

SIMI VALLEY UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2008

SIMI VALLEY UNIFIED SCHOOL DISTRICT

OF VENTURA COUNTY

SIMI VALLEY, CALIFORNIA

JUNE 30, 2008

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Rob Collins	President	2008
Debbie Sandland	Clerk	2008
Jeanne Davis	Member	2010
Janice DiFatta	Member	2010
Eric Lundstrom	Member	2010

ADMINISTRATION

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2008

FINANCIAL SECTION

Independent Auditors' Report 2
Management's Discussion and Analysis 4
Basic Financial Statements
Government-Wide Financial Statements
Statement of Net Assets 17
Statement of Activities 18
Fund Financial Statements
Governmental Funds - Balance Sheet 19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets 20
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance 21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the District-Wide Statement of Activities 22
Proprietary Funds - Statement of Net Assets 24
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Fund Net Assets 25
Proprietary Funds - Statement of Cash Flows 26
Fiduciary Funds - Statement of Net Assets 27
Notes to Financial Statements 28

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Budgetary Comparison Schedule 62
Schedule of Other Postemployment Benefit Funding Progress and Employer Contribution 63

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards 65
Local Education Agency Organization Structure 67
Schedule of Average Daily Attendance 68
Schedule of Instructional Time 69
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements 70
Schedule of Financial Trends and Analysis 71
Excess Sick Leave 72
Combining Statements – Building Sub-Funds
Combining Balance Sheet 73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance 74
Note to Supplementary Information 75

SUPPLEMENTARY INFORMATION - UNAUDITED

Combining Statements - Non-Major Governmental Funds
Combining Balance Sheet - Unaudited 78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Unaudited 79
General Fund Selected Financial Information - Unaudited 80
Note to Supplementary Information - Unaudited 81

SIMI VALLEY UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2008

INDEPENDENT AUDITORS' REPORTS

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* 83

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 85

Report on State Compliance 87

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results 90

Financial Statement Findings 91

Federal Awards Findings and Questioned Costs 92

State Awards Findings and Questioned Costs 93

Summary Schedule of Prior Audit Findings 94

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, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2007-08* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Simi Valley Unified School District, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 45 for the year ended June 30, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

8270 Aspen Street Rancho Cucamonga, CA 91730 Tel: 909.466.4410 Fax: 909.466.4431 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA

The required supplementary information, such as management's discussion and analysis on pages 4 through 16 and budgetary comparison information on page 62, and other postemployment benefits on page 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2008

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, 2008, with comparative information from 2007. 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 $159.7 million for the fiscal year ended June 30, 2008. Of this amount, $19.4 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	
	2008	2007
Assets		
Current and other assets	$ 313.0	$ 99.8
Capital assets, net	155.8	145.2
Total Assets	468.8	295.0
Liabilities		
Current liabilities	35.0	20.6
Long-term obligations	274.1	130.1
Total Liabilities	309.1	150.7
Net Assets		
Invested in capital assets, net of related debt	103.1	93.8
Restricted	37.2	35.0
Unrestricted	19.4	15.5
Total Net Assets	$ 159.7	$ 144.3

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 18. 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	
	2008	2007
Revenues		
Program revenues:		
Charges for services	$ 5.6	$ 5.5
Operating grants and contributions	39.4	42.9
Capital grants and contributions	5.7	2.4
General revenues:		
State revenue limit sources	84.8	85.8
Property taxes	54.6	47.6
Other general revenues	17.4	13.1
Total Revenues	207.5	197.3
Expenses		
Instruction related	138.9	131.7
Student support services	16.5	13.7
Administration	6.4	5.4
Plant services	17.6	18.6
Other	12.7	9.5
Total Expenses	192.1	178.9
Change in Net Assets	$ 15.4	$ 18.4

Governmental Activities

As reported in the *Statement of Activities* on page 18, the cost of all of our governmental activities this year was $192.1 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $54.6 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 $45.2 million. We paid for the remaining "public benefit" portion of our governmental activities with $102.1 million in taxes, 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)	2008		2007	
	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services
Instruction	$ 91.7	$ 125.1	$ 83.8	$ 118.3
School administration	10.9	13.8	10.3	13.5
Pupil transportation	1.6	3.3	1.2	2.9
Food services	1.1	5.5	0.4	4.5
Other student support services	3.7	7.7	2.8	6.3
Administration	5.4	6.4	4.2	5.4
Plant services	14.7	17.6	16.5	18.6
Other	12.2	12.7	8.9	9.4
Total	$ 141.3	$ 192.1	$ 128.1	$ 178.9

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $270.3 million, which is an increase of $140.7 million from last year.

Table 4

	Balances and Activity			
	July 01, 2007	Revenues	Expenditures	June 30, 2008
General Fund	$ 20,843,931	$166,609,519	$165,283,915	$ 22,169,535
Building Fund	77,515,667	57,662,396	13,622,046	121,556,017
County School Facilities Fund	2,103,918	11,996,243	11,281,868	2,818,293
Financing Authority Debt Service Fund	-	107,646,899	15,666,082	91,980,817
Non-Major Governmental Funds	29,145,323	127,607,709	124,933,767	31,819,265
Total	$129,608,839	$471,522,766	$330,787,678	$270,343,927

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 $20.8 million to $22.2 million. This increase is due to:

   - Cost-cutting measures implemented by the Board of Education: unfilled vacant positions, mid-year retirement program, attrition, Workers' Compensation Fund rate reduction, HMO/PPO medical plan changes, AB825 flex transfer, site and department savings. 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 more revenue than operating expense resulting in a net increase from the prior year of approximately $634,051 and $1,078,466, respectively, although the Cafeteria Fund had a net decrease of $438,658 due to a large capital outlay project at the central kitchen for a new walk-in freezer and site modernization.

3. The District is progressing with Bond building projects and modernization. The General Obligation Bond projects at various school sites expended approximately $10.4 million, and Modernization expenditures were almost $4.9 million from the County School Facilities fund.

4. Developer Fees were used for various modernization projects, with expenditures of $.2 million. However, revenues exceeded expenditures, resulting in an increase over the prior year of $.7 million.

5. The Bond Interest and Redemption Fund ending balance also increased over the prior year by about $1.1 million.

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 2007, 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 2007-2008 Budget were mainly due to funding changes recognized after the budget adoption, including an increase to funded ADA based on P-2 prior year ADA due to declining enrollment and adjustments to supplemental hourly programs.

