


# SIMI VALLEY UNIFIED SCHOOL DISTRICT

## ANNUAL FINANCIAL REPORT

## JUNE 30, 2009

**SIMI VALLEY UNIFIED SCHOOL DISTRICT**

**OF VENTURA COUNTY**

**SIMI VALLEY, CALIFORNIA**

**JUNE 30, 2009**

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## GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---|---|---|
| Eric Lundstrom | President | 2010 |
| Jeanne Davis | Clerk | 2010 |
| Rob Collins | Member | 2012 |
| Janice DiFatta | Member | 2012 |
| Debbie Sandland | Member | 2012 |

## ADMINISTRATION

| | |
|---|---|
| Kathryn Scroggin, Ed.D. | Superintendent |
| Don Gaudioso | Assistant Superintendent, Personnel Services |
| Lowell Schultze | Associate Superintendent, Business and Facilities |

**SIMI VALLEY UNIFIED SCHOOL DISTRICT**

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# *FINANCIAL SECTION*

# INDEPENDENT AUDITORS' REPORT

Governing Board
Simi Valley Unified School District
Simi Valley, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Simi Valley Unified School District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2008-2009,* 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 Simi Valley Unified School District, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.



8270 Aspen Street Rancho Cucamonga, CA 91730 Tel: 909.466.4410 Fax: 909.466.4431 www.vtdcpa.com
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The required supplementary information, such as management's discussion and analysis on pages 4 through 17 and budgetary comparison and other postemployment information on pages 62 and 63, 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*, the Combining Statements – Non-Major Governmental Funds and the General Fund and Cafeteria Fund/Account Selected Financial Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vavrinek, Trine, Day & Co, LLP

Rancho Cucamonga, California
December 8, 2009

Simi Valley Unified School District – Business Services – 875 E. Cochran Street – Simi Valley, CA 93065 805 520-6510 – FAX 805 520-6144

**Assistant Superintendent**
**Business Services**
*Lowell Schultze*

SIMI VALLEY SCHOOLS
A World of Learners

**Board of Education**
*Rob Collins*
*Jeanne Davis*
*Janice DiFatta*
*Eric Lundstrom*
*Debbie Sandland*

This section of Simi Valley Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009, with comparative information from 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 Simi Valley Unified School District.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the District (including land and buildings) 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, proprietary and fiduciary.

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

The *Proprietary Funds* are prepared using the economic resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Funds* only report a balance sheet and do not have 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 Simi Valley Unified School District.

## *REPORTING THE DISTRICT AS A WHOLE*

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

The *Statement of Net Assets* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

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 present 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.

***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*. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

## *THE DISTRICT AS TRUSTEE*

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

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like our funds for associated student body activities. 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.

## *THE DISTRICT AS A WHOLE*

### *Net Assets*

The District's net assets were $162.9 million for the fiscal year ended June 30, 2009. Of this amount, $35.6 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 focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

**Table 1**

| (Amounts in millions) | Governmental Activities | |
|---|---|---|
| | 2009 | 2008 |
| **Assets** | | |
| Current and other assets | $ 194.2 | $ 313.0 |
| Capital assets, net | 175.0 | 155.8 |
| **Total Assets** | 369.2 | 468.8 |
| **Liabilities** | | |
| Current liabilities | 20.7 | 35.0 |
| Long-term obligations | 185.6 | 274.1 |
| **Total Liabilities** | 206.3 | 309.1 |
| **Net Assets** | | |
| Invested in capital assets, net of related debt | 97.6 | 103.1 |
| Restricted | 29.7 | 37.2 |
| Unrestricted | 35.6 | 19.4 |
| **Total Net Assets** | $ 162.9 | $ 159.7 |

***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 19. 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**

| (Amounts in millions) | Governmental Activities | |
|---|---|---|
| | 2009 | 2008 |
| **Revenues** | | |
| Program revenues: | | |
| Charges for services | $ 5.7 | $ 5.6 |
| Operating grants and contributions | 47.3 | 39.4 |
| Capital grants and contributions | 1.8 | 5.7 |
| General revenues: | | |
| State and Federal revenue limit sources - unrestricted | 82.7 | 84.8 |
| Property taxes | 54.3 | 54.6 |
| Other general revenues | 14.0 | 17.4 |
| **Total Revenues** | 205.8 | 207.5 |
| **Expenses** | | |
| Instruction related | 135.9 | 138.9 |
| Student support services | 15.5 | 16.5 |
| Administration | 10.4 | 6.4 |
| Plant services | 17.4 | 17.6 |
| Other | 23.4 | 12.7 |
| **Total Expenses** | 202.6 | 192.1 |
| **Change in Net Assets** | $ 3.2 | $ 15.4 |

***Governmental Activities***

As reported in the *Statement of Activities* on page 19, the cost of all of our governmental activities this year was $202.6 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $55.8 million because the cost was paid by those who benefited from the programs or by other governments and organizations who subsidized certain programs with grants and contributions $49.1 million. We paid for the remaining "public benefit" portion of our governmental activities with $97.7 million in, State funds and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's eight largest functions: instruction, school administration, pupil transportation, food services, other student support services, administration, plant services, and other, as well as each program's *net* cost (total cost less revenues generated by the activities). 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**

| (Amounts in millions) | 2009 | | 2008 | |
|---|---|---|---|---|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Instruction | $ 117.0 | $ 82.6 | $ 91.7 | $ 125.1 |
| School administration | 18.9 | 12.9 | 10.9 | 13.8 |
| Pupil transportation | 3.2 | 1.8 | 1.6 | 3.3 |
| Food services | 4.6 | 0.2 | 1.1 | 5.5 |
| Other student support services | 7.7 | 4.1 | 3.7 | 7.7 |
| Administration | 10.4 | 9.4 | 5.4 | 6.4 |
| Plant services | 17.4 | 14.0 | 14.7 | 17.6 |
| Other | 23.4 | 22.8 | 12.2 | 12.7 |
| **Total** | $ 202.6 | $ 147.8 | $ 141.3 | $ 192.1 |

### *THE DISTRICT'S FUNDS*

As the District completed this year, our governmental funds reported a combined fund balance of $165.5 million, which is a decrease of $140.8 million from last year.

**Table 4**

| | Balances and Activity | | | |
|---|---|---|---|---|
| | July 01, 2008 | Revenues | Expenditures | June 30, 2009 |
| General Fund | $ 22,169,535 | $166,835,597 | $161,544,010 | $ 27,461,122 |
| Building Fund | 121,556,017 | 6,199,201 | 31,669,950 | 96,085,268 |
| Financing Authority Debt Service Fund | 91,980,817 | 9,553,785 | 101,526,929 | 7,673 |
| Non-Major Governmental Funds | 34,637,558 | 35,138,590 | 27,819,430 | 41,956,718 |
| **Total** | $270,343,927 | $217,727,173 | $322,560,319 | $ 165,510,781 |

The primary reasons for these changes are the following:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased from $22.2 million to $27.5 million. This planned increase is due to:

    - Cost-cutting measures implemented by the Board of Education: staffing ratio increases, position and program reductions, stipend cuts, substitute cost decrease, department restructuring, reduction in support services, unfilled vacant positions, retirement incentive program, attrition, HMO/PPO medical plan changes, SBX3 4 Categorical Ending Balance and Flexibility Transfers, site and department savings. In addition, one-time federal American Recovery Reinvestment Act (ARRA) funds were earmarked to support lower grades K-3 class sizes. Tightening the budget and building additional reserves was required to meet the State standards *and* criteria multi-year projection certification.

2. Two of the District's three Special Revenue Funds (Adult Education Fund, Deferred Maintenance Fund) generated less revenue than operating expense resulting in a net decrease from the prior year of approximately $284,585 and $1,404,288, respectively, due to significant reductions in State funding. The Cafeteria Fund had a net increase of $217,973 due to a reduction in equipment replacement costs.

3. The District is progressing with Bond building projects and modernization, even though State modernization funding has been put on hold due to the State's budget crisis. The General Obligation Bond projects at various school sites expended approximately $22.3 million, and Modernization expenditures were almost $1.6 million from the County School Facilities fund.

4. Developer Fees were used for various modernization projects, with expenditures of $.25 million. However, revenues exceeded expenditures, resulting in an increase over the prior year of $.4 million.

5. The Bond Interest and Redemption Fund ending balance decreased over the prior year by about $.8 million due to lower property tax collections that offset the debt payment.

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Final amendments to the budget were approved in June 2009, upon year-end closing. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received has been provided in our annual report on page 62.)

- Revenue revisions made to the 2008-2009 Budget were mainly due to funding changes recognized after the budget adoption, including a decrease to the Revenue Limit due to an increase in the deficit from 4.713 to 7.844 percent.
- Federal revenues increased due to prior year deferred revenues and program carry-forwards in Title I, Title III, Title V, Medi-Cal, and NCLB. In addition, significant one-time federal ARRA funds were partially received by June 30th for use in 2009-2010 and 2010-2011.
- State revenues had increases in funding due to prior year deferred revenues and program carry-forwards for Gifted and Talented Education, Economic Impact Aid, Instructional Material Realignment Program, Calif. High School Exit Exam, Staff Development, S.I.P., After School Safety program and other miscellaneous programs. Significant revenue decreases were posted due to mid-year enacted legislation SBX3 4 in which all listed categoricals were cut by approximately 15.4 percent.
- Local revenues reflect adjustments mainly for changes in interest earnings rates, school gift funds, field trip receipts, Education Foundation, E.I.S.S. program, ROP contract with County and Special Education tuition bill-back for court ordered students in foster homes and licensed children's institutions. A significant one-time Redevelopment Agency funding adjustment was realized due to a State audit.

## *CAPITAL ASSET AND DEBT ADMINISTRATION*

### *Capital Assets*

At June 30, 2009, the District had a net of $175.0 million in a broad range of capital assets, including land, buildings, vehicles, construction in progress, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of $19.2 million, or 12.3 percent, from last year.

**Table 5**

| (Amounts in millions) | Governmental Activities | |
|---|---|---|
| | 2009 | 2008 |
| Land | $ 17.3 | $ 17.3 |
| Construction in progress | 30.4 | 22.7 |
| Buildings and improvements, site improvements, net | 121.3 | 110.1 |
| Furniture and equipment, net | 6.0 | 5.7 |
| **Total** | $ 175.0 | $ 155.8 |

This year's net additions of $10.6 million (including depreciation) included Bond projects at three sites, vehicles and school buses, paving, re-roofing, restroom remodels, HVAC, and classroom equipment such as computers.

A number of capital projects were completed during the 2008-2009 year. The District budgeted multi-year bond projects to be approximately $55 million to start the 2008-2009 year (excluding depreciation). We present more detailed information about our capital assets in Note 4 to the financial statements.

***Long-Term Obligations***

At the end of this year, the District had $185.6 million in long-term obligations. Those bonds consisted of:

**Table 6**

| (Amounts in millions) | Governmental Activities | |
|---|---|---|
| | 2009 | 2008 |
| General obligation bonds | $ 70.2 | $ 162.3 |
| General obligation bonds Financing Authority | 93.5 | 93.7 |
| General obligation bond premiums | 2.6 | 2.8 |
| General obligation bond premiums Financing Authority | 4.4 | 4.6 |
| Certificates of participation | 12.2 | 12.6 |
| Capital leases | 1.5 | 0.7 |
| Compensated absences | 0.8 | 0.9 |
| OPEB obligation | 0.4 | 0.2 |
| **Total** | $ 185.6 | $ 277.8 |

The District's general obligation bond rating continues to be "AAA" (with insurance). The State limits the amount of general obligation debt that district's can issue to five percent of the assessed value of all taxable property within the district's boundaries. The District's outstanding general obligation debt of $70.2 million is significantly below the statutorily - imposed limit.

We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

***SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2008-2009 ARE NOTED BELOW:***

The number of students passing the California High School Exit Exam increased by 2 percent in English, Language Arts and 1 percent in Math.

All three Middle Schools increased their API scores and met their growth targets.

All three High Schools increased their API scores. In addition, two of the three High Schools met their growth targets.

Monte Vista and Apollo, although classified as "small school" status, improved their API scores.

Sinaloa Middle School received the California Distinguished School Award.

Santa Susana High School was a Silver Medalist in US News and World Report as America's BEST High Schools.

The District had 228 recipients of the Golden State Seal Merit Diploma in 2009, increasing from 216 recipients in 2008, and 177 recipients in 2007.

Apollo Continuation High School was recognized as a Model Continuation High School.

The Simi Valley Adult School was selected as a site with an exemplary English as a Second Language program.

Per Board of Education Goal No. 1, again, parent involvement was increased at every school through the PTA, classroom volunteers and fundraiser events as well as regularly scheduled meetings with Principals and Parents.

On March 4, 2004, the voters passed Measure C4 authorizing the District to issue general obligation bonds totaling $145,000,000 for the purpose of funding the design, construction and modernization of District facilities. The District has issued all of these general obligation bonds. Approved project spending is closely monitored by an Independent Citizen's Oversight Committee.

Some of these outstanding bonds were refunded on July 12, 2007, for the purpose of readjusting the ad valorem tax base levy (up to the maximum rate allowed), accelerating the debt repayment timeline and extracting approximately $6,300,000 in additional project funds. These funds are held in a Project Trust Account pending future requisitioning. This refunding process was a great success for the District.

As previously reported in prior years, the District received notification of eligibility for modernization funding at all schools with the exception of Wood Ranch Elementary School. Numerous site plans were developed and applications for modernization funding have been processed and approved.

Bond work completed over the summer is as follows: Modernization projects were underway at Big Springs Elementary, Garden Grove Elementary, Township Elementary and Sycamore Elementary. Also, Knolls Elementary had a new shade structure installed; Valley View Middle School had concrete walkways installed and tennis courts repaved; Royal High School received new flooring in various classrooms and the library, concrete and asphalt walkways, and their lockers painted; Phase two construction projects at Atherwood Elementary school consisted of a new administrative building, multi-purpose building, library and a five classroom building; Simi Valley High School received new football stadium bleachers; Interim housing classrooms were installed at Apollo High School, Justin Elementary and Katherine Elementary schools.

Bidding of modernization projects at Berylwood Elementary School and Apollo High School are complete and the construction phase is ready to begin soon. Currently, underway are several new projects, including modernization projects at Justin Elementary School and Katherine Elementary School. In addition, bond and modernization construction of a new auditorium at Santa Susana High School is currently under way and scheduled to complete in the Spring of 2010. In addition, construction on a new modular building to serve as weight training rooms at Royal High School is currently in the bidding and selection process phase.

