services	3,576,109	11,805	22,196	-	(3,542,108)
Interest on long-term obligations	4,768,414	-	-	-	(4,768,414)
Other outgo	1,498,918	47,917	941,401	-	(509,600)
Total Governmental Activities	\$ 197,134,136	\$ 4,810,351	\$ 34,020,083	\$ 12,615,912	(145,687,790)
General revenues and subventions:					
					74,435,128
					6,358,035
					62,282,417
					2,693,159
					302,763
					15,837,910
					161,909,412
Change in Net Assets					16,221,622
Net Assets - Beginning					92,703,464
Net Assets - Ending					\$ 108,925,086

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2008

	General Fund	Building Fund	Capital Facilities Fund
ASSETS			
Deposits and investments	\$ 2,215,308	\$ 11,669,143	\$ 1,068,986
Receivables	16,013,127	177,070	14,932
Due from other funds	1,174,841	5,895,628	698,850
Prepaid expenditures	-	-	-
Stores inventories	283,912	-	-
Total Assets	\$ 19,687,188	\$ 17,741,841	\$ 1,782,768
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,971,022	\$ 639,761	\$ 9,707
Due to other funds	211,388	1,641,631	1,772,070
Deferred revenue	664,525	22,000	-
Total Liabilities	3,846,935	2,303,392	1,781,777
Fund Balances:			
Reserved for:			
Revolving cash	30,000	-	-
Stores inventories	283,912	-	-
Prepaid expenditures	-	-	-
Legally restricted balances	4,397,828	-	-
Other reservations	3,000	-	-
Unreserved:			
Designated	7,535,641	-	-
Undesignated, reported in:			
General Fund	3,589,872	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	15,438,449	991
Total Fund Balance	15,840,253	15,438,449	991
Total Liabilities and Fund Balances	\$ 19,687,188	\$ 17,741,841	\$ 1,782,768

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

County School Facilities Fund	Non Major Governmental Funds	Total Governmental Funds
\$ 7,946,305	\$ 15,121,336	\$ 38,021,078
89,268	683,288	16,977,685
942,781	200,744	8,912,844
-	3,272	3,272
-	77,520	361,432
<u>\$ 8,978,354</u>	<u>\$ 16,086,160</u>	<u>\$ 64,276,311</u>

\$ 1,168,829	\$ 726,095	\$ 5,515,414
4,971,806	315,973	8,912,868
-	434,871	1,121,396
<u>6,140,635</u>	<u>1,476,939</u>	<u>15,549,678</u>

-	-	30,000
-	77,520	361,432
-	3,272	3,272
-	-	4,397,828
-	-	3,000
-	3,555	7,539,196
-	-	3,589,872
-	4,211,395	4,211,395
-	6,978,073	6,978,073
2,837,719	3,335,406	21,612,565
<u>2,837,719</u>	<u>14,609,221</u>	<u>48,726,633</u>
<u>\$ 8,978,354</u>	<u>\$ 16,086,160</u>	<u>\$ 64,276,311</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

Total Fund Balance - Governmental Funds		\$ 48,726,633
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
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	\$ 214,982,105	
Accumulated depreciation is	<u>(71,439,390)</u>	
Net Capital Assets		143,542,715
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.		(624,505)
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.		(819,004)
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	(74,800,249)	
Capital leases payable	(5,565,931)	
Compensated absences (vacations)	(719,037)	
Post-employment benefits obligations	<u>(815,536)</u>	
Total Long-Term Obligations		<u>(81,900,753)</u>
Total Net Assets - Governmental Activities		<u><u>\$ 108,925,086</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, 2008

	General Fund	Building Fund	Capital Facilities Fund
REVENUES			
Revenue limit sources	\$ 125,698,294	\$ -	\$ -
Federal sources	6,066,958	-	-
Other State sources	26,722,331	-	-
Other local sources	18,560,944	542,078	1,120,798
Total Revenues	<u>177,048,527</u>	<u>542,078</u>	<u>1,120,798</u>
EXPENDITURES			
Current			
Instruction	116,369,845	-	-
Instruction-related activities:			
Supervision of instruction	3,058,954	-	-
Instructional library, media and technology	1,441,430	-	-
School site administration	13,233,157	-	-
Pupil services:			
Home-to-school transportation	1,763,557	-	-
Food services	-	-	-
All other pupil services	7,951,906	-	-
Administration:			
Data processing	2,364,821	-	-
All other administration	5,919,398	-	34,479
Plant services	16,334,488	600	-
Facility acquisition and construction	24,592	9,156,591	25,627
Ancillary services	2,200,123	-	-
Community services	887,488	-	-
Enterprise services	-	-	-
Debt service			
Principal	-	-	1,101,931
Interest and other	835,470	-	251,300
Total Expenditures	<u>172,385,229</u>	<u>9,157,191</u>	<u>1,413,337</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,663,298</u>	<u>(8,615,113)</u>	<u>(292,539)</u>
Other Financing Sources (Uses)			
Transfers in	4,000	10,615,951	-
Transfers out	(1,312,405)	-	-
Other uses	(1,498,919)	-	-
Net Financing Sources (Uses)	<u>(2,807,324)</u>	<u>10,615,951</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,855,974	2,000,838	(292,539)
Fund Balance - Beginning	13,984,279	13,437,611	293,530
Fund Balance - Ending	<u>\$ 15,840,253</u>	<u>\$ 15,438,449</u>	<u>\$ 991</u>

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

County School Facilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 125,698,294
-	1,677,398	7,744,356
12,099,788	4,071,121	42,893,240
516,124	15,798,627	36,538,571
<u>12,615,912</u>	<u>21,547,146</u>	<u>212,874,461</u>
-	3,099,082	119,468,927
-	-	3,058,954
-	-	1,441,430
-	700,534	13,933,691
-	-	1,763,557
-	5,336,393	5,336,393
-	3,271	7,955,177
-	-	2,364,821
-	922,898	6,876,775
2,777	263,057	16,600,922
10,229,571	1,423,830	20,860,211
-	-	2,200,123
-	-	887,488
-	3,566,207	3,566,207
-	4,690,000	5,791,931
-	1,597,300	2,684,070
<u>10,232,348</u>	<u>21,602,572</u>	<u>214,790,677</u>
<u>2,383,564</u>	<u>(55,426)</u>	<u>(1,916,216)</u>
-	1,312,405	11,932,356
(10,184,809)	(435,142)	(11,932,356)
-	-	(1,498,919)
<u>(10,184,809)</u>	<u>877,263</u>	<u>(1,498,919)</u>
(7,801,245)	821,837	(3,415,135)
10,638,964	13,787,384	52,141,768
<u>\$ 2,837,719</u>	<u>\$ 14,609,221</u>	<u>\$ 48,726,633</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, 2008