- Federal revenues increased due to prior year deferred revenues and program carry-forwards in Title I, Title V and NCLB.

- State revenues had a net increase in funding due to prior year deferred revenues and program carry-forwards for T.U.P.E. and the After School Safety program. Net Revenue increases were posted for E.I.A., Instructional Material Realignment program, Safety Grant, Medi-cal billing, Art and Music grant, Supplemental School Counseling program and other misc. program adjustments.

- Local revenues reflect adjustments mainly for changes in interest earnings rates, school gift funds, field trip receipts, 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had a net of $155.8 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 $10.6 million, or 7.3 percent, from last year.

Table 5

(Amounts in millions)	Governmental Activities	
	2008	2007
Land	$ 17.3	$ 17.3
Construction in progress	22.7	14.0
Buildings and improvements, site improvements, net	110.1	109.2
Furniture and equipment, net	5.7	4.7
Total	$ 155.8	$ 145.2

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 2007-08 year. The District budgeted multi-year bond projects to be approximately $23 million to start the 2008-09 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 $277.8 million in long-term obligations. Those bonds consisted of:

Table 6

(Amounts in millions)	Governmental Activities	
	2008	2007
General obligation bonds	$ 162.3	$ 116.0
General obligation bonds Financing Authority	93.7	-
General obligation bond premiums	2.8	3.4
General obligation bond premiums Financing Authority	4.6	-
Certificates of participation	12.6	12.9
Capital leases	0.7	0.4
Compensated absences	0.9	-
Accumulated vacation, net	0.2	0.8
Total	$ 277.8	$ 133.5

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 $162.3 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 2007-2008 ARE NOTED BELOW:

The District increased their Academic Progress Index (API) by six points, from 802 to 808. The District met 38 of 40 AYP criteria. Monte Vista Alternative School improved their Academic Performance Index score by 69 points. Furthermore, Hillside Middle School increased by eight points, Sinaloa Middle School increased by four points, Valley View Middle School increased by one point and Royal High School increased by five points. Two middle schools have API scores over 800 points. Of the three comprehensive high schools, one school is over 800 points and the other two high schools are in the high 700's.

Monte Vista Alternative School's Independent Study program had a successful Western Association of Schools and College (WASC) accreditation report, resulting in a six year approved term.

The District met two Annual Measurable Achievement Objectives (AMAO) as measured by the Title III program accountability report standards as follows: AMAO; one percent of students making annual progress in learning English equaled 57.2 percent, exceeding the Federal target by seven percent. AMAO two percent of students attaining English proficiency on the CELDT equaled 41.4 percent, exceeding the Federal target by more than 12 percent.

Apollo Continuation High School was awarded the 2008 Governor's Challenge Competition Grand Prize. Intervention Programs were expanded at some of the middle and high schools. Each high school implemented an "at risk" component for 9th grade students.

Per Board of Education Goal #1, parent involvement was increased at every school.

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. Modernization projects for Simi Valley High School and Royal High School were completed at the beginning of the year. Funding has been received for both of these two successful school projects. In addition, the bond and modernization program completed additional projects at Simi Valley High School, Valley View Middle School and Madera Elementary School, bringing the total of completed projects to twelve. Currently, underway are seven new projects, including modernization projects at Big Springs Elementary School, Township Elementary School and Sycamore Elementary Schools. New modular buildings were installed to serve as weight training rooms at Royal High School and new bleachers were installed at the Simi High School Football Stadium.

Bond and modernization construction of a new auditorium at Santa Susana High School and the construction of a new administrative building, multi-purpose building, library and a five classroom building at Atherwood Elementary School will start in the next fiscal year. Bidding of modernization projects at Garden Grove Elementary School and Apollo High School are coming up soon.

The Purchasing Department has continued to refine warehouse stocked items and operational procedures to increase customer service and satisfaction along with striving to improve staff productivity while reducing overtime costs.

The Surplus Property Advisory Committee completed the consideration of one district property. The Equestrian Center consisting of 42.21 acres of vacant land was sold to the Rancho Simi Recreation and Park District for $875,000. Escrow closed on this property sale on August 17, 2007.

The District has received approval of an updated five year Deferred Maintenance Plan. Under this plan, four projects affecting nine school sites were completed, including concrete walkway repairs and reconstruction at Berylwood Elementary, a new roof for the Administration and Science Building at Valley View Middle School, new ceiling materials, insulation and air conditioning ductwork to comply with current Health Codes at the Royal High School kitchen. Furthermore, eight sites received asphalt repairs to parking lots and playground blacktops.

The District has completed fiscal oversight for the implementation of the State-wide California Student Information System (CSIS) project. Simi Valley Unified School District was one of approximately 200 Districts in the State who currently use this State approved electronic student reporting system.

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. system has been delayed. Revised implementation timelines are pending 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 $5 million.

After almost a year in progress, a new large walk-in freezer, refrigerator and storage project was completed at the central service kitchen located at Berylwood Elementary School. Due to their failing condition, replacement of the old units was necessary. The new units are larger, more energy efficient and now meet Department of Health standards.

The Food Services Department has removed all products containing trans fat and replaced those food items with healthier options. More whole grain products were added to the daily menus.

Food Services Administration completed installation, training and implementation of the E-Control Temperature Monitoring System. This system was installed in large freezers and walk-in refrigerators. Now, staff will be able to monitor the temperature of these units from the District Office. This is an important step in the safety of storing food and will be a good diagnostic tool when units are in need of repair. Additional monitors will be installed, as funds become available. Currently, all high schools, middle schools and the central kitchen are being monitored.