The Certificated Personnel Department conducted a thorough personnel inventory, including verification of credential, units and seniority dates with each certificated employee. All certificated employees were either identified as fully CLAD-certified or received emergency CLAD-certification. In addition, the department completed a four-year audit to verify that all certificated personnel credentials and course work are in compliance with County requirements.

The Districts web site was upgraded by the Information Systems Department and many enhancements were added for easy reference. The SEA contract and Certificated Handbook and other major district and department documents were converted to PDF format and posted on the District website.

The District Sub-Finder System was converted to a secure web based system, resulting in a more stable and cost efficient program.

During the 2008-2009 school year, Student Support Services created enhanced community magnet kindergarten programs at six (6) elementary school sites (Katherine, Santa Susanna, Garden Grove, Big Springs, Sycamore and Wood Ranch Elementary Schools). In addition, the department developed a pre-school assessment tool which is linked to the California Pre-School Foundations and State-wide Kindergarten Standards and was adopted county-wide by the Ventura County SELPA. The department was able to institute universal transition/triennial assessments for all students transitioning to kindergarten. Furthermore, the department facilitated the transfer of County-based occupational therapy services to district based services to be provided by Simi Valley Unified employees.

Other accomplishments by the Student Support Services department include the establishment of low and high incident sensory rooms at two elementary sites where a high concentration of special education students are served. Furthermore, staff formed a district-wide multi-disciplinary committee to study and recommend special education program development for the next three to five years based on current and future projections of incidence per each of the thirteen identified disability categories. The department worked collaboratively with the Board of Education and the Education Services Department to establish a stipulated expulsion process. In addition, the department was able to significantly reduce expenditures as related to classified special education teaching assistants.

The District has received approval of an updated five year Deferred Maintenance Plan.

During the 2008-2009, the Energy Management program was successful in saving the district a whopping $1,326,000. The average savings accrued at $110,500 each and every month of the year. The District saved 27 percent on utilities - or more than one in every four dollars that would have been spent. These numbers reflect the commitment made by our employees to "just stop the waste" and the culture to use resources only as needed. By doing this, our District has significantly helped the environment. Savings of electricity by our employees removed the equivalent of 444 cars off the road for the year and produced the same environmental result as planting 63,262 trees and letting them grow for ten years (per EPA formulas). We further conserved our environment by avoiding the production of 2,473 metric tons of $CO_2$. No doubt, these are impressive results! Our employees have adopted conservation and the prudent use of resources as part of their daily routines.

The District converted over to the Ventura County Superintendent of Schools E.S.C.A.P.E. financial, payroll/personnel computer system in 2001-2002. Currently, the District is working with County Personnel regarding needed upgrades to the financial system. Implementation of a "new" upgraded web based E.S.C.A.P.E. On-line 5 System has been significantly delayed but is expected to be implemented in early 2010. Early spring implementation timelines are pending further direction from the County Superintendent of School's Office.

The District continues to participate in the California School Board Associations (CSBA) Tax Revenue Anticipation Notes (TRANS) issuance to alleviate cash flow needs. The current year issuance was in the amount of $7.6 million.

The Food Services program has continued to be self-supporting even during these economically trying times. To help alleviate some of the shortages in funding, a competitive federal ARRA Grant was applied for and awarded to the District. The grant was for equipment in the amount of $134,000. This one-time money will be used to upgrade the serving counters at Parkview Elementary, Santa Susana Elementary, A. Lincoln Elementary and Berylwood Elementary schools. In addition, two new re-thermalizing ovens and two convection ovens were acquired.

The Transportation Department was awarded a competitive grant to retrofit sixteen of the Districts school buses. The amount of the grant is $303,454 and will be used to upgrade the school buses to meet emission standards for diesel exhaust. In addition, the department completed an EVR upgrade to their on-site fueling station. Both of these projects took a great deal of extra staff time to successfully complete.

During the months of May and June each year, the District finalizes its adopted budget for the coming year. In order to project the budget, a series of assumptions about the conditions of the District must be determined. These assumptions are then inserted into the State and District formulas in order to determine the final budget for the next year.

The accuracy of the District's budget projection for the next year is only as good as the assumptions that are used in developing the budget. If the assumptions are wrong, so too will be the budget. As a consequence, the assumptions - at least the primary ones - have to be carefully considered in evaluating the accuracy of next year's income and expense. Often, the assumptions for budget development are revised several times during a fiscal year.

Since it is impossible to accurately predict the assumptions that are needed in budget development, Simi Valley School District updates its budget, and assumptions, three times after the original budget is adopted. The assumptions are updated with a revision that occurs within 45 days after the adoption of the State Budget and with two interim reports that are delivered to the Board of Education in December and March of each fiscal year.

In considering the District Budget for the 2009-2010 year, the District Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Student attendance ratio to slightly decrease from 95 to 94 percent, due to the anticipated impact of the H1N1 Influenza.
2. Zero Equalization funding.
3. Revenue limit income increased by a Cost of Living Adjustment (COLA) of $261 per ADA, or 4.25 percent.
4. Revenue limit income decreased by a deficit factor of $1,174.89 per ADA, or 18.355 percent.
5. ABX4 3 decreased the Revenue Limit income by an additional one-time $252.83 per ADA.
6. ABX4 2 provided clean up language that establishes 2007-08 as the base year for calculating the revenue for all Tier III programs which equates to approximately a 19.9 percent cut to these programs.
7. SBX3 4 moved several categorical program funds, supplemental hourly funding, the Adult Ed Block Grant and the Deferred Maintenance Fund apportionment to Tier III Programs which transferred these funds to the unrestricted general fund. Adult Ed Block Grant funds and Deferred Maintenance apportionments will subsequently be transferred to the Adult Education Fund and Deferred Maintenance Fund.

8. Estimated Lottery receipts at $124.25 per Annual ADA ($111.00 Unrestricted; $13.25 Restricted).
9. CalPERS Reduction rate of 9.709 percent with a partial CalPERS Reduction Buyout of 16.57 percent.
10. Interest earnings are estimated at 2 percent and California CPI is estimated at .5 percent.
11. Developer fee collections are based on significantly lower estimated new housing units to be constructed due to the declining economy, current housing market and lower building permit trends.
12. Special Education is budgeted with no COLA, no growth due to the continuing decline in ADA. A SELPA-wide hold harmless agreement will predominately backfill District funding to the prior year level, unless significant cuts are made to funding mid-year.
13. Federal income will decrease by approximately 7 percent or more with population of qualified students remaining stable (excluding the impact of one-time ARRA Federal Funds).
14. K - 3 Class Size Reduction is budgeted at $1,071 for full day program, less penalties for higher class sizes over 20:1 on a sliding scale basis. Currently, K-3 class sizes are to be staffed at 24:1.
15. Ninth Grade Class Size Reduction is now a Tier III program, and will be funded at the 2007-2008 funding level of $213 per participating pupil countless the statewide funding ratio.
16. MAA Administrative Services Program (Medicaid-eligible students with disabilities) was implemented in 2007. This new special education reimbursement billing process generated cash receipts of approximately $125,000 in 2007 and is expected to generate at least that much if not more in 2008. Currently, this revenue source is funded by the Department of Health Care Services.

Expenditures are based on the following forecasts:

1. Board policy limiting capital outlay in the Unrestricted General Fund remains in effect.

2. No salary schedule increases have been included in the Adopted Budget; negotiations are unsettled at this time. Step and Column increases are included in the Budget at an estimated $1.5 million. The District expects approximately 20 certificated retirees. Due to the significant decline in State funding, staffing ratios have increased for all levels except grades four through six.

| | Staffing Ratio | Enrollment |
|---|---|---|
| Grades kindergarten through third | 24:1 | 5,834 |
| Grades four through six | 31:1 | 4,692 |
| Grades seven through eight | 32:1 | 3,097 |
| Grades nine through twelve | 32:1 | 6,911 |

Items to be addressed in the budget are:

California public education has been on a rollercoaster funding cycle for the last several years. In the early 1990s, California's recession led to almost no increase per ADA funding for four years. In the mid-1990s, a major increase in state revenues led to an unprecedented new program to reduce class size in grades K-3. In 2000-2001, the State Budget provided per-ADA increases of close to 11 percent, but then, for the next three years, education funding rollbacks re-emerged. The volatility of funding has plagued school district planning for almost a generation and has continued to worsen. Since 2007, State funding has continued a downward slide due to a severe economic depression. Currently, State funding deficits are up to 18.4 percent of what is owed to school districts. In addition, the State has begun to defer apportionment payments which continues to plague districts in meeting their financial obligations.

Approximately 90 percent of the District's revenue is determined by the State of California and, in turn, State revenues are determined by the growth in the economy. The Governor's Office for 2009-2010 continues to acknowledge the growing State Budget crisis, identifying a June 2010 deficit of approximately $21.0 billion if left unaddressed. As a result, the Governor's 2009-2010 mid-year budget analysis will need to include significant budget changes to try to close the critical growing budget gap. This may be done by a number of methods which are unknown at this time. Currently, the brunt of the proposed State funding reductions will reduce school district funding even further since school district funding is approximately 40 to 50 percent of the State's budget.

### *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 Associate Superintendent, Business and Facilities, Simi Valley Unified School District, 875 E. Cochran, Simi Valley, California, 93065, or e-mail at: lschultz@simi.k12.ca.us.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

## STATEMENT OF NET ASSETS
## JUNE 30, 2009

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Deposits and investments | $ 159,748,210 |
| Receivables | 22,578,203 |
| Due from other governmental units | 4,448,475 |
| Prepaid expenditures | 650 |
| Stores inventories | 318,357 |
| Deferred cost of issuance | 7,095,480 |
| Capital assets | |
| Land and construction in progress | 47,608,334 |
| Other capital assets | 239,220,408 |
| Less: accumulated depreciation | (111,813,878) |
| Capital assets, net of accumulated depreciation | 175,014,864 |
| **Total Assets** | 369,204,239 |
| **LIABILITIES** | |
| Accounts payable | 10,641,377 |
| Interest payable | 2,631,290 |
| Deferred revenue | 695,541 |
| Claims liability | 6,807,491 |
| Long-Term Obligations | |
| Current portion of long-term obligations | 3,808,707 |
| Noncurrent portion of long-term obligations | 181,768,974 |
| Total Long-Term Obligations | 185,577,681 |
| **Total Liabilities** | 206,353,380 |
| **NET ASSETS** | |
| Invested in capital assets, net of related debt | 97,620,092 |
| Restricted for: | |
| Debt service | 6,017,745 |
| Capital projects | 14,578,540 |
| Educational programs - Restricted | 3,117,144 |
| Other activities | 5,921,826 |
| Unrestricted | 35,595,512 |
| **Total Net Assets** | $ 162,850,859 |

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

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| Functions/Programs | Expenses | Program Revenues: Charges for Services and Sales | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Instruction | $116,974,726 | $ 1,727,858 | $ 30,797,040 | $ 1,847,752 | $ (82,602,076) |
| Instruction related activities: | | | | | |
| Supervision of instruction | 4,072,477 | 114,426 | 2,596,116 | - | (1,361,935) |
| Instructional library, media, and technology | 1,168,020 | 10,592 | 598,037 | - | (559,391) |
| School site administration | 13,624,259 | 392,862 | 2,271,736 | - | (10,959,661) |
| Pupil services: | | | | | |
| Home-to-school transportation | 3,246,051 | 109,368 | 1,297,514 | - | (1,839,169) |
| Food services | 4,612,060 | 2,292,679 | 2,116,190 | - | (203,191) |
| All other pupil services | 7,641,799 | 135,677 | 3,438,311 | - | (4,067,811) |
| Administration: | | | | | |
| Data processing | 1,417,891 | - | - | - | (1,417,891) |
| All other administration | 8,977,436 | 162,907 | 837,268 | - | (7,977,261) |
| Plant services | 17,391,902 | 593,951 | 2,782,868 | - | (14,015,083) |
| Ancillary services | 1,998,729 | 55,328 | 200,058 | - | (1,743,343) |
| Community services | 608,622 | 55,051 | 174,707 | - | (378,864) |
| Enterprise services | 34,159 | - | - | - | (34,159) |
| Interest on long-term obligations | 19,589,743 | - | - | - | (19,589,743) |
| Other (outgo) | 1,228,051 | 13,534 | 177,652 | - | (1,036,865) |
| **Total Governmental Activities** | $202,585,925 | $ 5,664,233 | $ 47,287,497 | $ 1,847,752 | (147,786,443) |
| General revenues and subventions: | | | | | |
| Property taxes, levied for general purposes | | | | | 40,939,574 |
| Property taxes, levied for debt service | | | | | 13,355,513 |
| Taxes levied for other specific purposes | | | | | 1,638,000 |
| Federal and State aid not restricted to specific purposes | | | | | 82,697,728 |
| Interest and investment earnings | | | | | 5,022,273 |
| Interagency revenues | | | | | 74,937 |
| Miscellaneous | | | | | 7,240,266 |
| **Subtotal, General Revenues** | | | | | 150,968,291 |
| **Changes in Net Assets** | | | | | 3,181,848 |
| **Net Assets - Beginning** | | | | | 159,669,011 |
| **Net Assets - Ending** | | | | | $ 162,850,859 |

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

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

## GOVERNMENTAL FUNDS
## BALANCE SHEET
## JUNE 30, 2009

| | General Fund | Building Fund | Financing Authority Debt Service Fund |
|---|---|---|---|
| **ASSETS** | | | |
| Deposits and investments | $ 10,495,951 | $ 99,991,088 | $ 7,673 |
| Accounts receivable | 22,488,193 | 598,753 | - |
| Due from other funds | 265,125 | 1,967 | - |
| Prepaid expenditures | 650 | - | - |
| Stores inventories | 265,227 | - | - |
| **Total Assets** | $ 33,515,146 | $100,591,808 | $ 7,673 |
| **LIABILITIES AND FUND BALANCES** | | | |
| **Liabilities:** | | | |
| Accounts payable | $ 3,936,660 | $ 4,283,821 | $ - |
| Due to other funds | 1,421,823 | 222,719 | - |
| Deferred revenue | 695,541 | - | - |
| **Total Liabilities** | 6,054,024 | 4,506,540 | - |
| **Fund Balances:** | | | |
| Reserved for: | | | |
| Revolving fund | 85,305 | - | - |
| Stores inventories | 265,227 | - | - |
| Legally restricted | 2,997,278 | - | - |
| Unreserved | | | |
| Designated | 18,163,704 | 96,085,268 | - |
| Undesignated, reported in: | | | |
| General Fund | 5,949,608 | - | - |
| Special revenue funds | - | - | - |
| Debt service funds | - | - | 7,673 |
| Capital projects funds | - | - | - |
| **Total Fund Balances** | 27,461,122 | 96,085,268 | 7,673 |
| **Total Liabilities and Fund Balances** | $ 33,515,146 | $100,591,808 | $ 7,673 |