Total Net Change in Fund Balances - Governmental Funds		\$ (3,415,135)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	\$ 21,002,128	
Depreciation expense	<u>(4,433,910)</u>	
Net Expense Adjustment		16,568,218
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 \$55,872.		(55,872)
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	4,690,000	
Capital leases	<u>1,101,931</u>	
Net Adjustment		5,791,931
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).		(815,536)
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.		(2,084,344)
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 revenue of the internal service fund is reported with governmental activities.		214,341
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 loss of the internal service fund is reported with governmental activities.		(230,528)
The prior-year audit understated the change in net assets of the self-insurance funds in the government-wide statement of activities		<u>248,547</u>
Change in Net Assets of Governmental Activities		<u><u>\$ 16,221,622</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, 2008**

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
ASSETS			
Current Assets			
Deposits and investments	\$ 3,111,828	\$ 2,498,462	\$ 5,610,290
Receivables	37,882	19,745	57,627
Due from other funds	2,060,338	2,009	2,062,347
Total Current Assets	<u>5,210,048</u>	<u>2,520,216</u>	<u>7,730,264</u>
LIABILITIES			
Current Liabilities			
Accounts payable	76,575	155,855	232,430
Due to other funds	12,323	2,050,000	2,062,323
Claim liabilities	4,354,515	1,900,000	6,254,515
Total Current Liabilities	<u>4,443,413</u>	<u>4,105,855</u>	<u>8,549,268</u>
NET ASSETS			
Unrestricted	766,635	(1,585,639)	(819,004)
Total Net Assets	<u>\$ 766,635</u>	<u>\$ (1,585,639)</u>	<u>\$ (819,004)</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, 2008**

	Governmental Activities		
	<u>Workers' Compensation Internal Service Fund</u>	<u>Health and Welfare Internal Service Fund</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES			
Local and intermediate sources	\$ 1,650,252	\$ 20,909,411	\$ 22,559,663
Total Operating Revenues	<u>1,650,252</u>	<u>20,909,411</u>	<u>22,559,663</u>
OPERATING EXPENSES			
Payroll costs	72,903	158,449	231,352
Supplies and materials	2,238	24,379	26,617
Services and other	-	2,702	2,702
Professional and contract services	690,920	21,857,010	22,547,930
Total Operating Expenses	<u>766,061</u>	<u>22,042,540</u>	<u>22,808,601</u>
Operating Income (Loss)	<u>884,191</u>	<u>(1,133,129)</u>	<u>(248,938)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	130,150	102,601	232,751
Transfers in	-	800,000	800,000
Transfers out	(800,000)	-	(800,000)
Total Nonoperating Revenues (Expenses)	<u>(669,850)</u>	<u>902,601</u>	<u>232,751</u>
Change in Net Assets	214,341	(230,528)	(16,187)
Total Net Assets - Beginning	552,294	(1,355,111)	(802,817)
Total Net Assets - Ending	<u>\$ 766,635</u>	<u>\$ (1,585,639)</u>	<u>\$ (819,004)</u>

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
JUNE 30, 2008**

	<u>Governmental Activities - Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	\$ 22,957,476
Cash payments to employees for services	(231,352)
Cash payments for insurance claims	(23,572,757)
Cash payments for insurance	(198,422)
Cash payments to suppliers for goods and services	(26,617)
Cash payments for facility use	(2,702)
Cash payments for other operating expenses	(11,978)
Net Cash Used by Operating Activities	<u>(1,086,352)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	232,751
Net Cash Provided by Investing Activities	<u>232,751</u>
Net Decrease in Cash and Cash Equivalents	(853,601)
Cash and Cash Equivalents - Beginning	6,463,891
Cash and Cash Equivalents - Ending	<u>\$ 5,610,290</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating loss	\$ (248,938)
Changes in assets and liabilities:	
Receivables	294,690
Due from other funds	(962,630)
Accrued liabilities	50,951
Claims liability	(1,286,178)
Due to other funds	1,065,753
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (1,086,352)</u></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, 2008**

	<u>Trust</u>	<u>Agency Funds</u>
ASSETS		
Deposits and investments	\$ 16	\$ 1,353,572
Receivables	4	45,935
Prepaid expenditures	-	85,126
Stores inventories	-	144,639
Total Assets	<u>20</u>	<u>\$ 1,629,272</u>
LIABILITIES		
Accounts payable	-	\$ 151,058
Due to student groups	-	1,478,214
Total Liabilities	<u>-</u>	<u>\$ 1,629,272</u>
NET ASSETS		
Unreserved	<u>20</u>	
Total Net Assets	<u>\$ 20</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, 2008**

	<u>Trust</u>
ADDITIONS	
Private donations	\$ 5,169
Interest	8
Total Additions	<u>5,177</u>
 DEDUCTIONS	
Other expenditures	<u>5,169</u>
Total Deductions	<u>5,169</u>
 Change in Net Assets	8
Net Assets - Beginning	<u>12</u>
Net Assets - Ending	<u><u>\$ 20</u></u>

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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. The District has no component units.

Other Related Entities

Public Entity Risk Pools and Joint Powers Authorities The District is associated with one public entity risk pool. This organization does not meet the criteria for inclusion as a component unit of the District. Additional information is presented in Note 15 to the financial statements. This organization is:

- Ventura County Schools Self-Funding Authority (VCSSFA)

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:

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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.

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).

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.).

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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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).

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.

Debt Service Funds The Debt Service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

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).

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 goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. 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. The District's agency fund accounts for student body activities (ASB).

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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.

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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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.

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. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Investments

Investments held at June 30, 2008, 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.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the General Fund represent investments required by Federal and State awarding agencies to be set aside by the District for the purpose of satisfying certain requirements of the grant awards.