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 2008-2009 year, the District Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Student attendance ratio to remain at approximately 95 percent.
2. Zero Equalization funding.
3. Revenue limit income increased by a Cost of Living Adjustment (COLA) of $329 per ADA, or 5.66 percent.
4. Revenue limit income decreased by a deficit factor of $290 per ADA, or 4.713 percent.
5. Core Academic Supplemental Hours funded with a 12 percent deficit; Grades 2-6 At Risk Supplemental Instruction Hours funded with a 28 percent deficit; Grade 2-9 Pupils Retained or Recommended for Retention funded with a 19 percent deficit and Grade 7-12 Remedial funded with a 0 percent deficit.
6. Estimated Lottery receipts at $137.00 per Annual ADA ($118.00 Unrestricted; $19.00 Restricted).
7. CalPERS Reduction rate of 9.428 percent with a partial CalPERS Reduction Buyout of 15.8 percent.
8. Interest earnings are estimated at 2 percent and California CPI is estimated at 4.5 percent.
9. Developer fee collections are based on estimated new housing units to be constructed as well as historical data.
10. Special Education is budgeted with no COLA, no growth due to decline in ADA. A SELPA-wide hold harmless agreement will backfill funding to prior year level unless significant cuts are made to funding mid-year.
11. Categorical budgets are budgeted with no COLA, less 6.5 percent in holding, pending the Governor's final budget appropriations.
12. Federal income will decrease by approximately 3 percent or more with population of qualified students remaining stable.
13. K - 3 Class Size Reduction is budgeted at $1,071 for full day program; 9th Grade Class Size Reduction also has a slight increase to $213 per participating pupil.
14. Medicare income may increase due to MAA (Medicaid-eligible students with disabilities) a new special education reimbursement billing process implemented this year. Estimated revenue is currently zero, but will be increased based on cash receipts at 1st and 2nd interim. Currently this revenue source is unfunded by the Department of Health Care Services pending the Governor's final budget appropriations.

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 $1.1 million.

	Staffing Ratio	Enrollment
Grades kindergarten through third	20:1	5,910
Grades four through six	31:1	4,629
Grades seven through eight	31:1	3,238
Grades nine through twelve	31:1	6,983

Items to be addressed in the budget are:

California public education has been on a rollercoaster funding cycle for the last 15 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 2000-01, 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.

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 May Revision for 2008-09 acknowledges the growing State Budget crisis, identifying a June 2009 deficit of $24.2 billion if unaddressed. As a result, the Governor's May Revision proposed the following budget changes to try to close the budget gap:

- Lottery borrowing
- Back-up sales tax increase
- Park fee hikes
- Reductions to health and human services
- Deficit the statutory District Cost of Living Adjustment (COLA) of 5.66 percent by 4.71 percent equal to a net COLA increase of .68 percent or $39.00/Average Daily Attendance
- 6.5 percent cut to school categorical programs

Subsequent to the Governor's May Revision, additional mid-year cuts have been proposed to back-fill the continued decline in the State's budget projections. Currently, the brunt of the proposed State funding reductions will reduce school district funding.

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, 2008

	Governmental Activities
ASSETS	
Deposits and investments	$ 259,522,424
Receivables	28,749,810
Due from other governmental units	1,349,719
Prepaid expenditures	213,203
Stores inventories	470,295
Deferred cost of issuance	7,524,512
Capital assets	
Land and construction in progress	39,904,560
Other capital assets	221,068,201
Less: accumulated depreciation	(105,203,486)
Capital assets, net of accumulated depreciation	155,769,275
Total Assets	453,599,238
LIABILITIES	
Accounts payable	7,394,261
Interest payable	1,701,828
Deferred revenue	189,448
Claims liability	6,807,491
Current portion of long-term obligations	3,825,147
Noncurrent portion of long-term obligations	274,012,052
Total Liabilities	293,930,227
NET ASSETS	
Invested in capital assets, net of related debt	103,133,036
Restricted for:	
Debt service	7,707,970
Capital projects	13,635,106
Educational programs - Restricted	8,782,778
Other activities	6,978,643
Unrestricted	19,431,478
Total Net Assets	$ 159,669,011

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, 2008

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	$118,808,267	$ 1,771,812	$ 21,886,763	$ 5,746,244	$ (89,403,448)
Instruction related activities:					
Supervision of instruction	5,005,354	135,209	3,251,044	-	(1,619,101)
Instructional library, media, and technology	1,326,968	22,561	634,718	-	(669,689)
School site administration	13,794,076	321,437	2,540,041	-	(10,932,598)
Pupil services:					
Home-to-school transportation	3,370,564	112,319	1,637,983	-	(1,620,262)
Food services	5,457,178	2,457,596	1,896,943	-	(1,102,639)
All other pupil services	7,672,543	143,686	3,786,744	-	(3,742,113)
Administration:					
Data processing	1,422,661	-	-	-	(1,422,661)
All other administration	5,020,183	168,983	904,165	-	(3,947,035)
Plant services	17,555,465	385,134	2,460,728	-	(14,709,603)
Ancillary services	1,965,111	64,230	179,782	-	(1,721,099)
Community services	555,850	45,050	105,342	-	(405,458)
Enterprise services	206	-	-	-	(206)
Interest on long-term obligations	9,703,644	-	-	-	(9,703,644)
Other (outgo)	508,715	15,884	154,264	-	(338,567)
Total Governmental Activities	$192,166,785	$ 5,643,901	$ 39,438,517	$ 5,746,244	(141,338,123)
General revenues and subventions:					
Property taxes, levied for general purposes					41,452,158
Property taxes, levied for debt service					13,123,249
Federal and State aid not restricted to specific purposes					84,757,101
Interest and investment earnings					6,697,656
Miscellaneous					10,684,572
Subtotal, General Revenues					156,714,736
Changes in Net Assets					15,376,613
Net Assets - Beginning					144,292,398
Net Assets - Ending					$ 159,669,011

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2008

	General Fund	Building Fund	County School Facilities Fund
ASSETS			
Deposits and investments	$ 5,407,769	$124,635,844	$ 1,419,479
Receivables	17,461,392	1,717,030	7,973,189
Due from other funds	1,737,173	5,514,467	1,116
Due from other governments	1,213,857	-	-
Stores inventories	418,355	-	-
Total Assets	$ 26,238,546	$131,867,341	$ 9,393,784
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 2,383,106	$ 3,304,346	$ 156,220
Due to other funds	1,513,873	7,006,978	6,419,271
Deferred revenue	172,032	-	-
Total Liabilities	4,069,011	10,311,324	6,575,491
FUND BALANCES			
Reserved for:			
Revolving fund	85,305	-	-
Stores inventories	418,355	-	-
Legally restricted	8,732,695	-	-
Unreserved			
Designated	6,000,017	115,066,346	2,818,293
Undesignated, reported in:			
General Fund	6,933,163	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	6,489,671	-
Total Fund Balances	22,169,535	121,556,017	2,818,293
Total Liabilities and Fund Balances	$ 26,238,546	$131,867,341	$ 9,393,784