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

| Non-Major Governmental Funds | Total Governmental Funds |
|---|---|
| $ 40,053,296 | $ 150,548,008 |
| 3,046,230 | 26,133,176 |
| 407,569 | 674,661 |
| - | 650 |
| 53,130 | 318,357 |
| $ 43,560,225 | $ 177,674,852 |
| | |
| $ 1,170,011 | $ 9,390,492 |
| 433,496 | 2,078,038 |
| - | 695,541 |
| 1,603,507 | 12,164,071 |
| | |
| 700 | 86,005 |
| 53,130 | 318,357 |
| 5,679 | 3,002,957 |
| | |
| 21,943,408 | 136,192,380 |
| | |
| - | 5,949,608 |
| 2,403,269 | 2,403,269 |
| 8,641,362 | 8,649,035 |
| 8,909,170 | 8,909,170 |
| 41,956,718 | 165,510,781 |
| | |
| $ 43,560,225 | $ 177,674,852 |

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| | | |
|---|---|---|
| **Total Fund Balance - Governmental Funds** | | $165,510,781 |
| **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: | $286,828,742 | |
| Accumulated depreciation is: | (111,813,878) | 175,014,864 |
| Expenditures relating to issuance of debt of next fiscal year were recognized in modified accrual basis, but should not be recognized in accrual basis. | | 7,095,480 |
| 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 in long-term obligations is recognized when it is incurred. | | (2,631,290) |
| An internal service fund is used by the District's management to charge the costs of the workers' compensation and medical benefits insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities. | | 3,438,705 |
| 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 | (163,727,287) | |
| Premium on bonds issued | (6,964,093) | |
| Certificates of participation payable | (12,175,000) | |
| Compensated absences (vacations) | (809,620) | |
| Capital leases payable | (1,483,573) | |
| Other postemployment benefits | (418,108) | (185,577,681) |
| **Total Net Assets - Governmental Activities** | | $162,850,859 |

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

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| | General Fund | Building Fund | Financing Authority Debt Service Fund |
|---|---|---|---|
| **REVENUES** | | | |
| Revenue limit sources | $ 113,824,706 | $ - | $ - |
| Federal sources | 15,287,775 | - | - |
| Other State sources | 21,387,302 | - | - |
| Other local sources | 15,300,347 | 4,020,339 | 9,553,785 |
| **Total Revenues** | 165,800,130 | 4,020,339 | 9,553,785 |
| **EXPENDITURES** | | | |
| Current | | | |
| Instruction | 107,633,155 | - | - |
| Instruction related activities: | | | |
| Supervision of instruction | 3,539,869 | - | - |
| Instructional library, media, and technology | 1,121,237 | - | - |
| School site administration | 11,241,047 | - | - |
| Pupil services: | | | |
| Home-to-school transportation | 3,128,249 | - | - |
| Food services | 204,542 | - | - |
| All other pupil services | 7,147,344 | - | - |
| Administration: | | | |
| Data processing | 1,255,837 | - | - |
| All other administration | 6,143,183 | - | - |
| Plant services | 15,043,757 | 81,521 | - |
| Facility acquisition and construction | 108,608 | 24,036,467 | - |
| Ancillary services | 1,290,329 | - | - |
| Community services | 386,667 | - | - |
| Other outgo | 572,164 | - | - |
| Enterprise services | 34,159 | - | - |
| Debt service: | | | |
| Principal | - | 86,364 | 442,799 |
| Interest and other | 230,863 | 259,093 | 9,335,088 |
| **Total Expenditures** | 159,081,010 | 24,463,445 | 9,777,887 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 6,719,120 | (20,443,106) | (224,102) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers in | 1,035,467 | 825,000 | - |
| Other sources | - | 1,353,862 | - |
| Transfers out | (2,463,000) | (7,206,505) | - |
| Other uses | - | - | (91,749,042) |
| **Net Financing Sources (Uses)** | (1,427,533) | (5,027,643) | (91,749,042) |
| **NET CHANGE IN FUND BALANCES** | 5,291,587 | (25,470,749) | (91,973,144) |
| **Fund Balance - Beginning** | 22,169,535 | 121,556,017 | 91,980,817 |
| **Fund Balance - Ending** | $ 27,461,122 | $ 96,085,268 | $ 7,673 |

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

| Non-Major Governmental Funds | Total Governmental Funds |
|---|---|
| $ - | $ 113,824,706 |
| 2,603,368 | 17,891,143 |
| 9,138,163 | 30,525,465 |
| 13,774,579 | 42,649,050 |
| 25,516,110 | 204,890,364 |
| | |
| 4,744,638 | 112,377,793 |
| | |
| 373,973 | 3,913,842 |
| - | 1,121,237 |
| 1,802,524 | 13,043,571 |
| | |
| - | 3,128,249 |
| 4,227,329 | 4,431,871 |
| 224,127 | 7,371,471 |
| | |
| - | 1,255,837 |
| 287,699 | 6,430,882 |
| 1,340,369 | 16,465,647 |
| 2,830,446 | 26,975,521 |
| - | 1,290,329 |
| 170,587 | 557,254 |
| - | 572,164 |
| - | 34,159 |
| | |
| 3,636,529 | 4,165,692 |
| 6,923,683 | 16,748,727 |
| 26,561,904 | 219,884,246 |
| | |
| (1,045,794) | (14,993,882) |
| | |
| 9,066,564 | 10,927,031 |
| 555,916 | 1,909,778 |
| (1,257,526) | (10,927,031) |
| - | (91,749,042) |
| 8,364,954 | (89,839,264) |
| 7,319,160 | (104,833,146) |
| 34,637,558 | 270,343,927 |
| $ 41,956,718 | $ 165,510,781 |

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

| | | |
|---|---|---|
| **Total Net Change in Fund Balances - Governmental Funds** | | $(104,833,146) |
| **Amounts Reported for Governmental Activities in the *Statement of Activities* are Different Because:** | | |
| Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the *Statement of Net Assets* and allocated over their estimated useful lives as annual depreciation expenses in the *Statement of Activities*. | | |
| This is the amount by which capital outlay exceeds depreciation in the period. | | |
| Capital outlay | $ 26,038,182 | |
| Depreciation expense | (6,743,625) | 19,294,557 |
| An internal service fund is used by the District's management to charge the costs of the unemployment compensation insurance program to the individual funds. The net revenue of the internal service fund is reported with governmental activities. | | (2,131,619) |
| Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. However, the capital leases are not revenues in the *Statement of Activities*, but rather constitute long-term obligations in the statement of net assets. | | (1,339,790) |
| Loss on disposal of capital assets is reported in the government-wide financial statement of net assets, but is not recorded in the governmental funds. | | (48,968) |
| In the *Statement of Activities*, certain operating expenses - 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 greater than the amounts earned by: | | 88,552 |
| The District does not recognize the liability for postemployment health care benefits 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 contribution made (amounts paid in the current year for retiree health benefits). | | (265,569) |

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

## SIMI 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 (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2009

| | | |
|---|---|---|
| Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the *Statement of Activities*, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances: | | |
| Amortization of debt premium | $ 481,374 | |
| Amortization of debt discount | (35,860) | |
| Amortization of cost of issuance | (393,172) | |
| Combined adjustment | | 52,342 |
| Repayment of 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 | 3,160,000 | |
| Certificates of participation | 400,000 | |
| Capital leases | 605,692 | |
| Refunding of general obligation bonds | 91,093,155 | |
| Combined adjustment | | 95,258,847 |
| The accretion of interest on capital appreciation bonds is not recognized in the governmental funds, but it increases long-term obligations in the *Statement of Net Assets* and increases interest expense in the *Statement of Activities.* | | (1,963,896) |
| Interest on long-term obligations in the *Statement of Activities* differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the *Statement of Activities*, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the *Statement of Activities* is the net result of two factors. | | (929,462) |
| **Change in Net Assets of Governmental Activities** | | $ 3,181,848 |

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

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

## PROPRIETARY FUNDS
## STATEMENT OF NET ASSETS
## FOR THE YEAR ENDED JUNE 30, 2009

| | Governmental Activities | | |
|---|---|---|---|
| | Internal Service Funds | | |
| | Workers' Compensation | Medical | Total |
| **ASSETS** | | | |
| **Current Assets** | | | |
| Deposits and investments | $ 6,988,999 | $ 2,211,203 | $ 9,200,202 |
| Receivables | 492,496 | 401,006 | 893,502 |
| Due from other funds | 795 | 1,410,767 | 1,411,562 |
| **Total Current Assets** | 7,482,290 | 4,022,976 | 11,505,266 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accounts payable | 975,932 | 274,953 | 1,250,885 |
| Claim liabilities (Note 12) | 5,036,607 | 1,770,884 | 6,807,491 |
| Due to other funds | 1,627 | 6,558 | 8,185 |
| **Total Current Liabilities** | 6,014,166 | 2,052,395 | 8,066,561 |
| **NET ASSETS** | | | |
| Unrestricted | 1,468,124 | 1,970,581 | 3,438,705 |
| **Total Net Assets** | $ 1,468,124 | $ 1,970,581 | $ 3,438,705 |

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

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| | Governmental Activities | | |
|---|---|---|---|
| | Internal Service Funds | | |
| | Workers' Compensation | Medical | Total |
| **OPERATING REVENUES** | | | |
| Local and intermediate sources | $ 2,274,056 | $ 13,717,544 | $ 15,991,600 |
| **Total Operating Revenues** | 2,274,056 | 13,717,544 | 15,991,600 |
| **OPERATING EXPENSES** | | | |
| Payroll costs | 197,779 | 148,478 | 346,257 |
| Professional and contract services | 3,777,440 | 14,305,968 | 18,083,408 |
| Supplies and materials | 500 | 475 | 975 |
| **Total Operating Expenses** | 3,975,719 | 14,454,921 | 18,430,640 |
| **Operating Loss** | (1,701,663) | (737,377) | (2,439,040) |
| **NONOPERATING REVENUES** | | | |
| Interest income | 206,589 | 100,832 | 307,421 |
| **Total Non-operating Revenues** | 206,589 | 100,832 | 307,421 |
| **Change in Net Assets** | (1,495,074) | (636,545) | (2,131,619) |
| **Total Net Assets - Beginning** | 2,963,198 | 2,607,126 | 5,570,324 |
| **Total Net Assets - Ending** | $ 1,468,124 | $ 1,970,581 | $ 3,438,705 |

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

# SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| | Governmental Activities | | |
|---|---|---|---|
| | Internal Service Funds | | |
| | Workers' Compensation | Medical | Total |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash received from assessments made to other funds | $ 2,790,604 | $ 12,044,029 | $ 14,834,633 |
| Cash payments to employees for services | (197,779) | (148,478) | (346,257) |
| Cash payments for insurance claims | (362,307) | (356,556) | (718,863) |
| Cash payments for insurance | (2,515,794) | (13,784,031) | (16,299,825) |
| Cash payments for other operating expenses | (472) | - | (472) |
| **Net Cash Used by Operating Activities** | (285,748) | (2,245,036) | (2,530,784) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest on investments | 206,589 | 100,832 | 307,421 |
| **Net Cash Provided by Investing Activities** | 206,589 | 100,832 | 307,421 |
| Net Decrease in Cash and Cash Equivalents | (79,159) | (2,144,204) | (2,223,363) |
| Cash and Cash Equivalents - Beginning | 7,068,158 | 4,355,407 | 11,423,565 |
| Cash and Cash Equivalents - Ending | $ 6,988,999 | $ 2,211,203 | $ 9,200,202 |
| **CASH USED BY OPERATING ACTIVITIES:** | | | |
| Operating loss | $ (1,701,663) | $ (737,377) | $ (2,439,040) |
| Changes in assets and liabilities: | | | |
| Receivables | (87,771) | (263,217) | (350,988) |
| Prepaid expenditures | - | 213,203 | 213,203 |
| Due from other funds | 604,319 | (1,410,298) | (805,979) |
| Accrued liabilities | 966,869 | 45,848 | 1,012,717 |
| Due to other funds | (67,502) | (93,195) | (160,697) |
| **Net Cash Used by Operating Activities** | $ (285,748) | $ (2,245,036) | $ (2,530,784) |

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

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| | Agency Funds |
|---|---|
| **ASSETS** | |
| Deposits and investments | $ 1,489,536 |
| Receivables | 18,875 |
| Stores inventories | 130,409 |
| **Total Assets** | $ 1,638,820 |
| | |
| **LIABILITIES** | |
| Accounts payable | $ 339,433 |
| Due to student groups | 1,299,387 |
| **Total Liabilities** | $ 1,638,820 |

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Financial Reporting Entity

The Simi Valley Unified School District (the District) was formed in 1936, 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 Federal agencies. The District operates twenty-one elementary schools, three middle schools, three high schools, an alternative education program, one adult school, and one continuation high school.

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 Simi 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. For financial reporting purposes, the component has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus is included in the financial statements of the District... The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Simi Valley School Financing Authority's (the "Authority) financial activity is presented in the financial statements in the Building Fund and the Financing Authority Debt Service Fund. General obligation refunding bonds issued by the Authority are included as long-term obligations in the government-wide financial statements. Individually-prepared financial statements are not prepared for the Simi Valley School Financing Authority.

### Other Related Entities

**Public Entity Risk Pools and Joint Powers Authorities** The District is associated with one risk pool and two joint powers authorities. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 15 to the financial statements. These organizations are:

- Ventura County Schools Self-Funding Authority (VCSSFA)
- Southern California Schools Risk Management Authority (SCSRMA)
- Ventura County Fast Action School Transit Authority (VCFASTA)

**Basis of Presentation - Fund Accounting**

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

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

**Major Governmental Funds**

**General Fund** The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of a district. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

**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.

**Financing Authority Debt Service Fund** The Financing Authority Debt Service Fund is used to account separately for the debt service activity and the assets available for the repayment of debt of the Financing Authority.