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.

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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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.

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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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 \$22,152,841 of restricted net assets, of which \$8,693,570 is restricted by enabling legislation.

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 nonoperating revenues and expenses.

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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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 1st of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

Changes in Accounting Principles

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

This Statement provided for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provisions of this Statement for the fiscal year ended June 30, 2008. The District had an annual required contribution of \$1,245,118 for the year ended June 30, 2008, and made a contribution of \$429,652 resulting on an OPEB obligation of \$815,536.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

In May 2007, GASB issued Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement is effective for periods beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later. Early implementation is encouraged.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively. For governments that were classified as phase 1 or phase 2 governments for the purpose of implementing Statement No. 34, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The guidance in this Statement is effective for financial statements for reporting periods beginning after June 15, 2008, with earlier application encouraged.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how State and local governments report information about derivative instruments—financial arrangements used by governments to manage specific risks or make investments—in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2008, are classified in the accompanying financial statements as follows:

Governmental activities	\$43,631,368
Fiduciary funds	<u>1,353,588</u>
Total Deposits and Investments	<u><u>\$44,984,956</u></u>

Deposits and investments as of June 30, 2008, consist of the following:

Cash on hand and in banks	\$ 1,981,956
Cash in revolving	617,546
Investments	<u>42,385,454</u>
Total Deposits and Investments	<u><u>\$44,984,956</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, 2008

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.

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:

Investment Type	Fair Value	Maturity Date
County Pool	\$ 42,758,446	248 days*

* Weighted average days to maturity

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2008, of the District's bank balance of \$2,599,502, \$1,838,176 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, 2008

NOTE 3 - RECEIVABLES

Receivables at June 30, 2008, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	<u>General Fund</u>	<u>Building Fund</u>	<u>Capital Facilities Fund</u>	<u>County School Facilities Fund</u>
Federal Government				
Categorical aid	\$ 3,189,180	\$ -	\$ -	\$ -
State Government				
Apportionment	7,304,929	-	-	-
Categorical aid	2,187,369	-	-	-
Lottery	1,448,341	-	-	-
Local Government				
Interest	914,115	177,070	11,416	89,268
Other Local Sources	969,193	-	3,516	-
Total	<u>\$ 16,013,127</u>	<u>\$ 177,070</u>	<u>\$ 14,932</u>	<u>\$ 89,268</u>

	<u>Non-Major Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>	<u>Fiduciary Funds</u>
Federal Government				
Categorical aid	\$ 257,632	\$ -	\$ 3,446,812	\$ -
State Government				
Apportionment	192,109	-	7,497,038	-
Categorical aid	21,034	-	2,208,403	-
Lottery	-	-	1,448,341	-
Local Government				
Interest	194,882	57,482	1,444,233	-
Other Local Sources	17,631	145	990,485	45,939
Total	<u>\$ 683,288</u>	<u>\$ 57,627</u>	<u>\$ 17,035,312</u>	<u>\$ 45,939</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 18,671,449	\$ -	\$ -	\$ 18,671,449
Construction in Progress	6,678,970	19,851,181	2,954,774	23,575,377
Total Capital Assets Not Being Depreciated	25,350,419	19,851,181	2,954,774	42,246,826
Capital Assets Being Depreciated:				
Land Improvements	30,110,806	524,567	-	30,635,373
Buildings and Improvements	135,347,767	3,304,907	-	138,652,674
Furniture and Equipment	3,170,985	276,247	-	3,447,232
Total Capital Assets Being Depreciated	168,629,558	4,105,721	-	172,735,279
Total Capital Assets	193,979,977	23,956,902	2,954,774	214,982,105
Less Accumulated Depreciation:				
Land Improvements	3,091,439	1,798,880	-	4,890,319
Buildings and Improvements	62,096,315	2,576,257	-	64,672,572
Furniture and Equipment	1,817,726	58,773	-	1,876,499
Total Accumulated Depreciation	67,005,480	4,433,910	-	71,439,390
Governmental Activities Capital Assets, Net	\$ 126,974,497	\$ 19,522,992	\$ 2,954,774	\$ 143,542,715

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

Governmental Activities	
Instruction	\$ 4,234,383
Food services	22,170
Data processing	133,017
All other administration	22,170
Facility acquisition and construction	22,170
Total Depreciation Expenses Governmental Activities	<u>\$ 4,433,910</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances consist of amounts due for cost allocation. Interfund receivable and payable balances at June 30, 2008, 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	County School Facilities Fund	Non-Major Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 1,000,000	\$ -	\$ 164,221	\$ 10,620	\$ 1,174,841
Building Fund	-	-	772,070	4,971,806	151,752	-	5,895,628
Capital Facilities Fund	-	698,850	-	-	-	-	698,850
County School Facilities Fund	-	942,781	-	-	-	-	942,781
Non-Major Governmental Funds	199,041	-	-	-	-	1,703	200,744
Internal Service Funds	12,347	-	-	-	-	2,050,000	2,062,347
Total	\$ 211,388	\$ 1,641,631	\$ 1,772,070	\$ 4,971,806	\$ 315,973	\$ 2,062,323	\$ 10,975,191

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Operating Transfers

Interfund transfers for the year ended June 30, 2008, consisted of the following:

Transfer To	Transfer From				Total
	General Fund	County School Facility Fund	Non-Major Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 4,000	\$ -	\$ 4,000
Building Fund	-	10,184,809	431,142	-	10,615,951
Non-Major Governmental Funds	1,312,405	-	-	-	1,312,405
Internal Service Funds	-	-	-	800,000	800,000
Total	<u>\$1,312,405</u>	<u>\$10,184,809</u>	<u>\$ 435,142</u>	<u>\$800,000</u>	<u>\$12,732,356</u>