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

Financing Authority Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
$ 91,980,817	$ 24,654,950	$ 248,098,859
-	1,055,685	28,207,296
-	7,322,276	14,575,032
-	135,862	1,349,719
-	51,940	470,295
$ 91,980,817	$ 33,220,713	$ 292,701,201
$ -	$ 1,312,421	$ 7,156,093
-	71,611	15,011,733
-	17,416	189,448
-	1,401,448	22,357,274
-	900	86,205
-	51,940	470,295
-	50,083	8,782,778
-	17,300,527	141,185,183
-	-	6,933,163
-	2,643,249	2,643,249
91,980,817	9,409,798	101,390,615
-	2,362,768	8,852,439
91,980,817	31,819,265	270,343,927
$ 91,980,817	$ 33,220,713	$ 292,701,201

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds		$270,343,927
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	$260,972,761	
Accumulated depreciation is	(105,203,486)	155,769,275
Expenditures relating to issuance of debt of next fiscal year were recognized in modified accrual basis, but should not be recognized in accrual basis.		7,524,512
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.		(1,701,828)
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.		5,570,324
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	(256,016,546)	
Premium on bonds issued	(7,445,467)	
Certificates of participation payable	(12,575,000)	
Compensated absences (vacations)	(898,172)	
Capital leases payable	(749,475)	
Other post-employment benefits	(152,539)	(277,837,199)
Total Net Assets - Governmental Activities		$159,669,011

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, 2008

	General Fund	Building Fund	County School Facilities Fund
REVENUES			
Revenue limit sources	$ 118,036,040	$ -	$ -
Federal sources	6,070,669	(1,978,891)	-
Other State sources	26,323,569	(180,398)	5,683,269
Other local sources	14,938,684	5,569,636	62,974
Total Revenues	165,368,962	3,410,347	5,746,243
EXPENDITURES			
Current			
Instruction	110,083,452	-	-
Instruction related activities:			
Supervision of instruction	4,426,287	-	-
Instructional library, media, and technology	1,279,114	-	-
School site administration	11,441,719	-	-
Pupil services:			
Home-to-school transportation	3,260,630	-	-
Food services	882,845	-	-
All other pupil services	7,211,299	-	-
Administration:			
Data processing	1,364,882	-	-
All other administration	5,606,763	-	-
Plant services	16,224,171	165,442	-
Facility acquisition and construction	142,134	9,449,979	4,865,039
Ancillary services	1,307,628	-	-
Community services	374,478	-	-
Other outgo	508,715	-	-
Debt service:			
Principal	-	115,269	-
Interest and other	144,798	688,102	-
Total Expenditures	164,258,915	10,418,792	4,865,039
Excess (Deficiency) of Revenues Over Expenditures	1,110,047	(7,008,445)	881,204
Other Financing Sources (Uses)			
Transfers in	1,240,557	7,724,505	6,250,000
Other sources	-	46,527,544	-
Transfers out	(1,025,000)	(3,203,254)	(6,416,829)
Other uses	-	-	-
Net Financing Sources (Uses)	215,557	51,048,795	(166,829)
NET CHANGE IN FUND BALANCES	1,325,604	44,040,350	714,375
Fund Balance - Beginning	20,843,931	77,515,667	2,103,918
Fund Balance - Ending	$ 22,169,535	$ 121,556,017	$ 2,818,293

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

Financing Authority Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ 118,036,040
-	2,399,768	6,491,546
-	8,349,947	40,176,387
7,110,419	13,922,215	41,603,928
7,110,419	24,671,930	206,307,901
-	4,508,168	114,591,620
-	435,549	4,861,836
-	383	1,279,497
-	1,841,247	13,282,966
-	-	3,260,630
-	4,400,751	5,283,596
-	218,710	7,430,009
-	-	1,364,882
-	312,754	5,919,517
-	1,325,640	17,715,253
-	2,133,735	16,590,887
-	-	1,307,628
-	133,874	508,352
-	-	508,715
1,935,000	5,318,297	7,368,566
7,419,274	4,607,809	12,859,983
9,354,274	25,236,917	214,133,937
(2,243,855)	(564,987)	(7,826,036)
-	8,402,012	23,617,074
100,536,480	94,533,767	241,597,791
(6,311,808)	(6,660,183)	(23,617,074)
-	(93,036,667)	(93,036,667)
94,224,672	3,238,929	148,561,124
91,980,817	2,673,942	140,735,088
-	29,145,323	129,608,839
$ 91,980,817	$ 31,819,265	$ 270,343,927

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, 2008

Total Net Change in Fund Balances - Governmental Funds		$ 140,735,088
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	$ 16,850,352	
Depreciation expense	(6,251,993)	10,598,359
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.		1,579,156
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.		(856,580)
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.		(50,970)
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 earned was greater than the amounts used by:		(104,874)
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).		(152,539)
Proceeds received from issuance of general obligation bonds is a revenue in the governmental funds, but it increases long-term obligations in the *Statement of Net Assets* and does not affect the *Statement of Activities*.		
Sale of general obligation bonds	(233,712,286)	
Premium on sale of general obligation bonds	(6,220,312)	(239,932,598)

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, 2008

Payment of issue costs of bonds is an expenditure in the governmental funds, but it should be recorded as a current asset and amortized on the *Statement of Net Assets*.		$ 2,901,751
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	$ 399,215	
Amortization of debt discount	(35,860)	
Amortization of cost of issuance	(393,173)	
Combined adjustment		(29,818)
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	6,478,512	
Certificates of participation	370,000	
Capital leases	520,054	
Refunding of general obligation bonds	87,950,000	
Combined adjustment		95,318,566
The District had recognized a premium on issuance and had capitalized costs of issuance of general obligation bonds in previous years. These bonds were refunded during 2007-2008 and the unamortized balance of the costs of issuance have been expensed in the government-wide financial statements.		5,086,667
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.*		(731,435)
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.		1,015,840
Change in Net Assets of Governmental Activities		$ 15,376,613