**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.

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

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

**Capital Project Funds** The Capital Project 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).

**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 lA), 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.).

**COP Facilities Fund** The COP Facilities Fund is used to account for the ongoing redevelopment agency deposits and district contributions for debt retirement and expenditures of approved projects of school stadiums, gymnasiums, tennis courts, MPR and Quad upgrade and stadium restructuring.

**Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

**Financing Authority Capital Projects Fund** The Financing Authority Capital Projects Fund is used to account separately for the capital projects activity and the assets available for capital outlay of the Financing Authority.

**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 long-term obligations.

**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 the following proprietary fund:

**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 two internal service funds, medical benefits and workers' compensation.

**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. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student body activities (ASB).

**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 financial statement of activities presents a comparison between direct expenses and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. 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 is self-financing or draws from the general revenues of the District.

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

**Fund Financial Statements** Fund financial statements report detailed information about the District. The focus of governmental 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 in a single column on the face of the proprietary fund statements.

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

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

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

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

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

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

Certain grants received before the eligibility requirements are met are recorded as deferred revenue. On the governmental fund financial statements, when applicable, 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, that have 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.

### Investments

Investments held at June 30, 2009, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are 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, Capital Projects and Debt Service Funds represent investments required by Federal and State agencies to be set aside by the District for the purpose of satisfying certain requirements of the Federal, State programs, and debt service requirements.

### 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 first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds and expenses in the proprietary type funds when used.

### Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. 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 general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

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

**Interfund Balances**

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

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

**Deferred Issuance Costs, Premiums and Discounts**

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

**Fund Balance Reserves and Designations**

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that 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 report $29,635,255 of restricted net assets.

**Operating Revenues and Expenses**

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

**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 on the financial statements. Interfund transfers are eliminated in the governmental activities column of the statement of activities.

**Estimates**

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

**Budgetary Data**

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

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

**Property Tax**

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

**Changes in Accounting Principles**

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

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

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

## NOTE 2 - DEPOSITS AND INVESTMENTS

### Summary of Deposits and Investments

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

| | |
|---|---|
| Governmental activities | $ 159,748,210 |
| Fiduciary funds | 1,489,536 |
| Total Deposits and Investments | $ 161,237,746 |

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

| | |
|---|---|
| Cash on hand and in banks | $ 4,406,277 |
| Cash in revolving | 161,005 |
| Investments | 156,670,464 |
| Total Deposits and Investments | $ 161,237,746 |

### 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.

**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 |

**Authorized Under Debt Agreements**

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities through the last scheduled payment of the certificates of participation debt.

**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 primarily investing in the county pool to provide the cash flow and liquidity needed for operations.

**Weighted Average Maturity**

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

| Investment Type | Fair Value | Weighted Average Maturity |
|---|---|---|
| County Pool | $155,413,750 | 248 days |
| Investment Agreement | 1,454,723 | 24 years |
| Mutual Funds | 7,406,692 | N/A |
| Total | $164,275,165 | |

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the county pool and investment agreement are not required to be rated, nor have they been rated as of June 30, 2009. The mutual fund investment is rated "AAA" by Moody's Investor's Service.

**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, 2009, the District's bank balances are collateralized in accordance with State law.

**Custodial Credit Risk - Investments**

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in the certificates of participation trustee accounts, the District has a custodial credit risk exposure of the entire balance because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

## NOTE 3 - RECEIVABLES

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

| | General Fund | Building Fund | Non-Major Governmental Funds |
|---|---|---|---|
| Federal Government | | | |
| Categorical aid | $ 5,669,242 | $ - | $ 546,603 |
| State Government | | | |
| Apportionment | 11,427,163 | - | - |
| Categorical aid | 1,888,184 | - | 1,708,103 |
| Lottery | 1,486,931 | - | - |
| Local Government | | | |
| Interest | 169,303 | 596,188 | 132,907 |
| Other Local Sources | 1,847,370 | 2,565 | 658,617 |
| Total | $ 22,488,193 | $ 598,753 | $ 3,046,230 |

| | Internal Service Funds | Total Governmental Activities | Fiduciary Funds |
|---|---|---|---|
| Federal Government | | | |
| Categorical aid | $ - | $ 6,215,845 | $ - |
| State Government | | | |
| Apportionment | - | 11,427,163 | - |
| Categorical aid | - | 3,596,287 | - |
| Lottery | - | 1,486,931 | - |
| Local Government | | | |
| Interest | 61,201 | 959,599 | - |
| Other Local Sources | 832,301 | 3,340,853 | 18,875 |
| Total | $ 893,502 | $ 27,026,678 | $ 18,875 |

## NOTE 4 - CAPITAL ASSETS

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

| | Balance July 1, 2008 | Additions | Deductions | Balance June 30, 2009 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | $ 17,254,066 | $ - | $ - | $ 17,254,066 |
| Construction in progress | 22,650,494 | 20,307,078 | 12,603,304 | 30,354,268 |
| Total Capital Assets Not Being Depreciated | 39,904,560 | 20,307,078 | 12,603,304 | 47,608,334 |
| Capital Assets Being Depreciated | | | | |
| Land improvements | 21,318,349 | 400,305 | - | 21,718,654 |
| Buildings and improvements | 184,092,683 | 16,056,349 | 30,574 | 200,118,458 |
| Furniture and equipment | 15,657,169 | 1,877,754 | 151,627 | 17,383,296 |
| Total Capital Assets Being Depreciated | 221,068,201 | 18,334,408 | 182,201 | 239,220,408 |
| Less Accumulated Depreciation | | | | |
| Land improvements | 10,429,851 | 918,013 | - | 11,347,864 |
| Buildings and improvements | 84,865,470 | 4,339,759 | 1,248 | 89,203,981 |
| Furniture and equipment | 9,908,165 | 1,485,853 | 131,985 | 11,262,033 |
| Total Accumulated Depreciation | 105,203,486 | 6,743,625 | 133,233 | 111,813,878 |
| Governmental Activities Capital Assets, Net | $ 155,769,275 | $ 31,897,861 | $ 12,652,272 | $175,014,864 |

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

| | |
|---|---|
| **Governmental Activities** | |
| Instruction | $ 4,456,188 |
| Supervision of instruction | 161,173 |
| Instructional library, media, and technology | 48,554 |
| School site administration | 534,095 |
| Home-to-school transportation | 118,688 |
| Food services | 177,357 |
| All other pupil services | 250,189 |
| Data processing | 59,344 |
| All other administration | 157,801 |
| Plant services | 20,231 |
| Ancillary services | 708,754 |
| Community services | 51,251 |
| Total Depreciation Expenses All Activities | $ 6,743,625 |

## NOTE 5 - INTERFUND TRANSACTIONS

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

Interfund receivable and payable balances at June 30, 2009, between major and non-major governmental funds and internal service fund are as follows:

| | Due From | | | | |
|---|---|---|---|---|---|
| Due To | General Fund | Building Fund | Non-Major Governmental Funds | Proprietary Funds | Total |
| General Fund | $ - | $ 222,719 | $ 34,221 | $ 8,185 | $ 265,125 |
| Building Fund | 1,967 | - | - | - | 1,967 |
| Non-Major Governmental Funds | 8,294 | - | 399,275 | - | 407,569 |
| Proprietary Funds | 1,411,562 | - | - | - | 1,411,562 |
| Total | $ 1,421,823 | $ 222,719 | $ 433,496 | $ 8,185 | $ 2,086,223 |

The balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

### Operating Transfers

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

| | Transfer From | | | |
|---|---|---|---|---|
| Transfer To | General Fund | Building Fund | Non-Major Governmental Funds | Total |
| General Fund | $ - | $ 191,834 | $ 843,633 | $ 1,035,467 |
| Building Fund | 825,000 | - | - | 825,000 |
| Non-Major Governmental Funds | 1,638,000 | 7,014,671 | 413,893 | 9,066,564 |
| Total | $ 2,463,000 | $ 7,206,505 | $ 1,257,526 | $ 10,927,031 |

| | |
|---|---|
| The General Fund transferred to the Building Facilities Fund to reverse the RRMA prior year match. | $ 825,000 |
| The General Fund transferred to the County School Facilities Fund for redevelopment funds. | 1,638,000 |
| The Building Fund transferred to the General Fund to reimburse expenses. | 191,834 |
| The Building Fund transferred to the Special Reserve Fund for Capital Outlay Projects for COP debt payment. | 525,000 |
| The Building Fund transferred to the Financing Authority Capital Projects Fund for proceeds received. | 6,489,671 |
| The Adult Education Fund transferred to the General Fund for allowable flexibility. | 18,633 |
| The Deferred Maintenance Fund transferred to the General Fund for to reverse the RRMA prior year match. | 825,000 |
| The Special Reserve Fund for Capital Outlay Projects transferred to the COP Facilities Fund for the COP debt service payments. | 413,893 |
| Total | $ 10,927,031 |

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

## NOTE 6 - ACCOUNTS PAYABLE

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

| | General Fund | Building Fund | Non-Major Governmental Funds |
|---|---|---|---|
| Vendor payables | $ 2,092,994 | $ 2,098,633 | $ 505,810 |
| State apportionment | 103,694 | - | 1,208 |
| Salaries and benefits | 1,328,826 | - | 2,864 |
| Ventura County Office of Education | 410,696 | - | - |
| Construction | 450 | 2,185,188 | 660,129 |
| Total | $ 3,936,660 | $ 4,283,821 | $ 1,170,011 |

| | Internal Service Funds | Total | Fiduciary Funds |
|---|---|---|---|
| Vendor payables | $ 1,250,885 | $ 5,948,322 | $ 339,433 |
| State apportionment | - | 104,902 | - |
| Salaries and benefits | - | 1,331,690 | - |
| Ventura County Office of Education | - | 410,696 | - |
| Construction | - | 2,845,767 | - |
| Total | $ 1,250,885 | $ 10,641,377 | $ 339,433 |

## NOTE 7 - DEFERRED REVENUE

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

| | General Fund |
|---|---|
| Federal financial assistance | $ 691,201 |
| State categorical aid | 4,328 |
| Other local | 12 |
| Total | $ 695,541 |

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

On July 1, 2008, the District had outstanding Tax and Revenue Anticipation Notes in the amount of $3,455,000, which matured on July 1, 2009. On July 1, 2008, the District issued $7,490,000 Tax and Revenue Anticipation Notes bearing interest at 3.0 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on July 6, 2009. By May 31, 2009, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes. As the District has in substance defeased the debt, the tax anticipation notes of $7,590,000 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 are as follows:

| | Outstanding July 1, 2008 | Additions | Deletions | Outstanding June 30, 2009 |
|---|---|---|---|---|
| 2008 - 4.25% TRANS | $ 3,455,000 | $ - | $ 3,455,000 | $ - |
| 2009 - 3.00% TRANS | - | 7,590,000 | - | 7,590,000 |
| | $ 3,455,000 | $ 7,590,000 | $ 3,455,000 | $ 7,590,000 |

## 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, 2008 | Additions | Deductions | Balance June 30, 2009 | Due in One Year |
|---|---|---|---|---|---|
| General Obligation (G.O.) Bonds | $ 162,276,546 | $ 1,963,896 | $ 94,033,155 | $ 70,207,287 | $ 2,845,000 |
| G.O. Bond Financing Authority | 93,740,000 | - | 220,000 | 93,520,000 | - |
| G.O. Bond Premiums | 2,815,487 | - | 249,875 | 2,565,612 | - |
| G.O. Bond Premiums Financing Authority | 4,629,980 | - | 231,499 | 4,398,481 | - |
| Certificates of Participation | 12,575,000 | - | 400,000 | 12,175,000 | 440,000 |
| Capital Leases | 749,475 | 1,339,790 | 605,692 | 1,483,573 | 523,707 |
| Compensated Absences | 898,172 | - | 88,552 | 809,620 | - |
| Other Postemployment Benefits | 152,539 | 265,569 | - | 418,108 | - |
| Total | $ 277,837,199 | $ 3,569,255 | $ 95,828,773 | $ 185,577,681 | $ 3,808,707 |

### Bonded Debt

### General Obligation Bonds, 1998 Refunding Bonds

In August 1998, the District issued $6,131,757 aggregate principal amount of the General Obligation Bonds, Election of 1997, Refunding of Series C. The Election of 1997, Refunding of Series C Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $2,370,000. The bonds mature through August 1, 2017, with interest rates from 5.55 to 6.65 percent. Proceeds from the sale of the bonds were used to refund the 1989 Series C general obligation bonds. The refunding has resulted in a net savings in future principal and interest payments. At June 30, 2009, the principal balance outstanding was $3,720,219, ($2,215,000 in current interest and $1,505,219 in capital interest).

### 2004 General Obligation Refunding Bonds

In January 2004, the District issued $16,150,000 principal amount of the 2004 General Obligation Refunding Bonds. The 2004 Refunding Bonds were issued as current interest bonds. The bonds mature through August 1, 2018, with an interest rate of 5.00 percent. Proceeds from the sale of the bonds were used to refund a refund portion of the February 1, 1996 general obligation bonds and pay costs of issuance of the refunding bonds. The refunding has resulted in a net savings in future principal and interest payments. At June 30, 2009, the principal balance outstanding was $9,940,000.

**General Obligation Bonds, Election of 2004, Series A**

In May 2004, the District issued $59,055,000 aggregate principal amount of the General Obligation Bonds, Election of 2004, Series A. The Election of 2004, Series A Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $6,460,000. The bonds mature through June 1, 2029, with interest rates from 1.60 to 5.92 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 portion of the issue was refunded in July 2007 with the 2007 District Refunding Bonds. At June 30, 2009, the principal balance outstanding was $7,656,893, ($6,160,000 in current interest and $1,496,893 in capital appreciation).

**General Obligation Bonds, Election of 2004, Series B**

In November 2005, the District issued $39,505,000 aggregate principal amount of the General Obligation Bonds, Election of 2004, Series B. The Election of 2004, Series B Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $1,500,000. The bonds mature through August 1, 2018, with interest rates from 3.10 to 4.60 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 portion of the issue was refunded in July 2007 with the 2007 District Refunding Bonds. At June 30, 2009, the principal balance outstanding was $1,732,342, ($1,075,000 in current interest and $657,342 in capital appreciation).