The General Fund transferred to the Deferred Maintenance Fund for the required match.	\$ 971,821
The General Fund transferred to the Special Reserve Fund for Other Than Capital Outlay Projects for cash flow in the receiving fund.	340,584
The Adult Education Fund transferred to the Building Fund to reimburse for capital outlay.	149,022
The County School Facilities fund transferred to the Building Fund for capital outlay.	10,184,809
The Special Reserve Fund for Capital Outlay Projects transferred to the Building Fund for capital outlay.	282,120
The Special Reserve Fund for Capital Outlay Projects transferred to the General Fund for interest owed.	4,000
The Workers' Compensation Fund transferred to the Health and Welfare Benefits Fund for cash flow in the Health and Welfare Benefits Fund.	800,000
Total	<u>\$12,732,356</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2008, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund
Vendor payables	\$ 1,612,557	\$ -	\$ 9,707	\$ -
State apportionment	665	-	-	-
Salaries and benefits	1,116,590	-	-	-
Other significant payables	15,398	-	-	-
Construction	-	639,761	-	1,168,829
Ventura County Office of Education	225,812	-	-	-
Total	<u>\$ 2,971,022</u>	<u>\$ 639,761</u>	<u>\$ 9,707</u>	<u>\$ 1,168,829</u>

	Non-Major Governmental Funds	Internal Service Funds	Total	Fiduciary Funds
Vendor payables	\$ 480,238	\$ 232,430	\$ 2,102,502	\$ 151,058
State apportionment	119,676	-	120,341	-
Salaries and benefits	126,181	-	1,242,771	-
Other significant payables	-	-	15,398	-
Construction	-	-	1,808,590	-
Ventura County Office of Education	-	-	225,812	-
Total	<u>\$ 726,095</u>	<u>\$ 232,430</u>	<u>\$ 5,515,414</u>	<u>\$ 151,058</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2008, consists of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 7,318	\$ -	\$ -	\$ 7,318
State categorical aid	58,153	-	36,765	94,918
Other local	599,054	22,000	398,106	1,019,160
Total	<u>\$ 664,525</u>	<u>\$ 22,000</u>	<u>\$ 434,871</u>	<u>\$ 1,121,396</u>

NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 1, 2007, the District issued \$19,935,000 Tax and Revenue Anticipation Notes bearing interest at 4.25 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on July 1, 2008. By May, 2008, 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 \$19,935,000 and related accrued interest and cash held in trust are not included in these financial statements.

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

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008	Due in One Year
General obligation bonds	\$ 77,323,830	\$ 2,166,419	\$ 4,690,000	\$ 74,800,249	\$ 5,190,000
Accumulated vacation - net	663,165	55,872	-	719,037	-
Capital leases	6,667,862	-	1,101,931	5,565,931	1,148,608
Post-employment benefits obligations	-	815,536	-	815,536	-
	<u>\$ 84,654,857</u>	<u>\$ 3,037,827</u>	<u>\$ 5,791,931</u>	<u>\$ 81,900,753</u>	<u>\$ 6,338,608</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 will be paid by the Capital Facilities Fund. The postemployment benefits will be 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, 2008, the principal balance outstanding was \$9,245,000.

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, 2008, the principal balance outstanding was \$5,620,000.

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, 2008, the principal balance outstanding was \$32,467,334.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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, 2008, the principal balance outstanding was \$11,657,915.

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, 2008, the principal balance outstanding was \$15,810,000.

The outstanding general obligation bonded debt is as follows:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Bonds Outstanding July 1, 2007</u>	<u>Additions/ Accreted Interest</u>	<u>Redeemed</u>	<u>Bonds Outstanding June 30, 2008</u>
Current Interest							
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	4,830,000	-	2,300,000	2,530,000
10/26/2000	8/1/2009	4.00-5.75%	19,020,000	8,010,000	-	2,390,000	5,620,000
11/15/2004	8/1/2019	2.50-4.50%	16,015,000	15,810,000	-	-	15,810,000
Capital Appreciation							
10/26/2000	8/1/2015	4.75-5.40%	19,990,115	28,408,673	1,528,661	-	29,937,334
04/04/2002	8/1/2017	5.55-5.60%	8,205,028	11,020,156	637,759	-	11,657,915
				<u>\$ 77,323,829</u>	<u>\$2,166,420</u>	<u>\$4,690,000</u>	<u>\$ 74,800,249</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Debt Service Requirements to Maturity

Current Interest

Year Ending June 30,	Current Interest Bonds		Capital Appreciation Bonds		
	Principal	Interest	Principal	Future Interest Accretion	Total
2009	\$ 5,190,000	\$ 1,382,903	\$ -	\$ 1,323,865	\$ 7,896,768
2010	2,960,000	1,189,395	2,631,102	2,303,193	9,083,690
2011	3,300,000	1,042,495	2,634,830	2,286,001	9,263,326
2012	1,900,000	932,345	4,044,409	2,214,860	9,091,614
2013	1,980,000	847,935	4,320,631	2,072,400	9,220,966
2014-2018	2,065,000	3,603,712	27,964,276	5,774,433	39,407,421
2019-2020	15,810,000	718,875	-	-	16,528,875
Total	<u>\$ 33,205,000</u>	<u>\$ 9,717,660</u>	<u>\$ 41,595,248</u>	<u>\$ 15,974,752</u>	<u>\$100,492,660</u>

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2008, amounted to \$719,037.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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, 2007	\$ 7,536,373
Payments	1,370,250
Balance, June 30, 2008	<u>\$ 6,166,123</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2009	\$ 1,370,250
2010	1,370,250
2011	1,370,250
2012	1,370,250
2013	685,123
Total	<u>6,166,123</u>
Less: Amount Representing Interest	600,192
Present Value of Minimum Lease Payments	<u>\$ 5,565,931</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, 2008, was \$1,245,188 and contributions made by the District during the year were \$429,652, which resulted in a net OPEB obligation of \$815,536. 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, 2008

NOTE 10 - FUND BALANCES

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

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund
Reserved				
Revolving cash	\$ 30,000	\$ -	\$ -	\$ -
Stores inventories	283,912	-	-	-
Prepaid expenditures	-	-	-	-
Restricted programs	4,397,828	-	-	-
Other restriction	3,000	-	-	-
Total Reserved	<u>4,714,740</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved				
Designated				
Economic uncertainties	5,138,263	-	-	-
Other designation	2,397,378	-	-	-
Total Designated	<u>7,535,641</u>	<u>-</u>	<u>-</u>	<u>-</u>
Undesignated	3,589,872	15,438,449	991	2,837,719
Total Unreserved	<u>11,125,513</u>	<u>15,438,449</u>	<u>991</u>	<u>2,837,719</u>
Total	<u>\$ 15,840,253</u>	<u>\$ 15,438,449</u>	<u>\$ 991</u>	<u>\$ 2,837,719</u>