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, 2008

	Governmental Activities		
	Internal Service Funds		
	Workers' Compensation	Medical	Total
ASSETS			
Current Assets			
Deposits and investments	$ 7,068,158	$ 4,355,407	$ 11,423,565
Receivables	404,725	137,789	542,514
Prepaid expenditures	-	213,203	213,203
Due from other funds	605,114	469	605,583
Total Current Assets	8,077,997	4,706,868	12,784,865
LIABILITIES			
Current Liabilities			
Accounts payable	9,063	229,105	238,168
Claim liabilities (Note 12)	5,036,607	1,770,884	6,807,491
Due to other funds	69,129	99,753	168,882
Total Current Liabilities	5,114,799	2,099,742	7,214,541
NET ASSETS			
Unrestricted	2,963,198	2,607,126	5,570,324
Total Net Assets	$ 2,963,198	$ 2,607,126	$ 5,570,324

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, 2008

	Governmental Activities		
	Internal Service Funds		
	Workers' Compensation	Medical	Total
OPERATING REVENUES			
Local and intermediate sources	$ 5,828,009	$ 13,328,694	$ 19,156,703
Total Operating Revenues	5,828,009	13,328,694	19,156,703
OPERATING EXPENSES			
Payroll costs	225,744	147,211	372,955
Professional and contract services	4,353,130	13,276,334	17,629,464
Supplies and materials	93	1,920	2,013
Total Operating Expenses	4,578,967	13,425,465	18,004,432
Operating Income (Loss)	1,249,042	(96,771)	1,152,271
NONOPERATING REVENUES			
Interest income	290,320	136,565	426,885
Total Nonoperating Revenues	290,320	136,565	426,885
Change in Net Assets	1,539,362	39,794	1,579,156
Total Net Assets - Beginning	1,423,836	2,567,332	3,991,168
Total Net Assets - Ending	$ 2,963,198	$ 2,607,126	$ 5,570,324

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, 2008

	Governmental Activities		
	Internal Service Funds		
	Workers' Compensation	Medical	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from assessments made to other funds	$ 5,581,407	$ 13,262,595	$ 18,844,002
Cash payments to employees for services	(225,744)	(147,211)	(372,955)
Cash payments for insurance claims	(4,368,050)	(13,173,917)	(17,541,967)
Cash payments for insurance	(216,736)	(213,203)	(429,939)
Cash payments for other operating expenses	(67,923)	-	(67,923)
Net Cash Provided (Used) by Operating Activities	702,954	(271,736)	431,218
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	290,320	136,565	426,885
Net Cash Provided by Investing Activities	290,320	136,565	426,885
Net Increase (Decrease) in Cash and Cash Equivalents	993,274	(135,171)	858,103
Cash and Cash Equivalents - Beginning	6,074,884	4,490,578	10,565,462
Cash and Cash Equivalents - Ending	$ 7,068,158	$ 4,355,407	$ 11,423,565
CASH USED BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 1,249,042	$ (96,771)	$ 1,152,271
Changes in assets and liabilities:			
Receivables	6,266	(65,979)	(59,713)
Prepaid expenditures	-	(213,203)	(213,203)
Due from other funds	(252,868)	(120)	(252,988)
Accrued liabilities	(60,886)	(170,225)	(231,111)
Claims liability	(244,691)	265,340	20,649
Due to other funds	6,091	9,222	15,313
Net Cash Provided (Used) by Operating Activities	$ 702,954	$ (271,736)	$ 431,218

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Agency Funds
ASSETS	
Deposits and investments	$ 1,528,000
Receivables	31,038
Stores inventories	104,345
Total Assets	$ 1,663,383
LIABILITIES	
Accounts payable	$ 339,289
Due to student groups	1,324,094
Total Liabilities	$ 1,663,383

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.

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.).

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).

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).

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, 2008, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county 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 $37,104,497 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 nonoperating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented 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 July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* This Statement will require local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

This Statement provided for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provisions of this Statement for the fiscal year ended June 20, 2008. The District had an annual required contribution of $787,711 for the year ended June 30, 2008, and made a contribution of $635,232.

New Accounting Pronouncements

In June 2005, the GASB issued Statement No. 47, *Accounting for Termination Benefits*. Statement No. 47 addresses accounting for both voluntary and involuntary termination benefits. For termination benefits that affect an employer's obligations for defined benefit OPEB, the provisions of Statement No. 47 should be applied simultaneously with the requirements of Statement No. 45. For all other termination benefits, including those that affect an employer's obligations for defined benefit pension benefits, Statement No. 47 is effective for financial statements for periods beginning after June 15, 2005. Earlier application of Statement No. 47 is encouraged.

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

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

Governmental activities	$259,522,424
Fiduciary funds	1,528,000
Total Deposits and Investments	$261,050,424

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

Cash on hand and in banks	$ 1,721,473
Cash in revolving	182,905
Investments	259,146,046
Total Deposits and Investments	$261,050,424

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%
The Building Fund transferred between two subfunds due to dischar	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	$159,714,998	248 days
U.S. Treasury Notes	91,971,841	6 -7 years
Investment Agreement	1,454,723	24 years
Mutual Funds	7,406,692	N/A
Total	$260,548,254	

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, 2008. 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, 2008, 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 of $2,362,768 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, 2008, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	County School Facilities Funds	Non-Major Governmental Funds	Internal Service Funds
Federal Government					
Categorical aid	$ 1,657,704	$ -	$ -	$ 333,257	$ -
State Government					
Apportionment	10,146,386	-	-	343,095	-
Categorical aid	2,386,903	-	-	26,663	-
Lottery	1,512,170	-	-	-	-
Other State	-	-	5,683,269	-	-
Local Government					
Interest	384,760	1,717,030	24,140	285,599	156,244
Other Local Sources	1,373,469	-	2,265,780	67,072	386,270
Total	$ 17,461,392	$ 1,717,030	$ 7,973,189	$ 1,055,686	$ 542,514

	Total Governmental Activities	Fiduciary Funds
Federal Government		
Categorical aid	$ 1,990,961	$ -
State Government		
Apportionment	10,489,481	-
Categorical aid	2,413,566	-
Lottery	1,512,170	-
Other State	5,683,269	-
Local Government		
Interest	2,567,773	-
Other Local Sources	4,092,591	31,038
Total	$ 28,749,811	$ 31,038