**General Obligation Bonds, Election of 2004, Series C**

In October 2007, the District issued $45,000,619 aggregate principal amount of the General Obligation Bonds, Election of 2004, Series C. The Election of 2004, Series C Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $99,650,000. The bonds mature through August 1, 2032, with interest rates from 4.00 to 4.79 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. At June 30, 2009, the principal balance outstanding was $47,157,833, ($10,920,000 in current interest and $36,237,833 in capital appreciation).

**Simi Valley School Financing Authority**

In June 2007, the Simi Valley School Financing Authority issued $95,675,000 principal amount of the 2007 General Obligation Revenue Bonds. The bonds mature through August 1, 2027, with interest rates from 3.70 to 5.00 percent. Proceeds from the sale of the bonds were used to purchase a portion of the General Obligation Bonds, Election of 2004, Series B and Series C and pay costs of issuance of the revenue bonds. At June 30, 2009, the principal balance outstanding was $93,520,000.

The outstanding general obligation bonded debt is as follows:

| Issue Date | Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 1, 2008 | Additions/ Accreted Interest | Redeemed and Refunded | Bonds Outstanding June 30, 2009 |
|---|---|---|---|---|---|---|---|
| Current Interest | | | | | | | |
| August 6, 1998 | 2018 | 5.55-6.65% | $ 5,385,000 | $ 2,615,000 | $ - | $ 400,000 | $ 2,215,000 |
| January 12, 2004 | 2019 | 5.00% | 16,150,000 | 11,620,000 | - | 1,680,000 | 9,940,000 |
| May 12, 2004 | 2029 | 1.60-5.06% | 59,055,000 | 6,670,000 | - | 510,000 | 6,160,000 |
| November 30, 2005 | 2018 | 3.10-4.54% | 39,505,000 | 1,425,000 | - | 350,000 | 1,075,000 |
| October 4, 2007 | 2025 | 4.00-5.00% | 10,920,000 | 10,920,000 | - | - | 10,920,000 |
| Financing Authority | | | | | | | |
| June 27, 2007 | 2028 | 3.70-5.00% | 95,675,000 | 93,740,000 | - | 220,000 | 93,520,000 |
| Capital Appreciation | | | | | | | |
| August 6, 1998 | 2017 | 6.75-6.80% | 746,757 | 1,407,892 | 97,327 | - | 1,505,219 |
| May 12, 2004 | 2029 | 5.92% | 944,969 | 1,373,268 | 123,625 | - | 1,496,893 |
| November 30, 2005 | 2018 | 4.56-4.60% | 494,199 | 600,093 | 57,249 | - | 657,342 |
| June 27, 2007 | 2028 | 3.70-5.00% | 93,036,667 | 91,093,155 | - | 91,093,155 | - |
| October 4, 2007 | 2033 | 4.63-4.79% | 34,080,619 | 34,552,138 | 1,685,695 | - | 36,237,833 |
| | | | | $ 256,016,546 | $ 1,963,896 | $ 94,253,155 | $ 163,727,287 |

**Debt Service Requirements to Maturity**

Interest due is payable semi-annually. The principal, with respect to the bonds, is payable upon maturity or upon redemption in whole or in part at the corporate trust office of the Paying Agent. The bonds are issued as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. The bonds are subject to redemption prior to maturity. The bonds and related interest will be paid by the Bond Interest and Redemption Fund and the Financing Authority Debt Service Fund using local revenues.

The District's bonds mature through 2033 as follows:

| Year Ending June 30, | Current Interest Bonds | | Capital Appreciation Bonds | | |
|---|---|---|---|---|---|
| | Principal | Interest | Principal | Accreted Interest | Total |
| 2010 | $ 3,295,000 | $ 1,482,251 | $ - | $ 2,065,869 | $ 6,843,119 |
| 2011 | 2,200,000 | 1,334,593 | - | 2,173,303 | 5,707,896 |
| 2012 | 2,520,000 | 1,202,903 | - | 2,286,505 | 6,009,408 |
| 2013 | 2,815,000 | 1,067,700 | - | 2,405,799 | 6,288,499 |
| 2014 | 3,105,000 | 909,168 | 161,433 | 2,531,549 | 6,707,149 |
| 2015-2019 | 8,555,000 | 2,874,557 | 2,001,129 | 14,093,610 | 27,524,296 |
| 2020-2024 | 6,045,000 | 1,287,375 | - | 17,033,264 | 24,365,639 |
| 2025-2029 | 1,775,000 | 44,375 | 11,124,237 | 20,223,726 | 33,167,338 |
| 2030-2033 | - | - | 26,610,489 | 7,584,094 | 34,194,583 |
| Total | $ 30,310,000 | $ 10,202,922 | $ 39,897,287 | $ 70,397,716 | $ 150,807,925 |

The Financing Authority's bonds mature through 2028 as follows:

| Year Ending June 30, | Current Interest Bonds | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2010 | $ - | $ 4,665,225 | $ 4,665,225 |
| 2011 | 530,000 | 4,653,300 | 5,183,300 |
| 2012 | 715,000 | 4,625,288 | 5,340,288 |
| 2013 | 910,000 | 4,588,725 | 5,498,725 |
| 2014 | 985,000 | 4,543,625 | 5,528,625 |
| 2015-2019 | 15,380,000 | 20,991,500 | 36,371,500 |
| 2020-2024 | 33,795,000 | 14,887,875 | 48,682,875 |
| 2025-2028 | 41,205,000 | 4,288,625 | 45,493,625 |
| Total | $ 93,520,000 | $ 63,244,163 | $ 156,764,163 |

**General Obligation Bond Premiums**

The 2004 Refunding, Series 2004 A, and Series 2004 B, Series 2004 C, and the 2007 Revenue General Obligation bonds were issued at premiums of $1,005,884, $1,919,125, $1,068,072, $1,358,833, and $4,861,479, respectively. The premiums will be amortized in the government-wide financial statements over the life of the debt issues. Due to the refunding of the Series 2004 B and Series 2004 C noted previously, $1,731,793 was expensed during 2007-2008. The remaining unamortized premiums for the District-issued general obligation bonds total $2,565,612 at June 30, 2009. The remaining unamortized premium for the Financing Authority's General Obligation Bonds is $4,398,481 at June 30, 2009.

**Prior-Year Defeasance of Debt**

The District defeased the outstanding balance of certain prior bonds by placing available resources or the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the prior bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the following District's financial statements. At June 30, 2009, the outstanding balance of defeased bonds is as follows:

| Defeased Debt Issued | Defeased Debt Outstanding June 30, 2009 |
|---|---|
| 2007 General Obligation Refunding Bonds | $ 91,093,155 |

**Certificates of Participation**

The District entered into a long-term equipment lease on August 1, 1992, with the Ventura County School's Public Facilities Financing Corporation, (the "Corporation"). The Corporation is a separate entity, which was formed for the sole purpose of acquiring equipment and then leasing such equipment to the District.

The Corporation's funds for acquiring the equipment were generated by the issuance of $15,310,000 of Certificates of Participation ("COPs"). (Refunding and Capital Improvement Projects, Series 1998). COPs are long-term obligations instruments, which are tax exempt and are, therefore, issued at interest rates below current market levels for taxable investments.

Lease payments are required to be made by the District under the lease on or before the 25$^{th}$ of the month preceding each lease payment date for use and possession of the facilities for the period commencing on February 1, 1998, and terminating August 1, 2022. Interest rates vary from 3.75 to 5.150 percent. The certificates of participation will be paid by the COP Facilities Fund using local revenues.

The certificates mature through 2023 as follows:

| Year Ending June 30, | Principal | Interest to Maturity | Total |
|---|---|---|---|
| 2010 | $ 440,000 | $ 616,096 | $ 1,056,096 |
| 2011 | 480,000 | 594,236 | 1,074,236 |
| 2012 | 515,000 | 570,098 | 1,085,098 |
| 2013 | 560,000 | 543,760 | 1,103,760 |
| 2014 | 605,000 | 515,218 | 1,120,218 |
| 2015-2019 | 3,835,000 | 2,039,127 | 5,874,127 |
| 2020-2023 | 5,740,000 | 639,446 | 6,379,446 |
| Total | $ 12,175,000 | $ 5,517,981 | $ 17,692,981 |

**Capital Leases**

The District's liability on lease agreements with options to purchase are summarized below:

| | Energy Conservation | Equipment | Total |
|---|---|---|---|
| Balance, Beginning of Year | $ 833,960 | $ - | $ 833,960 |
| Additions | - | 1,549,017 | 1,549,017 |
| Payments | (203,535) | (583,001) | (786,536) |
| Balance, End of Year | $ 630,425 | $ 966,016 | $ 1,596,441 |

The capital leases are paid by the Special Reserve Fund for Capital Outlay Projects. The capital leases have minimum lease payments as follows:

| Year Ending June 30, | Energy Conservation | Equipment Lease | Total |
|---|---|---|---|
| 2010 | $ 193,977 | $ 241,504 | $ 435,481 |
| 2011 | 193,977 | 241,504 | 435,481 |
| 2012 | 193,977 | 241,504 | 435,481 |
| 2013 | 48,494 | 241,504 | 289,998 |
| Total | 630,425 | 966,016 | 1,596,441 |
| Less: Amount Representing Interest | 49,671 | 63,197 | 112,868 |
| Present Value of Minimum Lease Payments | $ 580,754 | $ 902,819 | $ 1,483,573 |

**Accumulated Unpaid Employee Vacation**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2009, amounted to $809,620. Accumulated vacation will be paid by the fund for which the employee worked.

### OPEB Obligation

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2008. The District's annual required contribution for the year ended June 30, 2009, was $787,771 and contributions made by the District during the year were $522,202, which resulted in a net OPEB obligation increase of $265,569. See Note 11 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

## NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

| | General Fund | Building Fund | Financing Authority Debt Service Fund | Non-Major Governmental Funds | Total |
|---|---|---|---|---|---|
| Reserved | | | | | |
| Revolving cash | $ 85,305 | $ - | $ - | $ 700 | $ 86,005 |
| Stores inventories | 265,227 | - | - | 53,130 | 318,357 |
| Restricted programs | 3,117,794 | - | - | 5,679 | 3,123,473 |
| Total Reserved | 3,468,326 | - | - | 59,509 | 3,527,835 |
| Unreserved | | | | | |
| Designated | | | | | |
| Economic uncertainties | 4,687,608 | - | - | 1,180,597 | 5,868,205 |
| Other designation | 13,355,580 | 96,085,268 | - | 20,762,811 | 130,203,659 |
| Total Designated | 18,043,188 | 96,085,268 | - | 21,943,408 | 136,071,864 |
| Undesignated | 5,949,608 | - | 7,673 | 19,953,801 | 25,911,082 |
| Total Unreserved | 23,992,796 | 96,085,268 | 7,673 | 41,897,209 | 161,982,946 |
| Total | $ 27,461,122 | $ 96,085,268 | $ 7,673 | $ 41,956,718 | $ 165,510,781 |

## NOTE 11- POSTEMPLOYMENT HEALTH CARE PLAN AND OPEB OBLIGATION

### Plan Description

The Postemployment Benefit Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Simi Valley Unified School District. The Plan provides medical insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 90 retirees currently receiving benefits and 1,579 active Plan members. Separate financial statements are not prepared for the Plan.

**Contribution Information**

The contribution requirements of the District are established and may be amended by the District, and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2008-2009, the District contributed $522,202 to the Plan, all of which was used for current premiums (100 percent of total 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 | $ 787,771 |
| Contributions made | (522,202) |
| Increase in net OPEB obligation | 265,569 |
| Net OPEB obligation, beginning of year | 152,539 |
| Net OPEB obligation, end of year | $ 418,108 |

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

| Year Ended June 30, 2009 | Annual Required Contribution | Percentage Contributed | Net OPEB Obligation |
|---|---|---|---|
| 2009 | $ 787,771 | 66% | $ 418,108 |

**Funded Status and Funding Progress**

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

### Actuarial Methods and Assumptions

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

## NOTE 12 - RISK MANAGEMENT

### Medical

As part of the benefits package the District offers a fully funded benefits package. Certificated and management employees may choose to enroll in the District's own self-insured plans. All other employees may enroll in a HMO. The District's plans cover medical, dental, vision, and prescription claims. The District operates a Self-Insurance Fund (an Internal Service Fund) to account for and finance its self-insured risk of loss. Under this program, the Self-Insurance Fund provides coverage up to an individual lifetime maximum of $1 million for certain benefits, as described in the plan document paid to each person covered under the plan. The District purchases commercial insurance for claims in excess of $150,000 per year. Settled claims have exceeded this commercial coverage within the past three fiscal years.

All funds with payroll costs participate in the program and make payments to the Medical Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve. The claims liability of $5,036,607 reported in the fund at June 30, 2009, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability, including incurred but not reported amounts in fiscal years 2009 and 2008 are reported in this note.

### Workers' Compensation

The District is exposed to various risks of loss related to injuries to employees. During fiscal year June 30, 2009, the District operated a Workers' Compensation Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. The District purchases excess insurance coverage self-insured workers' compensation program with a $750,000 Self-Insured Retention (SIR) and a statutory limit per occurrence for employer's liability. Settled claims have not exceeded coverage provided by the Southern California Schools Risk Management JPAs in any of the past three fiscal years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. The claims liability of $1,770,884 reported in the fund at June 30, 2009, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

### Claims Liabilities

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

### Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The following represent the changes in approximate aggregate liabilities for the District from July 1, 2007 to June 30, 2009:

| | Workers' Compensation | Medical | Total |
|---|---|---|---|
| Liability Balance, July 1, 2007 | $ 5,281,298 | $ 1,505,544 | $ 6,786,842 |
| Claims and changes in estimates | 1,130,809 | 13,341,674 | 14,472,483 |
| Claims payments | 1,375,500 | 13,076,334 | 14,451,834 |
| Liability Balance, June 30, 2008 | 5,036,607 | 1,770,884 | 6,807,491 |
| Claims and changes in estimates | 2,274,056 | 13,717,544 | 15,991,600 |
| Claims payments | 2,274,056 | 13,717,544 | 15,991,600 |
| Liability Balance, June 30, 2009 | $ 5,036,607 | $ 1,770,884 | $ 6,807,491 |
| Assets available to pay claims at June 30, 2009 | $ 7,482,290 | $ 4,022,976 | $ 11,505,266 |

## 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, California 95826.

**Funding Policy**

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2008-2009, was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2009, 2008, and 2007, were $6,423,359, $6,605,659, and $6,336,500, respectively, and equal 100 percent of the required contributions for each year.