	Non-Major Governmental Funds	Total	Fiduciary Funds
Reserved			
Revolving cash	\$ -	\$ 30,000	\$ -
Stores inventories	77,520	361,432	-
Prepaid expenditures	3,272	3,272	-
Restricted programs	-	4,397,828	-
Other restriction	-	3,000	-
Total Reserved	<u>80,792</u>	<u>4,795,532</u>	<u>-</u>
Unreserved			
Designated			
Economic uncertainties	-	5,138,263	-
Other designation	3,555	2,400,933	-
Total Designated	<u>3,555</u>	<u>7,539,196</u>	<u>-</u>
Undesignated	14,524,874	36,391,905	20
Total Unreserved	<u>14,528,429</u>	<u>43,931,101</u>	<u>20</u>
Total	<u>\$ 14,609,221</u>	<u>\$ 48,726,633</u>	<u>\$ 20</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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 124 retirees and beneficiaries currently receiving benefits, and 1,695 active plan members. Separate financial statements are not prepared for the Plan.

Contribution Information

For fiscal year 2007-08, the District contributed \$429,652 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	\$ 1,245,118
Annual OPEB cost (expense)	<u>(429,582)</u>
Increase in net OPEB obligation	815,536
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 815,536</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2008 was as follows:

Year Ended	Annual Required	Percentage	Net OPEB
<u>June 30, 2008</u>	<u>Contribution</u>	<u>Contributed</u>	<u>Obligation</u>
2008	\$ 1,245,118	34.5%	\$ 815,536

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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, 2008, 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

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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

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, 2006 to June 30, 2008 (in thousands):

	Workers' Compensation	Health Care
Liability Balance, July 1, 2006	\$ 7,863,086	\$ 2,182,634
Claims and changes in estimates	(737,969)	20,430,280
Claims payments	<u>(1,767,058)</u>	<u>(20,430,280)</u>
Liability Balance, June 30, 2007	5,358,059	2,182,634
Claims and changes in estimates	(312,624)	21,857,011
Claims payments	<u>(690,920)</u>	<u>(22,139,645)</u>
Liability Balance, June 30, 2008	<u>\$ 4,354,515</u>	<u>\$ 1,900,000</u>
Assets available to pay claims at June 30, 2008	<u><u>\$ 5,210,048</u></u>	<u><u>\$ 2,520,216</u></u>

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the 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 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, CA 95826.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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 2007-2008 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, 2008, 2007, and 2006, were \$7,164,676, \$6,905,985, and \$6,521,822, 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 death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 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 2007-2008 was 9.306 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2008, 2007, and 2006, were \$2,079,527, \$1,970,885, and \$1,832,711, 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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$3,922,764 (4.517 percent of salaries subject to CalSTRS). No contributions were made for CalPERS for the year ended June 30, 2008. 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*.

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, 2008.

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, 2008.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Construction Commitments

As of June 30, 2008, the District had the following commitments with respect to the unfinished capital projects:

<u>Capital Projects</u>	Remaining Construction Commitment	Expected Date of Completion
Meadows Elementary School - Heating and air conditioning	\$ 79,800	11/18/08
Park Oaks Elementary School - Shade structure	17,200	12/31/08
Los Cerritos Middle School Modernization	1,169,026	12/31/08
Elevator	48,668	11/18/08
Redwood Middle School	928,522	12/31/08
Thousand Oaks High School - Lab improvements	583,395	12/31/08
Westlake High School Heating, air conditioning, and electrical	1,310,577	12/31/08
Utilities and handicap access	954,335	12/31/08
Other modernization projects	301,293	12/31/08
	<u>\$ 5,392,816</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, 2008, the District made payments of \$1,457,549 to VCSSFA for services received.

NOTE 16 - SUBSEQUENT EVENTS

The District issued \$19,780,000 of Tax and Revenue Anticipation Notes dated July 1, 2008. The notes mature on July 6, 2009, and yield 1.65 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 2009, until 100 percent of principal and interest due is on account in May 2009.

REQUIRED SUPPLEMENTARY INFORMATION

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variations -
	(GAAP Basis)			Positive
	Original	Final		(Negative) Final to Actual
REVENUES				
Revenue limit sources	\$ 125,591,330	\$ 125,698,294	\$ 125,698,294	\$ -
Federal sources	5,830,879	6,324,779	6,066,958	(257,821)
Other State sources	21,005,979	23,194,231	26,722,331	3,528,100
Other local sources	14,563,086	18,708,656	18,560,944	(147,712)
Total Revenues ¹	166,991,274	173,925,960	177,048,527	3,122,567
EXPENDITURES				
Current				
Instruction	107,560,382	119,638,103	116,369,845	3,268,258
Instruction-related activities:				
Supervision of instruction	3,026,689	3,004,385	3,058,954	(54,569)
Instructional library, media, and technology	1,418,929	1,503,817	1,441,430	62,387
School site administration	12,978,358	12,981,796	13,233,157	(251,361)
Pupil services:				
Home-to-school transportation	2,030,510	1,729,002	1,763,557	(34,555)
All other pupil services	7,594,462	8,441,465	7,951,906	489,559
Administration:				
Data processing	2,478,495	2,972,642	2,364,821	607,821
All other administration	6,171,858	6,303,670	5,919,398	384,272
Plant services	16,905,107	17,212,345	16,334,488	877,857
Facility acquisition and construction	-	49,441	24,592	24,849
Ancillary services	1,463,689	1,960,197	2,200,123	(239,926)
Community services	862,888	852,481	887,488	(35,007)
Debt service				
Interest	771,433	835,470	835,470	-
Total Expenditures ¹	163,262,800	177,484,814	172,385,229	5,099,585
Excess (Deficiency) of Revenues Over Expenditures	3,728,474	(3,558,854)	4,663,298	8,222,152
Other Financing Sources (Uses)				
Transfers in	4,000	4,000	4,000	-
Transfers out	(1,946,021)	(1,313,575)	(1,312,405)	1,170
Other uses	(1,408,851)	(1,369,840)	(1,498,919)	(129,079)
Net Financing Uses	(3,350,872)	(2,679,415)	(2,807,324)	(127,909)
NET CHANGE IN FUND BALANCES	377,602	(6,238,269)	1,855,974	8,094,243
Fund Balance - Beginning	13,984,279	13,984,279	13,984,279	-
Fund Balance - Ending	\$ 14,361,881	\$ 7,746,010	\$ 15,840,253	\$ 8,094,243