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 17,254,066	$ -	$ -	$ 17,254,066
Construction in progress	13,980,854	12,025,650	3,356,010	22,650,494
Total Capital Assets Not Being Depreciated	31,234,920	12,025,650	3,356,010	39,904,560
Capital Assets Being Depreciated				
Land improvements	20,919,719	400,294	1,664	21,318,349
Buildings and improvements	178,787,722	5,367,056	62,095	184,092,683
Furniture and equipment	13,596,078	2,413,362	352,271	15,657,169
Total Capital Assets Being Depreciated	213,303,519	8,180,712	416,030	221,068,201
Less Accumulated Depreciation				
Land improvements	9,522,573	907,624	346	10,429,851
Buildings and improvements	80,873,708	4,035,229	43,467	84,865,470
Furniture and equipment	8,920,272	1,309,140	321,247	9,908,165
Total Accumulated Depreciation	99,316,553	6,251,993	365,060	105,203,486
Governmental Activities Capital Assets, Net	$145,221,886	$ 13,954,369	$ 3,406,980	$155,769,275

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

Governmental Activities	
Instruction	$ 4,131,317
Supervision of instruction	149,423
Instructional library, media, and technology	45,014
School site administration	495,158
Home-to-school transportation	110,035
Food services	164,427
All other pupil services	231,949
Data processing	55,018
All other administration	146,297
Plant services	18,756
Ancillary services	657,084
Community services	47,515
Total Depreciation Expenses All Activities	$ 6,251,993

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2008, between major and non-major governmental funds and internal service fund are as follows:

	Due From					
Due To	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Proprietary Funds	Total
General Fund	$ -	$1,494,281	$ 2,399	$ 71,611	$ 168,882	$ 1,737,173
Building Fund	1,727	5,512,697	43	-	-	5,514,467
County School Facilities Fund	1,116	-	-	-	-	1,116
Non-Major Governmental Funds	905,447	-	6,416,829	-	-	7,322,276
Proprietary Funds	605,583	-	-	-	-	605,583
Total	$1,513,873	$7,006,978	$ 6,419,271	$ 71,611	$ 168,882	$15,180,615

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, 2008, consisted of the following:

	Transfer From					
Transfer To	General Fund	Building Fund	County School Facilities Fund	Financing Authority Debt Service Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$1,240,557	$ -	$ -	$ -	$ 1,240,557
Building Fund	-	1,412,697	-	6,311,808	-	7,724,505
County School Facilities Fund	-	-	-	-	6,250,000	6,250,000
Non-Maior Governmental Funds	1,025,000	550,000	6,416,829	-	410,183	8,402,012
Total	$1,025,000	$3,203,254	$ 6,416,829	$ 6,311,808	$ 6,660,183	$23,617,074

The General Fund transferred to the Deferred Maintenance Fund for the required match.	$ 1,025,000
The Building Fund transferred to the General Fund to reimburse for capital expenditures.	1,240,557
The Building Fund transferred between two subfunds due to discharged FEMA and OES obligations.	1,412,697
The Building Fund transferred to the Special Reserve Fund for Capital Outlay Projects.	550,000
The County School Facilities Fund transferred to the Capital Facilities Fund to reimburse for capital expenditures.	6,416,829
The Financing Authority Debt Service Fund transferred bond proceeds to the Building Fund.	6,311,808
The Capital Facilities Fund transferred to the County School Facilities Fund.	6,250,000
The Special Reserve Capital Outlay Fund transferred to the COP Facilities Fund for the COP debt service payments.	410,183
Total	$23,617,074

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, 2008, consisted of the following:

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds
Vendor payables	$ 1,195,872	$ 231,299	$ -	$ 782,315
State apportionment	22,384	-	-	-
Salaries and benefits	69,798	-	-	244,319
Ventura County Office of Education	811,226	-	-	-
Construction	69,785	3,073,047	156,220	285,787
Other	214,041	-	-	-
Total	$ 2,383,106	$ 3,304,346	$ 156,220	$ 1,312,421

	Internal Service Funds	Total	Fiduciary Funds
Vendor payables	$ 238,168	$ 2,447,654	$ 339,289
State apportionment	-	22,384	-
Salaries and benefits	-	314,117	-
Ventura County Office of Education	-	811,226	-
Construction	-	3,584,839	-
Other	-	214,041	-
Total	$ 238,168	$ 7,394,261	$ 339,289

NOTE 7 - DEFERRED REVENUE

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 142,561	$ -	$ 142,561
State categorical aid	29,471	17,416	46,887
Total	$ 172,032	$ 17,416	$ 189,448

NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 1, 2007, the District had outstanding Tax and Revenue Anticipation Notes in the amount of $5,000,000, which matured on July 6, 2007. On July 1, 2007, the District issued $3,455,000 Tax and Revenue Anticipation Notes bearing interest at 4.5 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on July 6, 2008. By May 31, 2008, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes. As the District has in substance defeased the debt, the tax anticipation notes of $5,000,000 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, 2007	Additions	Deletions	Outstanding June 30, 2008
2007 - 4.50% TRANS	$ 5,000,000	$ -	$ 5,000,000	$ -
2008 - 4.25% TRANS	-	3,455,000	-	3,455,000
	$ 5,000,000	$ 3,455,000	$ 5,000,000	$ 3,455,000

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, 2007	Additions	Deductions	Balance June 30, 2008	Due in One Year
General Obligation (G.O.) Bonds	$ 116,001,337	$ 138,768,721	$ 92,493,512	$ 162,276,546	$ 3,162,799
G.O. Bond Financing Authority	-	95,675,000	1,935,000	93,740,000	220,000
G.O. Bond Premiums	3,356,163	1,358,833	1,899,509	2,815,487	-
G.O. Bond Premiums Financing Authority	-	4,861,479	231,499	4,629,980	-
Certificates of Participation	12,945,000	-	370,000	12,575,000	400,000
Capital Leases	412,949	856,580	520,054	749,475	168,721
Compensated Absences	793,298	104,874	-	898,172	-
Other Post-Employment Benefits	-	152,539	-	152,539	-
Total	$ 133,508,747	$ 241,778,026	$ 97,449,574	$ 277,837,199	$ 3,951,520

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, 2008, the principal balance outstanding was $4,022,892.

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, 2008, the principal balance outstanding was $11,620,000.

General Obligation Bonds, Election of 2004, Series A

In May 2004, the District issued $59,999,969 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, 2008, the principal balance outstanding was $8,043,268.

General Obligation Bonds, Election of 2004, Series B

In November 2005, the District issued $39,999,199 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, 2008, the principal balance outstanding was $2,025,093.

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, 2008, the principal balance outstanding was $45,472,138.