**CalPERS**

**Plan Description**

The District contributes to 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, California 95811.

**Funding Policy**

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2008-2009 was 9.306 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, 2009, 2008, and 2007, were $2,369,432, $2,331,298, and $2,116,523, 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 employers' existing system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. Part-time employees hired prior to November 1, 1997, buy an alternative retirement plan with Zahoric Company, Inc. New employees hired subsequent to that date are enrolled in social security.

### Tax 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 $3,640,406 (4.517 percent of salaries subject to CalSTRS) no contributions were made to CalPERS for the year ended June 30, 2009. 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, 2009.

### Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2009.

**Construction Commitments**

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

| CAPITAL PROJECTS | Remaining Construction Commitments | Expected Date of Completion |
|---|---|---|
| Modernization at various sites: | | |
| Elementary schools: | | |
| Atherwood Elementary School | $ 1,597,341 | June 30, 2010 |
| Berylwood Elementary School | 122,499 | April 30, 2011 |
| Big Springs Elementary School | 315,383 | August 30, 2009 |
| Crestview Elementary School | 465,862 | December 31, 2010 |
| Garden Grove Elementary School | 1,194,359 | December 31, 2009 |
| Hollow Hills Elementary School | 182,248 | August 30, 2011 |
| Justin Elementary School | 98,963 | April 30, 2010 |
| Katherine Elementary School | 127,439 | April 30, 2010 |
| Mountain View Elementary School | 284,332 | July 30, 2011 |
| Park View Elementary School | 78,169 | January 30, 2011 |
| Sycamore Elementary School | 512,162 | August 30, 2009 |
| Township Elementary School | 127,889 | June 30, 2010 |
| Vista Elementary School | 109,217 | February 28, 2011 |
| White Oak Elementary School | 117,216 | February 28, 2011 |
| Wood Ranch Elementary School | 21,058 | December 31, 2011 |
| Middle Schools: | | |
| Hillside Middle School | 128,878 | August 30, 2011 |
| Sinaloa Middle School | 152,708 | June 30, 2010 |
| Valley View Middle School | 1,598 | December 31, 2009 |
| High Schools: | | |
| Royal High School | 525,451 | November 30, 2011 |
| Santa Susana High School | 8,037,991 | February 28, 2010 |
| Simi Valley High School | 1,925,728 | June 30, 2010 |
| Apollo Continuation School | 74,971 | December 31, 2010 |
| Others: | | |
| Adult Education | 455,686 | August 30, 2011 |
| Monte Vista Independent Study | 29,235 | February 28, 2011 |
| Education Services Building | 238,074 | December 31, 2011 |
| Undesignated | 940,044 | June 30, 2012 |
| | $ 17,864,503 | |

## NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

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 property liability coverage. The District also belongs to the Southern California Schools Risk Management Authority (SCSRMA) and the Ventura County Fast Action School Transit Authority (VCFASTA) joint powers authorities (JPAs). The relationship between the District, the pool and the JPAs is such that they are not component units of the District for financial reporting purposes.

These entities have 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 entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2009, the District made payments of $1,397,750, $198,674, and $3,408, to VCSSFA, SCSRMA, and VCFASTA, respectively, for services received.

## NOTE 16 - SUBSEQUENT EVENTS

### Tax Revenue and Anticipation Notes

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

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

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

# *REQUIRED SUPPLEMENTARY INFORMATION*

# SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| | Budgeted Amounts (GAAP Basis) | | | Variances - Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | Actual (GAAP Basis) | Final to Actual |
| **REVENUES** | | | | |
| Revenue limit sources | $116,871,194 | $109,265,412 | $113,824,706 | $ 4,559,294 |
| Federal sources | 5,808,788 | 12,562,437 | 15,287,775 | 2,725,338 |
| Other State sources | 20,461,332 | 20,239,994 | 21,387,302 | 1,147,308 |
| Other local sources | 11,363,908 | 13,322,138 | 15,300,347 | 1,978,209 |
| **Total Revenues** [1] | 154,505,222 | 155,389,981 | 165,800,130 | 10,410,149 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Instruction | 106,863,693 | 111,022,771 | 107,633,155 | 3,389,616 |
| Instruction related activities: | | | | |
| Supervision of instruction | 3,520,839 | 3,611,041 | 3,539,869 | 71,172 |
| Instructional library, media, and technology | 1,115,209 | 1,143,780 | 1,121,237 | 22,543 |
| School site administration | 11,180,615 | 11,467,056 | 11,241,047 | 226,009 |
| Pupil services: | | | | |
| Home-to-school transportation | 2,799,264 | 3,229,627 | 3,128,249 | 101,378 |
| Food services | 183,031 | 211,171 | 204,542 | 6,629 |
| All other pupil services | 6,395,688 | 7,378,970 | 7,147,344 | 231,626 |
| Administration: | | | | |
| Data processing | 1,365,820 | 1,293,946 | 1,255,837 | 38,109 |
| All other administration | 6,681,188 | 6,329,602 | 6,143,183 | 186,419 |
| Plant services | 15,988,081 | 16,160,771 | 15,043,757 | 1,117,014 |
| Facility acquisition and construction | 115,426 | 116,672 | 108,608 | 8,064 |
| Ancillary services | 1,057,388 | 1,234,072 | 1,290,329 | (56,257) |
| Community services | 231,523 | 257,872 | 386,667 | (128,795) |
| Other outgo | 276,425 | 800,314 | 572,164 | 228,150 |
| Enterprise services | - | 64,075 | 34,159 | 29,916 |
| Debt service | | | | |
| Interest and other | 230,863 | 230,863 | 230,863 | - |
| **Total Expenditures** [1] | 158,005,053 | 164,552,603 | 159,081,010 | 5,471,593 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (3,499,831) | (9,162,622) | 6,719,120 | 15,881,742 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 1,050,000 | 633,166 | 1,035,467 | 402,301 |
| Transfers out | (1,050,000) | (825,000) | (2,463,000) | (1,638,000) |
| **Net Financing Sources (Uses)** | - | (191,834) | (1,427,533) | (1,235,699) |
| **NET CHANGE IN FUND BALANCES** | (3,499,831) | (9,354,456) | 5,291,587 | 14,646,043 |
| **Fund Balance - Beginning** | 22,169,535 | (7,411,950) | - | 7,411,950 |
| **Fund Balance - Ending** | $ 18,669,704 | $ (16,766,406) | $ 5,291,587 | $ 22,057,993 |

[1] On behalf payments of $3,640,406 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

## SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
## FOR THE YEAR ENDED JUNE 30, 2009

**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) |
|---|---|---|---|---|---|---|
| August 7, 2006 | $ - | $ 8,950,578 | $ 8,950,578 | 0% | $112,016,980 | 8.0% |

# *SUPPLEMENTARY INFORMATION*

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | CFDA Number | Pass-Through Entity Identifying Number | Program Expenditures |
|---|---|---|---|
| U.S. DEPARTMENT OF EDUCATION | | | |
| Smaller Learning Communities | 84.215L | [1] | $ 9,005 |
| Passed through the California Department of Education (CDE): | | | |
| Elementary and Secondary Education Act as amended by the No Child Left Behind Act (2001) | | | |
| Title I, Part A - Basic Grants Low Incidence | 84.010 | 14329 | 1,505,434 |
| Title I, Part G - Advanced Placement Test Fee Reimbursement | 84.330 | 14333 | 1,323 |
| Title II, Part A - Improving Teacher Quality | 84.367 | 14341 | 553,262 |
| Title II, Part A - Administrator Training | 84.367 | 14344 | 14,561 |
| Title II, Part D - Enhancing Education Through Technology | 84.318 | 14334 | 7,723 |
| Title III - Immigrant Education Program | 84.365 | 14346 | 183,408 |
| Title III - Limited English Proficiency | 84.365 | 10084 | 38,079 |
| Title IV, Part A - Drug-Free Schools | 84.186 | 14347 | 51,577 |
| Title V, Part A - Innovative Education Strategies | 84.298A | 14354 | 65,018 |
| Subtotal | | | 2,420,385 |
| Passed through the Ventura County Superintendent of Schools Office: | | | |
| Individuals with Disabilities Education Act (IDEA), Special Education Cluster: | | | |
| Part B, Section 611, Basic Local Assistance | 84.027 | 13379 | 3,240,981 |
| ARRA - Part B, Section 611, Basic Local Assistance | 84.391 | 15003 | 760,658 |
| Part B, Section 611, Preschool Local Entitlement | 84.027A | 13682 | 183,638 |
| ARRA - Part B, Section 611, Preschool Local Entitlement | 84.391 | 15002 | 42,710 |
| Part B, Section 619, Federal Preschool Grants | 84.173 | 13430 | 99,260 |
| ARRA - Part B, Section 619, Federal Preschool Grants | 84.392 | 15000 | 25,973 |
| Part B, Section 611, Private Schools ISPs | 84.027 | 10115 | 2,965 |
| Subtotal | | | 4,356,185 |
| Adult Education and Family Literacy Act | | | |
| Adult Basic Education | 84.002A | 14508 | 71,060 |
| Adult Education - Secondary Education | 84.002 | 13978 | 39,089 |
| Adult Education - English Language and Civic Education | 84.002A | 14109 | 62,066 |
| Subtotal | | | 172,215 |
| Carl Perkins Vocational and Applied Technology | | | |
| Vocational Programs: Vocational and Application Technology Post-secondary and Adult - Title II C, Sec 132 | 84.048 | 13923 | 101,111 |
| Total U.S. Department of Education | | | 7,058,901 |

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

See accompanying note to supplementary information.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | CFDA Number | Pass-Through Entity Identifying Number | Program Expenditures |
|---|---|---|---|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| Passed through the CDE: | | | |
| Child Nutrition Cluster | | | |
| Basic School Breakfast Program | 10.553 | 13525 | $ 49,376 |
| Especially Needy Breakfast | 10.553 | 13526 | 172,221 |
| National School Lunch Program | 10.555 | 13523 | 1,912,010 |
| Food Distribution | 10.555 | 13389 | 196,435 |
| Subtotal | | | 2,330,042 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Passed through California Department of Health Services: | | | |
| Medical Program Assistance Cluster: | | | |
| Medi-Cal Billing Option | 93.778 | 10013 | 92,084 |
| Medi-Cal Administrative Activities | 93.778 | 10060 | 124,806 |
| Subtotal | | | 216,890 |
| Total Federal Programs | | | $ 9,605,833 |

See accompanying note to supplementary information.

# SIMI VALLEY UNIFIED SCHOOL DISTRICT

## LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
## JUNE 30, 2009

### ORGANIZATION

The Simi Valley Unified School District was established in 1936, and consists of an area comprising approximately 90 square miles. The District operates twenty-one elementary schools, three middle schools, three high schools, one continuation high school, one alternative education program, and one adult school. There were no boundary changes during the year.

### GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---|---|---|
| Eric Lundstrom | President | 2010 |
| Jeanne Davis | Clerk | 2010 |
| Rob Collins | Member | 2012 |
| Janice DiFatta | Member | 2012 |
| Debbie Sandland | Member | 2012 |

### ADMINISTRATION

| | |
|---|---|
| Kathryn Scroggin, Ed.D. | Superintendent |
| Don Gaudioso | Assistant Superintendent, Personnel Services |
| Lowell Schultze | Associate Superintendent, Business and Facilities |

See accompanying note to supplementary information.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| | Revised Second Period Report | Annual Report |
|---|---|---|
| ELEMENTARY | | |
| Kindergarten | 1,330 | 1,331 |
| First through third | 4,305 | 4,298 |
| Fourth through sixth | 4,361 | 4,356 |
| Seventh and eighth | 3,039 | 3,020 |
| Home and hospital | 4 | 4 |
| Special education | 350 | 352 |
| Total Elementary | 13,389 | 13,361 |
| SECONDARY | | |
| Regular classes | 5,965 | 5,902 |
| Continuation education | 223 | 240 |
| Home and hospital | 10 | 10 |
| Special education | 283 | 279 |
| Total Secondary | 6,481 | 6,431 |
| Total K-12 | 19,870 | 19,792 |
| CLASSES FOR ADULTS | | |
| Concurrently enrolled | 94 | 98 |
| Not concurrently enrolled | 2,557 | 2,593 |
| Students 21 and over and 19 or older not continuously enrolled since their 18th birthday, enrolled in K-12 through independent study | 37 | 35 |
| Total Classes for Adults | 2,688 | 2,726 |
| Grand Total | 22,558 | 22,518 |

| | Hours of Attendance |
|---|---|
| SUMMER SCHOOL | |
| Elementary | 11,341 |
| Secondary | 105,795 |
| Total Hours | 117,136 |

See accompanying note to supplementary information.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| Grade Level | 1982-83 Actual Minutes | 1986-87 Minutes Requirement | 2008-09 Actual Minutes | Number of Days | | Status |
|---|---|---|---|---|---|---|
| | | | | Traditional Calendar | Multitrack Calendar | |
| Kindergarten | 34,710 | 36,000 | 36,000 | - | N/A | Complied |
| Grades 1 - 3 | 44,535 | 50,400 | | | | |
| Grade 1 | | | 54,602 | - | N/A | Complied |
| Grade 2 | | | 54,602 | - | N/A | Complied |
| Grade 3 | | | 54,602 | - | N/A | Complied |
| Grades 4 - 6 | 51,655 | 54,000 | | | | |
| Grade 4 | | | 54,602 | - | N/A | Complied |
| Grade 5 | | | 54,602 | - | N/A | Complied |
| Grade 6 | | | 54,602 | - | N/A | Complied |
| Grades 7 - 8 | 63,190 | 54,000 | | | | |
| Grade 7 | | | 63,810 | - | N/A | Complied |
| Grade 8 | | | 63,810 | - | N/A | Complied |
| Grades 9 - 12 | 51,655 | 64,800 | | | | |
| Grade 9 | | | 65,004 | - | N/A | Complied |
| Grade 10 | | | 65,004 | - | N/A | Complied |
| Grade 11 | | | 65,004 | - | N/A | Complied |
| Grade 12 | | | 65,004 | - | N/A | Complied |

See accompanying note to supplementary information.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

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

| | General Fund |
|---|---|
| FUND BALANCE | |
| Balance, June 30, 2009, Unaudited Actuals | $ 30,182,854 |
| Decrease in: | |
| Accounts receivable [1] | (2,721,732) |
| Balance, June 30, 2009, Audited Financial Statement | $ 27,461,122 |

[1] The adjustment is the ABX4 3 categorical un-appropriated State categorical as described in Note 16.