¹ On behalf payments of \$3,922,764 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, 2008**

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

SUPPLEMENTARY INFORMATION

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through the California Department of Education (CDE):			
Adult Basic Education and English as a Second Language	84.002A	14508	\$ 105,749
Adult Education - Secondary Education	84.002A	13978	664
Adult Education - English Literacy and Civic Education	84.002A	14109	18,856
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	84.010	14329	1,016,856
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	583,299
Title II, Part D - Enhancing Education Through Technology	84.318	14334	7,607
Title III - Immigrant Education Program	84.365	14346	77,454
Title III - Limited English Proficiency	84.365	10084	173,510
Title IV, Part A - Safe and Drug-Free Schools and Communities	84.186	14347	83,312
Title V, Part A - Innovative Education Strategies	84.298A	14354	11,336
Transition Partnership Program -Workability II	84.158	10006	251,782
Advanced Placement Test Fee Program	84.330	14831	3,037
Subtotal			<u>2,333,462</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	3,444,363
Part B, Section 611, Preschool Local Entitlement	84.027A	13682	209,995
Part B, Section 619, Federal Preschool Grants	84.173	13430	116,119
Part B, Section 617, Low Incidence Entitlement	84.027A	13459	1,954
Subtotal			<u>3,772,431</u>
Carl Perkins Vocational and Applied Technology			
Vocational Programs: Vocational and Application Technology			
Post-secondary and Adult - Title II C, Sec 131	84.048A	14894	86,334
Total U.S. Department of Education			<u>6,317,496</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, 2008**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the CDE:			
National School Lunch Program	10.555	13523	\$ 1,050,547
Basic School Breakfast	10.553	13525	33,286
Especially Needy Breakfast	10.553	13526	221,082
Meal Supplement Program	10.555	13158	19,858
Food Distribution	10.555	13389	223,891
Subtotal			<u>1,548,664</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Child Development Quality Improvement Activities	93.575	13979	3,465
Total Federal Programs			<u>\$ 7,869,625</u>

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2008

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>
Dorothy Beaubien	President	December 2010
Timothy Stephens, Ed.D.	Vice President	December 2008
Patricia Phelps	Clerk	December 2008
Delores Didio	Member	December 2010
Mike Dunn	Member	December 2010

ADMINISTRATION

Mario Contini	Superintendent
Jeffrey Baarstad, Ed.D.	Assistant Superintendent, Business Services
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, 2008**

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	1,290	1,290
First through third	4,363	4,369
Fourth through sixth	4,563	4,565
Seventh and eighth	3,313	3,308
Home and hospital	1	1
Special education	321	332
Total Elementary	13,851	13,865
SECONDARY		
Regular classes	6,999	6,966
Continuation education	177	171
Home and hospital	1	1
Special education	178	194
Total Secondary	7,355	7,332
Total K-12	21,206	21,197
CLASSES FOR ADULTS		
Concurrently enrolled	11	15
Not concurrently enrolled	988	1,037
Total Classes for Adults	999	1,052
Grand Total	22,205	22,249
		Hours of Attendance
SUMMER SCHOOL		
Elementary		92,391
High school		163,680
Total Hours		256,071

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2008**

Grade Level	1982-83	1986-87	2007-08	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			54,000	180	N/A	Complied
Grade 5			54,000	180	N/A	Complied
Grade 6			54,150	180	N/A	Complied
Grades 7 - 8	53,375	54,000				
Grade 7			54,319	180	N/A	Complied
Grade 8			54,319	180	N/A	Complied
Grades 9 - 12	53,375	64,800				
Grade 9			65,550	180	N/A	Complied
Grade 10			65,550	180	N/A	Complied
Grade 11			65,550	180	N/A	Complied
Grade 12			65,550	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, 2008

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

	<u>Self- Insurance Fund</u>
FUND BALANCE	
Balance, June 30, 2008, Unaudited Actuals	\$ 1,460,460
Increase in:	
Claims liability	<u>(2,279,464)</u>
Balance, June 30, 2008, Audited Financial Statement	<u><u>\$ (819,004)</u></u>

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

	(Budget) 2008 ¹	2008	2007	2006
GENERAL FUND				
Revenues	\$ 165,572,257	\$ 177,048,527	\$ 171,730,258	\$ 155,072,856
Other sources and transfers in	754,000	4,000	129,000	1,386,769
Total Revenues and Other Sources	166,326,257	177,052,527	171,859,258	156,459,625
Expenditures	166,295,597	172,385,229	165,480,522	152,970,164
Other uses and transfers out	934,064	2,811,324	1,419,850	1,505,502
Total Expenditures and Other Uses	167,229,661	175,196,553	166,900,372	154,475,666
INCREASE (DECREASE) IN FUND BALANCE	<u>\$ (903,404)</u>	<u>\$ 1,855,974</u>	<u>\$ 4,958,886</u>	<u>\$ 1,983,959</u>
ENDING FUND BALANCE	<u>\$ 14,936,849</u>	<u>\$ 15,840,253</u>	<u>\$ 13,984,279</u>	<u>\$ 9,025,393</u>
AVAILABLE RESERVES ²	<u>\$ 9,105,891</u>	<u>\$ 8,728,135</u>	<u>\$ 7,452,383</u>	<u>\$ 5,530,848</u>
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ³	<u>5.45%</u>	<u>5.10%</u>	<u>4.47%</u>	<u>3.58%</u>
LONG-TERM OBLIGATIONS	<u>N/A</u>	<u>\$ 81,900,753</u>	<u>\$ 84,654,857</u>	<u>\$ 83,111,405</u>
K-12 AVERAGE DAILY ATTENDANCE AT P-2 ⁴	<u>21,206</u>	<u>21,206</u>	<u>21,709</u>	<u>21,705</u>

The General Fund balance has increased by \$6,814,860 over the past two years. The fiscal year 2008-2009 budget projects a decrease of \$903,404 (5.7 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, but anticipates incurring an operating deficit during the 2008-2009 fiscal year. Total long-term obligations have decreased by \$1,210,652 over the past two years.