District Refunding Bonds, 2007 Series

In July 2007, the District issued $93,036,667 aggregate principal amount of the District Refunding Bonds, 2007 Series. The District Refunding Bonds, 2007 Series were issued as current interest bonds. The bonds mature through August 1, 2027, with interest rates from 4.25 to 5.27 percent. Proceeds from the sale of the bonds were used to refund a portion of the General Obligation Bonds, Election of 2004, Series B and Series C and pay costs of issuance of the bonds. At June 30, 2008, the District had on deposit in an escrow account $90,837,525, to refund the General Obligation Bonds, Election of 2004, Series B and Series C at their earliest redemption date. The entire bond issue was sold to the Simi Valley School Financing Authority for $93,036,667. At June 30, 2008, the principal balance outstanding was $91,093,155.

Simi Valley School Financing Authority

In July 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, 2008, the principal balance outstanding was $93,740,000.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2007	Additions/ Accreted Interest	Redeemed and Refunded	Bonds Outstanding June 30, 2008
Current Interest							
August 6, 1998	2018	5.55-6.65%	$ 5,385,000	$ 2,985,000	$ -	$ 370,000	$ 2,615,000
January 12, 2004	2019	5.00%	16,150,000	13,210,000	-	1,590,000	11,620,000
May 12, 2004	2029	1.60-5.06%	59,055,000	57,180,000	-	50,510,000	6,670,000
November 30, 2005	2018	3.10-4.54%	39,505,000	39,505,000	-	38,080,000	1,425,000
October 4, 2007	2025	4.00-5.00%	10,920,000	-	10,920,000	-	10,920,000
July 1, 2007	2028	4.25-5.27%	93,036,667	-	93,036,667	1,943,512	91,093,155
Financing Authority:							
Total	2028	3.70-5.00%	95,675,000	-	95,675,000	1,935,000	93,740,000
Capital Appreciation							
August 6, 1998	2017	6.75-6.80%	746,757	1,316,858	91,034	-	1,407,892
May 12, 2004	2029	5.92%	944,969	1,256,649	116,619	-	1,373,268
November 30, 2005	2018	4.56-4.60%	494,199	547,830	52,263	-	600,093
October 4, 2007	2033	4.63-4.79%	34,080,619	-	34,552,138	-	34,552,138
				$ 116,001,337	$ 234,443,721	$ 94,428,512	$ 256,016,546

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
2009	$ 3,162,799	$ 6,239,948	$ -	$ 1,963,897	$ 11,366,644
2010	3,299,072	6,141,727	-	2,065,868	11,506,667
2011	2,738,038	5,979,762	-	2,173,303	10,891,103
2012	3,110,264	5,972,636	-	2,286,504	11,369,404
2013	3,497,086	5,904,070	-	2,405,799	11,806,955
2014-2018	21,616,427	26,283,544	1,680,724	13,649,410	63,230,105
2019-2023	34,468,259	18,785,602	327,261	16,263,679	69,844,801
2024-2028	52,451,210	7,054,528	4,224,866	20,087,900	83,818,504
2029-2033	-	-	31,700,540	11,465,249	43,165,789
Total	$ 124,343,155	$ 82,361,817	$ 37,933,391	$ 72,361,609	$ 316,999,972

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

Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
2009	$ 220,000	$ 4,669,625	$ 4,889,625
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
2014-2018	12,420,000	21,686,500	34,106,500
2019-2023	29,480,000	16,469,750	45,949,750
2024-2028	49,465,000	6,555,375	56,020,375
Total	$ 93,740,000	$ 67,913,788	$ 161,653,788

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 $2,815,487 at June 30, 2008. The remaining unamortized premium for the Financing Authority's general obligation bonds is $4,629,980 at June 30, 2008.

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 25th 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
2009	$ 400,000	$ 635,636	$ 1,035,636
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
2014-2018	3,555,000	2,229,766	5,784,766
2019-2023	6,625,000	964,025	7,589,025
Total	$ 12,575,000	$ 6,153,617	$ 18,728,617

Capital Leases

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

	Energy Conservation
Balance, Beginning of Year	$ 433,491
Additions	969,884
Payments	(569,415)
Balance, End of Year	$ 833,960

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
2009	$ 203,535
2010	193,977
2011	193,977
2012	193,977
2013	48,494
Total	833,960
Less: Amount Representing Interest	84,485
Present Value of Minimum Lease Payments	$ 749,475

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2008, amounted to $898,172. 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, 2008, was $787,771 and contributions made by the District during the year were $635,232, which resulted in a net OPEB obligation of $152,539. 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	County School Facilities Fund
Reserved			
Revolving cash	$ 85,305	$ -	$ -
Stores inventories	418,355	-	-
Restricted programs	8,732,695	-	-
Total Reserved	9,236,355	-	-
Unreserved			
Designated			
Economic uncertainties	4,850,017	-	-
The Building Fund transferred between two subfunds d	-	115,066,346	2,818,293
Other designation	1,150,000	-	-
Total Designated	6,000,017	115,066,346	2,818,293
Undesignated	6,933,163	6,489,671	-
Total Unreserved	12,933,180	121,556,017	2,818,293
Total	$ 22,169,535	$ 121,556,017	$ 2,818,293

	Financing Authority Debt Service Fund	Non-Major Governmental Funds	Total
Reserved			
Revolving cash	$ -	$ 900	$ 86,205
Stores inventories	-	51,940	470,295
Restricted programs	-	50,083	8,782,778
Total Reserved	-	102,923	9,339,278
Unreserved			
Designated			
Economic uncertainties	-	963,814	5,813,831
The Building Fund transferred between two subfunds d	-	13,017,973	130,902,612
Other designation	-	3,318,740	4,468,740
Total Designated	-	17,300,527	141,185,183
Undesignated	91,980,817	14,415,815	119,819,466
Total Unreserved	91,980,817	31,716,342	261,004,649
Total	$ 91,980,817	$ 31,819,265	$ 270,343,927

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 2007-08, the District contributed $635,232 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	(635,232)
Increase in net OPEB obligation	152,539
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	$ 152,539

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

Year Ended June 30, 2008	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2008	$ 787,771	81%	$ 152,539

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 $1,770,884 reported in the fund at June 30, 2008, 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 2008 and 2007 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, 2008, 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 $5,036,607 reported in the fund at June 30, 2008, 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, 2006 to June 30, 2008:

	Workers' Compensation	Medical	Total
Liability Balance, July 1, 2006	$ 5,890,894	$ 1,505,544	$ 7,396,438
Claims and changes in estimates	675,871	12,051,454	12,727,325
Claims payments	1,285,467	12,051,454	13,336,921
Liability Balance, June 30, 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
Assets available to pay claims at June 30, 2008	$ 8,077,997	$ 4,706,868	$ 12,784,865

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

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

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-2008, was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2008, 2007, and 2006, were $6,605,659, $6,336,500, and $5,920,714, 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, CA 95811.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2007-2008 was 9.306 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2008, 2007, and 2006, were $2,331,298, $2,116,523, and $1,925,955, 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 $3,616,694 (4.517 percent of salaries subject to CalSTRS) no contributions were made to CalPERS for the year ended June 30, 2008. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the *General Fund Budgetary Comparison Schedule*.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2008.