See accompanying note to supplementary information.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| | (Budget) 2010 [1] | 2009 | 2008 | 2007 |
|---|---|---|---|---|
| GENERAL FUND | | | | |
| Revenues | $ 140,182,812 | $ 165,800,130 | $ 165,368,962 | $ 164,735,105 |
| Other sources and transfers in | - | 1,035,467 | 1,240,557 | 199,465 |
| Total Revenues and Other Sources | 140,182,812 | 166,835,597 | 166,609,519 | 164,934,570 |
| Expenditures | 145,981,249 | 159,081,010 | 164,258,915 | 154,590,358 |
| Other uses and transfers out | - | 2,463,000 | 1,025,000 | 950,000 |
| Total Expenditures and Other Uses | 145,981,249 | 161,544,010 | 165,283,915 | 155,540,358 |
| INCREASE (DECREASE) IN FUND BALANCE | $ (5,798,437) | $ 5,291,587 | $ 1,325,604 | $ 9,394,212 |
| ENDING FUND BALANCE | $ 21,662,685 | $ 27,461,122 | $ 22,169,535 | $ 20,843,931 |
| AVAILABLE RESERVES [2] | $ 13,428,904 | $ 10,637,216 | $ 11,783,180 | $ 5,353,295 |
| AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [3, 5] | 9.20% | 6.74% | 7.29% | 3.52% |
| LONG-TERM OBLIGATIONS | N/A | $ 185,577,681 | $ 277,837,199 | $ 133,508,747 |
| K-12 AVERAGE DAILY ATTENDANCE AT P-2 [4] | 19,867 | 19,870 | 20,066 | 20,319 |

The General Fund balance has increased by $6,617,191 over the past two years. The fiscal year 2009-2010 budget projects a decrease of $5,798,437 (21 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 all of the past three years but anticipates incurring an operating deficit during the 2009-2010 fiscal year. Total long-term obligations have increased by $52,068,934 over the past two years.

Average daily attendance has decreased by 449 over the past two years. Additional decline of 3 ADA is anticipated during fiscal year 2009-2010.

[1] Budget 2010 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 $3,640,406, $3,616,694, and $3,469,325 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2009, 2008, and 2007, respectively.

[4] Excludes Adult Education ADA.

[5] The District recorded the revenue and related receivable associated with its portion of the 2008-2009 reverted unallocated, unexpended or un-liquidated categorical program balances identified in the 2009-2010 re-appropriation in the July 2009 State Budget package prior to notification of by the State that the 2009-2010 re-appropriation should not be accrued. In accordance with Governmental Accounting Standards Board Statement No. 33, an adjustment to reduce revenue and the related receivable have been included in these financial statements. (See Note 16) California *Education Code* Section 33128.1 allows the District to include these accruals in their Available Reserves calculation.

See accompanying note to supplementary information.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

## BUILDING SUB-FUNDS
## COMBINING BALANCE SHEET
## JUNE 30, 2009

| | 2004 General Obligation Bond | 1998 General Obligation Bond | Surplus Property | Earthquake | Total Building Fund |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Deposits and investments | $ 94,835,558 | $ 1,013,382 | $ 2,148,120 | $ 1,994,028 | $ 99,991,088 |
| Receivables | 568,175 | 13,214 | 12,284 | 5,080 | 598,753 |
| Due from other funds | 1,967 | - | - | - | 1,967 |
| **Total Assets** | $ 95,405,700 | $ 1,026,596 | $ 2,160,404 | $ 1,999,108 | $100,591,808 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable | $ 2,185,189 | $ 208 | $ 119,533 | $ 1,978,891 | $ 4,283,821 |
| Due to other funds | 24,144 | 215 | 198,357 | 3 | 222,719 |
| **Total Liabilities** | 2,209,333 | 423 | 317,890 | 1,978,894 | 4,506,540 |
| **Fund Balances:** | | | | | |
| Unreserved: | | | | | |
| Designated | 93,196,367 | 1,026,173 | 1,842,514 | 20,214 | 96,085,268 |
| **Total Fund Balances** | 93,196,367 | 1,026,173 | 1,842,514 | 20,214 | 96,085,268 |
| **Total Liabilities and Fund Balances** | $ 95,405,700 | $ 1,026,596 | $ 2,160,404 | $ 1,999,108 | $100,591,808 |

See accompanying note to supplementary information.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

## BUILDING SUB-FUNDS
## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
## FOR THE YEAR ENDED JUNE 30, 2009

| | 2004 General Obligation Bond | 1998 General Obligation Bond | Surplus Property | Earthquake | Total Building Fund |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Other local sources | $ 3,114,420 | $ 71,126 | $ 814,576 | $ 20,217 | $ 4,020,339 |
| **Total Revenues** | 3,114,420 | 71,126 | 814,576 | 20,217 | 4,020,339 |
| **EXPENDITURES** | | | | | |
| Current | | | | | |
| Plant services | - | - | 81,521 | - | 81,521 |
| Facility acquisition and construction | 22,331,492 | 7,871 | 1,697,101 | 3 | 24,036,467 |
| Debt service | | | | | |
| Principal | - | - | 86,364 | - | 86,364 |
| Interest and other | - | - | 259,093 | - | 259,093 |
| **Total Expenditures** | 22,331,492 | 7,871 | 2,124,079 | 3 | 24,463,445 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (19,217,072) | 63,255 | (1,309,503) | 20,214 | (20,443,106) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Other sources | - | - | 1,353,862 | - | 1,353,862 |
| Transfers out | - | - | (7,206,505) | - | (7,206,505) |
| **Net Financing Sources (Uses)** | - | - | (5,852,643) | - | (5,852,643) |
| **NET CHANGE IN FUND BALANCES** | (19,217,072) | 63,255 | (7,162,146) | 20,214 | (26,295,749) |
| **Fund Balance - Beginning** | 112,413,439 | 962,918 | 8,179,660 | - | 121,556,017 |
| **Fund Balance - Ending** | $ 93,196,367 | $ 1,026,173 | $ 1,017,514 | $ 20,214 | $ 95,260,268 |

See accompanying note to supplementary information.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| | Adult Education Fund | Cafeteria Fund | Deferred Maintenance Fund | Capital Facilities Fund |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Deposits and investments | $ 2,029,233 | $ 880,355 | $ 2,782,156 | $ 11,648,027 |
| Receivables | 638,671 | 396,922 | 15,360 | 36,952 |
| Due from other funds | 7,065 | - | - | 373,271 |
| Due from other governments | 166,390 | - | - | - |
| Stores inventories | - | 53,130 | - | - |
| **Total Assets** | $ 2,841,359 | $ 1,330,407 | $ 2,797,516 | $ 12,058,250 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| **Liabilities:** | | | | |
| Accounts payable | $ 407,847 | $ 96,680 | $ 518,096 | $ 89,501 |
| Due to other funds | 23,864 | - | 969 | 4,604 |
| **Total Liabilities** | 431,711 | 96,680 | 519,065 | 94,105 |
| **Fund Balances:** | | | | |
| Reserved for: | | | | |
| Revolving cash | 700 | - | - | - |
| Stores inventories | - | 53,130 | - | - |
| Legally restricted balance | 5,679 | - | - | - |
| Unreserved: | | | | |
| Designated | - | 1,180,597 | 2,278,451 | 11,964,145 |
| Undesignated, reported in: | | | | |
| Special revenue funds | 2,403,269 | - | - | - |
| Debt service funds | - | - | - | - |
| Capital projects funds | - | - | - | - |
| **Total Fund Balances** | 2,409,648 | 1,233,727 | 2,278,451 | 11,964,145 |
| **Total Liabilities and Fund Balances** | $ 2,841,359 | $ 1,330,407 | $ 2,797,516 | $ 12,058,250 |

See accompanying note to supplementary information.

| COP Facilities Fund | County School Facilities Fund | Special Reserve Fund for Capital Outlay Projects | Financing Authority Capital Projects Fund | Bond Interest and Redemption Fund | Non-Major Governmental Funds |
|---|---|---|---|---|---|
| $ 2,381,147 | $ 3,723,772 | $ 1,481,169 | $ 6,528,023 | $ 8,599,414 | $ 40,053,296 |
| - | 1,741,456 | 8,531 | - | 41,948 | 2,879,840 |
| - | 1,229 | 26,004 | - | - | 407,569 |
| - | - | - | - | - | 166,390 |
| - | - | - | - | - | 53,130 |
| $ 2,381,147 | $ 5,466,457 | $ 1,515,704 | $ 6,528,023 | $ 8,641,362 | $ 43,560,225 |
| | | | | | |
| $ - | $ 56,768 | $ 1,119 | $ - | $ - | $ 1,170,011 |
| - | 377,293 | 26,766 | - | - | 433,496 |
| - | 434,061 | 27,885 | - | - | 1,603,507 |
| | | | | | |
| - | - | - | - | - | 700 |
| - | - | - | - | - | 53,130 |
| - | - | - | - | - | 5,679 |
| - | 5,032,396 | 1,487,819 | - | - | 21,943,408 |
| - | - | - | - | - | 2,403,269 |
| - | - | - | - | 8,641,362 | 8,641,362 |
| 2,381,147 | - | - | 6,528,023 | - | 8,909,170 |
| 2,381,147 | 5,032,396 | 1,487,819 | 6,528,023 | 8,641,362 | 41,956,718 |
| $ 2,381,147 | $ 5,466,457 | $ 1,515,704 | $ 6,528,023 | $ 8,641,362 | $ 43,560,225 |

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

| | Adult Education Fund | Cafeteria Fund | Deferred Maintenance Fund | Capital Facilities Fund |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Federal sources | $ 273,326 | $ 2,330,042 | $ - | $ - |
| Other State sources | 6,028,059 | 160,633 | 782,189 | - |
| Other local sources | 1,742,448 | 2,763,590 | 87,714 | 679,912 |
| **Total Revenues** | 8,043,833 | 5,254,265 | 869,903 | 679,912 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Instruction | 4,744,638 | - | - | - |
| Instruction-related activities: | | | | |
| Supervision of instruction | 373,973 | - | - | - |
| School site administration | 1,802,524 | - | - | - |
| Pupil services: | | | | |
| Food services | - | 4,227,329 | - | - |
| All other pupil services | 224,127 | - | - | - |
| Administration: | | | | |
| All other administration | 103,975 | 183,724 | - | - |
| Plant services | 857,334 | 437,203 | - | 45,832 |
| Facility acquisition and construction | 32,626 | 188,036 | 1,085,192 | 203,807 |
| Community services | 170,587 | - | - | - |
| Principal | - | - | - | - |
| Interest and other | - | - | - | - |
| **Total Expenditures** | 8,309,784 | 5,036,292 | 1,085,192 | 249,639 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (265,951) | 217,973 | (215,289) | 430,273 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | - | - | - | - |
| Other sources | - | - | - | - |
| Transfers out | (18,633) | - | (825,000) | - |
| **Net Financing Sources (Uses)** | (18,633) | - | (825,000) | - |
| **NET CHANGE IN FUND BALANCES** | (284,584) | 217,973 | (1,040,289) | 430,273 |
| **Fund Balance - Beginning** | 2,694,232 | 1,015,754 | 3,318,740 | 11,533,872 |
| **Fund Balance - Ending** | $ 2,409,648 | $ 1,233,727 | $ 2,278,451 | $ 11,964,145 |

See accompanying note to supplementary information.

| COP Facilities Fund | County School Facilities Fund | Special Reserve Fund for Capital Outlay Projects | Financing Authority Capital Projects Fund | Bond Interest and Redemption Fund | Non-Major Governmental Funds |
|---|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ - | $ 2,603,368 |
| - | 2,079,669 | - | - | 87,613 | 9,138,163 |
| 84,205 | (231,916) | 47,729 | 38,352 | 8,562,545 | 13,774,579 |
| 84,205 | 1,847,753 | 47,729 | 38,352 | 8,650,158 | 25,516,110 |
| | | | | | |
| - | - | - | - | - | 4,744,638 |
| | | | | | |
| - | - | - | - | - | 373,973 |
| - | - | - | - | - | 1,802,524 |
| | | | | | |
| - | - | - | - | - | 4,227,329 |
| - | - | - | - | - | 224,127 |
| | | | | | |
| - | - | - | - | - | 287,699 |
| - | - | - | - | - | 1,340,369 |
| - | 1,271,650 | 49,135 | - | - | 2,830,446 |
| - | - | - | - | - | 170,587 |
| 400,000 | - | 76,529 | - | 3,160,000 | 3,636,529 |
| 635,635 | - | 29,454 | - | 6,258,594 | 6,923,683 |
| 1,035,635 | 1,271,650 | 155,118 | - | 9,418,594 | 26,561,904 |
| | | | | | |
| (951,430) | 576,103 | (107,389) | 38,352 | (768,436) | (1,045,794) |
| | | | | | |
| 413,893 | 1,638,000 | 525,000 | 6,489,671 | - | 9,066,564 |
| 555,916 | - | - | - | - | 555,916 |
| - | - | (413,893) | - | - | (1,257,526) |
| 969,809 | 1,638,000 | 111,107 | 6,489,671 | - | 8,364,954 |
| 18,379 | 2,214,103 | 3,718 | 6,528,023 | (768,436) | 7,319,160 |
| 2,362,768 | 2,818,293 | 1,484,101 | - | 9,409,798 | 34,637,558 |
| $ 2,381,147 | $ 5,032,396 | $ 1,487,819 | $ 6,528,023 | $ 8,641,362 | $ 41,956,718 |