Average daily attendance has decreased by 499 over the past two years. No change in ADA is anticipated for the fiscal year 2008-2009.

¹ Budget 2009 is included for analytical purposes only and has not been subjected to audit.

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

³ On behalf payments of \$3,922,764 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2008.

⁴ Excludes adult education ADA.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

EXCESS SICK LEAVE

JUNE 30, 2008

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

Conejo Valley Unified School District does not provide more than 12 sick leave days in a school year to any superintendent, other high level administrator, teacher, or CalSTRS member.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2008

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.

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.

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.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Excess Sick Leave

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

SUPPLEMENTARY INFORMATION - UNAUDITED

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - UNAUDITED
JUNE 30, 2008**

	Adult Education Fund	Child Development Fund	Cafeteria Fund
ASSETS			
Deposits and investments	\$ 257,457	\$ 592,734	\$ 74,194
Receivables	233,765	32,896	245,782
Due from other funds	182,831	-	3,029
Prepaid expenditures	-	3,272	-
Stores inventories	-	-	77,520
Total Assets	\$ 674,053	\$ 628,902	\$ 400,525
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 257,495	\$ 43,928	\$ 119,617
Due to other funds	149,205	2,481	156,025
Deferred revenue	-	434,871	-
Total Liabilities	406,700	481,280	275,642
Fund Balances:			
Reserved for:			
Stores inventories	-	-	77,520
Prepaid expenditures	-	3,272	-
Unreserved:			
Designated	3,555	-	-
Undesignated, reported in:			
Special revenue funds	263,798	144,350	47,363
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total Fund Balance	267,353	147,622	124,883
Total Liabilities and Fund Balances	\$ 674,053	\$ 628,902	\$ 400,525

See accompanying note to supplementary information - unaudited.

Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
\$ 4,015,351	\$ 3,278,290	\$ 6,903,310	\$ 15,121,336
48,349	47,733	74,763	683,288
-	14,884	-	200,744
-	-	-	3,272
-	-	-	77,520
<u>\$ 4,063,700</u>	<u>\$ 3,340,907</u>	<u>\$ 6,978,073</u>	<u>\$ 16,086,160</u>
\$ 304,442	\$ 613	\$ -	\$ 726,095
3,374	4,888	-	315,973
-	-	-	434,871
<u>307,816</u>	<u>5,501</u>	<u>-</u>	<u>1,476,939</u>
-	-	-	77,520
-	-	-	3,272
-	-	-	3,555
3,755,884	-	-	4,211,395
-	-	6,978,073	6,978,073
-	3,335,406	-	3,335,406
<u>3,755,884</u>	<u>3,335,406</u>	<u>6,978,073</u>	<u>14,609,221</u>
<u>\$ 4,063,700</u>	<u>\$ 3,340,907</u>	<u>\$ 6,978,073</u>	<u>\$ 16,086,160</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2008**

	Adult Education Fund	Child Development Fund	Cafeteria Fund
REVENUES			
Federal sources	\$ 125,269	\$ 3,465	\$ 1,548,664
Other State sources	2,786,246	232,825	115,160
Other local sources	1,430,480	4,158,715	3,451,415
Total Revenues	<u>4,341,995</u>	<u>4,395,005</u>	<u>5,115,239</u>
EXPENDITURES			
Current			
Instruction	2,741,950	357,132	-
Instruction-related activities:			
School site administration	700,534	-	-
Pupil services:			
Food services	-	-	5,336,393
All other pupil services	3,271	-	-
Administration:			
All other administration	476,508	446,390	-
Plant services	202,104	-	60,953
Facility acquisition and construction	8,529	-	-
Enterprise services	-	3,566,207	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	<u>4,132,896</u>	<u>4,369,729</u>	<u>5,397,346</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>209,099</u>	<u>25,276</u>	<u>(282,107)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(149,022)	-	-
Net Financing Sources (Uses)	<u>(149,022)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	60,077	25,276	(282,107)
Fund Balance - Beginning	207,276	122,346	406,990
Fund Balance - Ending	<u>\$ 267,353</u>	<u>\$ 147,622</u>	<u>\$ 124,883</u>

See accompanying note to supplementary information - unaudited.

Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 1,677,398
885,231	-	51,659	4,071,121
131,396	142,602	6,484,019	15,798,627
<u>1,016,627</u>	<u>142,602</u>	<u>6,535,678</u>	<u>21,547,146</u>
-	-	-	3,099,082
-	-	-	700,534
-	-	-	5,336,393
-	-	-	3,271
-	-	-	922,898
-	-	-	263,057
1,347,131	68,170	-	1,423,830
-	-	-	3,566,207
-	-	4,690,000	4,690,000
-	-	1,597,300	1,597,300
<u>1,347,131</u>	<u>68,170</u>	<u>6,287,300</u>	<u>21,602,572</u>
<u>(330,504)</u>	<u>74,432</u>	<u>248,378</u>	<u>(55,426)</u>
971,821	340,584	-	1,312,405
-	(286,120)	-	(435,142)
<u>971,821</u>	<u>54,464</u>	<u>-</u>	<u>877,263</u>
641,317	128,896	248,378	821,837
3,114,567	3,206,510	6,729,695	13,787,384
<u>\$ 3,755,884</u>	<u>\$ 3,335,406</u>	<u>\$ 6,978,073</u>	<u>\$ 14,609,221</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION - UNAUDITED JUNE 30, 2008

NOTE 1 - PURPOSE OF SCHEDULES

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

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

INDEPENDENT AUDITORS' REPORTS



**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, 2008, which collectively comprise Conejo Valley Unified School District's basic financial statements and have issued our report thereon dated December 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the 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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. See finding 2008-1.

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 the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2008-1.

We noted certain matters that we reported to management of Conejo Valley Unified School District in a separate letter dated December 12, 2008.

Conejo Valley Unified School District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Conejo Valley Unified School District's response and, accordingly, express no opinion.

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, Trinc, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2008



**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, 2008. 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, 2008.

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.

Varrinck, Trine, Day & Co., LLP
Rancho Cucamonga, California
December 12, 2008



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, 2008, and have issued our report thereon dated December 12, 2008. 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 2007-08*, 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:

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten continuance	3	Yes
Independent study	23	Yes
Continuation education	10	Yes
Adult education	9	Yes
Regional occupational centers and programs	6	Not Applicable
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not Applicable
Community day schools	9	Not Applicable
Morgan-Hart Class Size Reduction	7	Yes
Instructional Materials:		
General requirements	12	Yes
K-8 only	1	Yes
9-12 only	1	Yes

	Procedures in Audit Guide	Procedures Performed
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early retirement incentive	4	Not Applicable
Gann limit calculation	1	Yes
School Construction Funds:		
School District bonds	3	Yes
State school facilities funds	1	Yes
Excess sick leave	2	Yes
Notice of right to elect California State Teachers Retirement System (CalSTRS) membership	1	Yes
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-SAFE) Program	3	Yes
School Accountability Report Card	3	Yes
Mathematics and Reading Professional Development	4	Not Applicable
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

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.

Vavrinck, Trinc, Day & Co., LLP
 Rancho Cucamonga, California
 December 12, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2008**

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>Yes</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>84.010</u>	<u>NCLB, Title I, Part A</u>
<u>84.027, 84.027A, and 84.173</u>	<u>IDEA Cluster (Individuals with Disabilities Education Act)</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, 2008

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

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.

District Response

The District is currently in a transitional phase of upgrading our financial system software. At the conclusion of this period, the District intends to reach and maintain satisfactory internal controls within the Payroll Department.

Our Escape software system is able to generate reports showing changes made to the payroll system within a specific time period. A management level employee in the Personnel Department will review these reports and verify appropriate authorizations were made to implement these changes. The reviewer will sign and date the report, and maintain these reports on file per the auditor's recommendations.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

None reported.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

None reported.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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

2007-1 30000

INADEQUATE INTERNAL CONTROL OF ASB FUND

Westlake High School

Finding

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

Recommendation

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

Current Status

Implemented.

State Award Findings

2007-2 10000

INACCURATE ATTENDANCE ACCOUNTING

Manzanita Elementary School and Conejo Elementary School

Finding

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

Recommendation

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008**

Current Status

Implemented.

2007-3 10000

INACCURATE REPORTING OF P-2 ATTENDANCE

Finding

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

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

Recommendation

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

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, for the year ended June 30, 2008, 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 12, 2008, on the government-wide financial statements of Conejo Valley Unified School District.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

SITE CASH COLLECTIONS

Acacia Elementary

Finding

- Receipts are not written for amounts collected.
- Monies are not deposited to the District Office.
- Cash collections are used for purchases.
- Petty cash on hand and receipts do not balance to imprest amount.

Cypress Elementary

Finding

- Pre-numbered receipts are not being used.
- Monies are not deposited to the District Office in a timely basis.

Park Oaks Elementary

Finding

- Pre-numbered receipts are not being used.
- Petty Cash on hand and receipts do not balance to imprest amount.

Westlake High School

Finding

- Monies collected are not receipted
- Petty cash on hand and receipts do not balance to imprest amount.

Conejo Valley Continuation High School

Finding

- Petty cash on hand and receipts do not balance to imprest amount.

Recommendation

Sites should be instructed to issue pre-numbered receipts for all cash collections and deposit all cash collections in a timely manner. District also should instruct the site that all receipts should be written and deposited in sequential order. Collections should not be used for purchases because this does not allow for all activity to be included in the District's general ledger. Finally, site employees should carefully maintain their petty cash fund to ensure that it does balance to the starting amount.

ASSOCIATED STUDENT BODY ACCOUNTS

Sycamore Middle School

Finding

During the audit of the Sycamore Middle School ASB account we noted the following issues:

- Pre-numbered receipts are not being used.
- Sales reports are not reviewed before being submitted to the student body bookkeeper for deposit of the funds collected.
- Revenue potential forms to document and control fund-raising activities as they occur are not being used and/or are incomplete. These forms supply an element of internal control without which it is difficult to determine the success of a fundraiser, to track money as it is spent and received, and to track inventory on hand.

Recommendation

- Sites should be instructed to issue pre-numbered receipts for all cash collections and deposit all cash collections in a timely manner. District also should instruct the site that all receipts should be written in sequential order and all cash collections must be receipted.
- The sales report should be carefully reviewed before it is forwarded to the bookkeeper. The mathematical accuracy of the sales recap should be double checked and the cash shortage and overage should be clearly documented. Should the cash variance be large, an explanation should be stated on the form.
- As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the students and the staff the success or failure of the completed project. The revenue potential also indicates weak control areas in the fund-raising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due and so forth. The revenue potential form used at the site should contain four major elements. These are:
 1. Potential Income-This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be used to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.
 2. Receipts/Fundraiser Deposits-This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.
 3. Analysis-This section is used to compare the potential income as calculated in the Potential Income section to the actual funds raised as calculated in the Receipts/Fundraiser Deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.
 4. Recap-This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Westlake High School

Finding

In reviewing the cash disbursement procedures at the site, we noted that several expenditures purchased using ASB funds were for prohibited items. In addition, these expenditures were not approved by the student government prior to the purchases being made.

In reviewing the sites outstanding check listing for the October reconciliation, we noted that numerous checks were over one year old, making the probability of their clearing the account quite low.

Governing Board
Conejo Valley Unified School District

Recommendation

The site should review the cash disbursement procedures outlined in the Fiscal Crisis & Management Team's manual titled, "Associated Student Body Accounting Manual & Desk Reference." The manual explains expenditures that should not be purchased using ASB funds or from a student body account and that all expenditures must be approved in advance.

Outstanding checks over one year old should be credited back to the appropriate account and taken off the subsequent bank reconciliations. Although the chances are low, the check may clear on a subsequent bank statement. In this case, the amount should be charged against the appropriate account and described as "outstanding check written off-cleared".

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

Vaurink, Trine, Day & Co., LLP
Rancho Cucamonga, California
December 12, 2008