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

## GENERAL FUND SELECTED FINANCIAL INFORMATION
## THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES OF FUND BALANCE
## FOR THE YEAR ENDED JUNE 30, 2009

| (Amounts in thousands, except for Base Revenue Limit) | Actual Results for the Years | | | | | |
|---|---|---|---|---|---|---|
| | 2008-2009 | | 2007-2008 | | 2006-2007 | |
| | Amount | Percent of Revenue | Amount | Percent of Revenue | Amount | Percent of Revenue |
| REVENUES | | | | | | |
| Federal revenue | $ 15,288 | 9.2 | $ 6,071 | 3.7 | $ 6,411 | 3.9 |
| State and local revenue included in revenue limit | 113,825 | 68.7 | 118,036 | 71.4 | 114,015 | 69.2 |
| Other State revenue | 21,387 | 12.9 | 26,323 | 15.9 | 30,637 | 18.6 |
| Other local revenue | 5,329 | 3.2 | 14,939 | 9.0 | 12,888 | 7.8 |
| Tuition and transfers in | 9,971 | 6.0 | - | 0.0 | 784 | 0.5 |
| Total Revenues | 165,800 | 100.0 | 165,369 | 100.0 | 164,735 | 100.0 |
| EXPENDITURES | | | | | | |
| Salaries and Benefits | | | | | | |
| Certificated salaries | 77,316 | 46.6 | 79,436 | 48.0 | 75,427 | 45.8 |
| Classified salaries | 25,604 | 15.4 | 25,576 | 15.5 | 24,171 | 14.6 |
| Employee benefits | 39,445 | 23.8 | 39,771 | 24.0 | 37,503 | 22.8 |
| Total Salaries and Benefits | 142,365 | 85.9 | 144,783 | 87.6 | 137,101 | 83.2 |
| Books and supplies | 4,335 | 2.6 | 6,159 | 3.7 | 6,152 | 3.7 |
| Contracts and operating expenses | 11,554 | 7.0 | 12,458 | 7.5 | 11,493 | 7.0 |
| Other outgo | 53 | 0.0 | (1,006) | (0.6) | (1,021) | (0.6) |
| Capital outlay | 543 | 0.3 | 1,356 | 0.8 | 640 | 0.4 |
| Debt Service | 231 | 0.1 | 509 | 0.3 | 225 | 0.1 |
| Total Expenditures | 159,081 | 95.9 | 164,259 | 99.3 | 154,590 | 93.8 |
| Excess of Revenues Over Expenditures | 6,719 | 4.1 | 1,110 | 0.7 | 10,145 | 6.2 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in (out), net | (1,428) | (0.9) | 216 | 0.1 | (751) | (0.5) |
| INCREASE IN FUND BALANCE | 5,291 | 3.2 | 1,326 | 0.8 | 9,394 | 5.7 |
| FUND BALANCE, BEGINNING | 22,170 | | 20,844 | | 11,450 | |
| FUND BALANCE, ENDING | $ 27,461 | | $ 22,170 | | $ 20,844 | |
| BASE REVENUE LIMIT PER ADA | | | | | | |
| Regular | $ 6,111 | | $ 5,782 | | $ 5,530 | |
| Adult | $ 2,645 | | $ 2,645 | | $ 2,531 | |

See accompanying note to supplementary information.

# SIMI VALLEY UNIFIED SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION
## JUNE 30, 2009

### NOTE 1 - PURPOSE OF SCHEDULES

#### Schedule of Expenditures of Federal Awards

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

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

| | CFDA Number | Amount |
|---|---|---|
| Total Federal Revenues Statement of Revenues, Expenditures, and Changes in Fund Balance: | | $ 17,891,143 |
| ARRA - State Fiscal Stabilization Fund | 84.394 | (8,085,751) |
| Medi-Cal Billing Option | 93.778 | (199,559) |
| Total Schedule of Expenditures of Federal Awards | | $ 9,605,833 |

#### Local Education Agency Organization Structure

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

#### Schedule of Average Daily Attendance (ADA)

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

#### Schedule of Instructional Time

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

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

# SIMI VALLEY UNIFIED SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION
## JUNE 30, 2009

**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.

**Building Sub-Funds – Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance**

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

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

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

**General Fund Selected Financial Information**

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

# *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
Simi Valley Unified School District
Simi Valley, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Simi Valley Unified School District (the District) as of and for the year ended June 30, 2009, which collectively comprise Simi Valley Unified School District's basic financial statements and have issued our report thereon dated December 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Simi 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 Simi Valley Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Simi Valley Unified School District's internal control over financial reporting.

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

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

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



8270 Aspen Street Rancho Cucamonga, CA 91730 Tel: 909.466.4410 Fax: 909.466.4431 www.vtdcpa.com
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**Compliance and Other Matters**

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

We noted certain matters that we reported to management of Simi Valley Unified School District in a separate letter dated December 8, 2009.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co, LLP

Rancho Cucamonga, California
December 8, 2009

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

Governing Board
Simi Valley Unified School District
Simi Valley, California

## Compliance

We have audited the compliance of Simi Valley Unified School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2009. Simi 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 Simi Valley Unified School District's management. Our responsibility is to express an opinion on Simi 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 Simi 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 Simi Valley Unified School District's compliance with those requirements.

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

## Internal Control Over Compliance

The management of Simi 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 Simi 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 Simi Valley Unified School District's internal control over compliance.



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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.

Simi Valley Unified School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Simi Valley Unified School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2009

# INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Simi Valley Unified School District
Simi Valley, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Simi Valley Unified School District (the District) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2008-2009*, 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 Simi Valley Unified School District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Simi Valley Unified School District's compliance with the State laws and regulations applicable to the following items:

| | Procedures in Audit Guide | Procedures Performed |
|---|---|---|
| Attendance Accounting: | | |
| Attendance reporting | 8 | Yes |
| Independent study | 23 | Yes |
| Continuation education | 10 | Yes |
| Instructional Time: | | |
| School districts | 6 | Yes |
| County offices of education | 3 | Not Applicable |
| Community day schools | 3 | Not Applicable |
| Instructional Materials general requirements | 8 | Yes |
| 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 Accountability Report Card | 3 | Yes |



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| | Procedures in Audit Guide | Procedures Performed |
|---|---|---|
| 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 | Yes |
| After school | 4 | Yes |
| Before school | 5 | Not Applicable |
| Charter Schools: | | |
| Contemporaneous records of attendance | 1 | Not Applicable |
| Mode of instruction | 1 | Not Applicable |
| Non classroom-based instruction/independent study | 15 | Not Applicable |
| Determination of funding for non classroom-based instruction | 3 | Not Applicable |
| Annual instruction minutes classroom based | 3 | Not Applicable |

We performed testing of procedure (a) only for Instructional Materials general requirements, as additional procedures were determined to not be required.

Based on our audit, we found that for the items tested, the Simi 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 Simi Valley Unified School District had not complied with the laws and regulations. Our audit does not provide a legal determination on Simi Valley Unified School District's compliance with the State laws and regulations referred to above.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, the California Department of Finance, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2009

# *SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

### FINANCIAL STATEMENTS

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

### FEDERAL AWARDS

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

Identification of major programs:

| CFDA Numbers | Name of Federal Program or Cluster |
|---|---|
| 84.027, 84.027A, 84.173, 84.391, 84.392 | Special Education Cluster |
| 10.553, 10.555 | Child Nutrition Cluster |
| 93.778 | Medi-Cal Administrative Activities and Billing Option |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $ 300,000 |
| Auditee qualified as low-risk auditee? | Yes |

### STATE AWARDS

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

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

None reported.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

None reported.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

None reported.

## SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

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

Governing Board
Simi Valley Unified School District
Simi Valley, California

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

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent a condition noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 8, 2009, on the financial statements of Simi Valley Unified School District.

## CURRENT YEAR OBSERVATIONS AND RECCOMMENDATIONS

### *ATTENDANCE*

### *Apollo High School*

**Observation**

The attendance clerk provides each teacher with a weekly attendance report for the students in his or her classes. The report shows the students' attendance as recorded by the teacher in the on-line attendance system. The teacher is to compare the report with his or her records of student attendance, sign the report to confirm its accuracy, and return it to the attendance office at the site. This form becomes the source document for the student attendance recorded in the system since the teacher does not submit attendance manually.

For one of the four weeks in the attendance month selected for testing, we noted that a teacher had not returned the signed attendance verification form to the attendance office. We then reviewed additional attendance records and noted that other teachers had not returned the forms for that specific week as well. The reports were missing for the week of October 23rd to 27th, 2008.

**Recommendation**

The teachers at all sites should be reminded of the State suggested procedures of signing the original attendance documents as evidence that the attendance was taken by a credentialed employee as required by *Education Code* Section 1703 and 1704. The signature also serves as certification by the teacher that the information contained on this source document is accurate to the best of their knowledge.

Since the teachers record attendance on line, the weekly verification reports must be retained as the teachers' certification that the attendance records are accurate to the best of his or her knowledge.

During our visit the week of October 5th to 9th, 2009, Paulette Wilson (District Attendance Coordinator) had communicated the recommendation given above at interim to site attendance personnel. The recommendation at interim was implemented; therefore no ADA revisions are required.



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## *STATE COMPLIANCE*

### *Simi High School - Instructional Minutes*

**Observation**

We noted that passing time varies on several of the bell schedules in place. Generally, students are allowed seven minutes to pass from class to class. However, during final exams students are allowed ten minutes passing time. Since the passing time is included in the calculation of total instructional minutes offered and should be representative of actual time required to walk from one classroom to another, it should be consistent between the various bell schedules in use.

The official calculation of instructional minutes performed actually takes this discrepancy into account. The instructional minutes offered by the site complies with requirements specified in the California *Education Code*.

**Recommendation**

Use caution in the preparation of bell schedules. If this particular schedule had been developed to provide exactly the basic minimum day with ten minutes of passing time, these days would have been deficient when the three minutes were subtracted. Since high schools are allowed to average only two consecutive days, the site would have been short three instructional days for the year, resulting in monetary penalties for the District.

During our visit the week of October 5th to 9th, 2009, Principal Steve Pietrolungo provided auditors with a copy of all three bell schedules in place for the 2008-2009 school year (Regular Bell Schedule, College and Career Day Bell Schedule and Finals Schedule). All three bell schedules reflect a passing period of seven minutes, which is consistent as recommended at interim. Therefore, no adjustment to instructional minutes is deemed necessary at this time.

## *ASSOCIATED STUDENT BODY*

### *Sinaloa Middle School – Revenue Potential Forms*

**Observation**

The revenue potential forms are not completed at the site. A packet is prepared for each fund raiser. The front page of the packet is an approval form for the fund raiser. This is regularly completed. The second page is the actual revenue potential form. In reviewing these, we found that the majority of them are not completed or are completed incorrectly.

**Recommendation**

Revenue earned in the student body fund is subject to greater risk of loss due to the nature of the fundraising events and decentralization of the cash collection procedures. Increased internal control procedures over these activities will assist the District in decreasing the risk of potential losses of the student body funds. One important internal control feature is the revenue potential form. The revenue potential form is important because it shows whether or not all the money that should have been collected actually was, based on the price of the item and number sold. The form is also used to document losses of inventory.

A secondary tool that the form accomplishes is to allow the bookkeeper to compare the advisors log of the deposits made for the fundraiser to the financial records of the appropriate account to ensure that all entries were correctly posted. The site administrator should ensure that these forms are completed and turned in to the bookkeeper at the conclusion of the fundraiser.

During our visit the week of October 5th to 9th, 2009, auditor verified with Sandy Handin (Accounting Supervisor) that the site has been correctly utilizing the Revenue Potential Forms since the recommendation was proposed at interim. Barbara Jarrard (ASB Clerk-Sinaloa Middle School) received training from ASB Clerks within the District on how to use the revenue potential forms properly and has since implemented the process. Therefore, no formal finding deemed necessary at this time.

***Valley View Middle School- Stale Dated Checks***

**Observation**

In reviewing the sites outstanding check listing for the June 2009 reconciliation, we noted that 4 check's from the Wells Fargo Checking account were over 1 year old making the probability of them clearing the account quite low.

**Recommendation**

Outstanding checks over 12 months old should be credited back to the appropriate account and taken off the subsequent bank's reconciliation's. 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".

During our visit the week of October 5th-9th, 2009, auditor noted that the site was issued a verbal warning the prior year regarding one stale dated check. The recommendation above was communicated to ASB Clerk, Theresa Witeby. In addition to the stale dated check from fiscal year 2007-2008, three additional checks became "stale" during the 2008-2009 school year for a total of 4 stale dated checks. Based on audit of the ASB financials, the recommendation given was not implemented, and thus caused additional checks to become "stale", making it necessary for the site to take action to correct the issue.

***Santa Susana High School-Stale Dated Checks***

**Observation**

In reviewing the sites outstanding check listing for the June 2009 bank reconciliation, we noted that 31 checks were over 12 months old making the probability of them clearing the account quite low.

**Recommendation**

Outstanding checks over 12 months old should be credited back to the appropriate account and taken off the subsequent bank reconciliation's. 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".

During our visit the week of October 5th to 9th, 2009, auditor noted that the site was issued a verbal warning the prior year regarding twelve stale dated checks. The recommendation above was communicated to the ASB Clerk. In addition to the stale dated checks from fiscal year 2007-2008, nineteen additional checks became "stale" during the 2008-2009 school year for a total of 31 stale dated checks. Based on audit of the ASB financials, the recommendation given was not implemented, and thus caused additional checks to become "stale", making it necessary for the site to take action to correct this issue.

***Simi Valley High School-Internal Controls***

**Observation**

The internal controls over the process for the approval and payment of ASB expenditures are deficient due to a lack of separation of duties. It was noted that personnel involved in the approval of expenditures were also the authorized check signors for the same expenditure.

**Recommendation**

A key control procedure to ensure that expenditures are appropriate for the ASB is to have authorized personnel involved in the expenditure approval process, the preparation of the checks, and the signors of the check be independent from one another. It is allowable for authorized personnel to have the ability to approve expenditures as well as be a check signor, but is not allowed to fulfill both duties for the same expenditure.

During our visit the week of October 5th-9th, 2009, auditor verified that the recommendation proposed at interim had been implemented. Sandy Handin (Accounting Supervisor) met with the ASB Clerk to observe the site's internal controls over expenditures. She noted that three individuals sign and approve expenditures (Activities Director, ASB President or Vice President and the site principal or assistant principal. In addition, checks for expenditures are signed by two individuals, the Activities Director and the ASB Clerk. Since the interim visit, the site has implemented the recommendation above and is operating within proper FCMAT guidelines regarding proper procedures for ASB expenditures.

As noted in the ASB Findings for the 2008-2009 fiscal year, prior year findings were not implemented at the following sites:

- Santa Susanna High School
- Valley View Middle School

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2009