Construction Commitments

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

CAPITAL PROJECTS	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
Elementary schools:		
Arroyo Elementary School	$ 7,240	August 22, 2008
Atherwood Elementary School	288,710	February 28, 2009
Berylwood Elementary School	267,410	April 30, 2011
Big Springs Elementary School	337,835	May 31, 2009
Garden Grove Elementary School	159,340	November 30, 2009
Hollow Hills Elementary School	223,335	August 31, 2011
Justine Elementary School	60,618	April 30, 2010
Katherine Elementary School	87,161	April 30, 2010
Knolls Elementary School	222,659	August 22, 2008
Madera Elementary School	65,156	August 22, 2008
Mountain View Elementary School	268,275	July 31, 2011
Park View Elementary School	74,849	January 31, 2011
Simi Valley Elementary School	175,199	December 31, 2011
Sycamore Elementary School	359,568	July 31, 2009
Township Elementary School	329,393	March 31, 2009
Vista Elementary School	100,967	February 28, 2011
White Oak Elementary School	100,865	February 28, 2011
Wood Ranch Elementary School	21,058	December 31, 2011
Middle Schools:		
Hillside Middle School	215,622	August 30, 2011
Sinaloa Middle School	127,991	June 30, 2010
Valley View Middle School	1,230,362	July 31, 2008
High Schools:		
Royal High School	846,598	May 31, 2009
Santa Susana High School	521,763	March 31, 2009
Simi Valley High School	980,841	December 31, 2008
Apollo Continuation High	63,715	March 31, 2009
Adult Education	463,521	August 31, 2011
Monte Vista Independent Study	66,111	September 30, 2009
Transportation	93,843	December 31, 2011
Education Services Building	150,158	December 31, 2011
Undesignated	223,306	June 30, 2012
	$ 8,133,469	

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, 2008, the District made payments of $1,374,907, $197,562, and $3,302, to VCSSFA, SCSRMA, and VCFASTA, respectively, for services received.

NOTE 16 - SUBSEQUENT EVENTS

Tax Revenue and Anticipation Notes

The District issued $7,590,000 of Tax and Revenue Anticipation Notes dated July 1, 2008. The notes mature on July 6, 2009, and yield 1.65 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning February 2009, until 100 percent of principal and interest due is on account by May 31, 2009.

REQUIRED SUPPLEMENTARY INFORMATION

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

	Budgeted Amounts (GAAP Basis)		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Revenue limit sources	$117,774,476	$118,036,040	$118,036,040	$ -
Federal sources	5,940,005	6,637,695	6,070,669	(567,026)
Other State sources	21,934,281	22,827,253	26,323,569	3,496,316
Other local sources	11,389,044	14,812,390	14,938,684	126,294
Total Revenues [1]	157,037,806	162,313,378	165,368,962	3,055,584
EXPENDITURES				
Current				
Instruction	105,932,067	112,081,571	110,083,452	1,998,119
Instruction related activities:				
Supervision of instruction	3,342,481	5,284,807	4,426,287	858,520
Instructional library, media, and technology	1,045,394	1,378,367	1,279,114	99,253
School site administration	11,049,549	11,567,861	11,441,719	126,142
Pupil services:				
Home-to-school transportation	3,289,993	3,273,565	3,260,630	12,935
Food services	18,190	892,995	882,845	10,150
All other pupil services	6,237,586	7,474,216	7,211,299	262,917
Administration:				
Data processing	2,169,728	2,281,900	1,364,882	917,018
All other administration	6,316,993	6,202,579	5,606,763	595,816
Plant services	16,437,438	16,730,221	16,224,171	506,050
Facility acquisition and construction	347,568	206,821	142,134	64,687
Ancillary services	1,072,590	1,408,361	1,307,628	100,733
Community services	206,559	383,884	374,478	9,406
Other outgo	139,830	532,409	508,715	23,694
Debt service				
Interest and other	250,000	250,000	144,798	105,202
Total Expenditures [1]	157,855,966	169,949,557	164,258,915	5,690,642
Excess (Deficiency) of Revenues Over Expenditures	(818,160)	(7,636,179)	1,110,047	8,746,226
Other Financing Sources (Uses)				
Transfers in	500,000	1,249,229	1,240,557	(8,672)
Transfers out	(975,000)	(1,025,000)	(1,025,000)	-
Net Financing Sources (Uses)	(475,000)	224,229	215,557	(8,672)
NET CHANGE IN FUND BALANCES	(1,293,160)	(7,411,950)	1,325,604	8,737,554
Fund Balance - Beginning	20,843,931	20,843,931	20,843,931	-
Fund Balance - Ending	$ 19,550,771	$ 13,431,981	$ 22,169,535	$ 8,737,554

[1] On behalf payments of $3,616,694 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 AND EMPLOYER CONTRIBUTION FOR THE YEAR ENDED JUNE 30, 2008

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
August 7, 2006	$ -	$ 8,950,578	$ 8,950,578	$ -	$112,016,980	8.0%

SUPPLEMENTARY INFORMATION

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Smaller Learning Communities	84.215L	[1]	$ 50,588
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	1,425,585
Title II, Part A - Improving Teacher Quality	84.367	14341	612,930
Title II, Part D - Enhancing Education Through Technology	84.318	14334	29,739
Title III - Immigrant Education Program	84.365	14346	45,624
Title III - Limited English Proficiency	84.365	10084	151,889
Title IV, Part A - Drug-Free Schools	84.186	14347	57,322
Title V, Part A - Innovative Education Strategies	84.298A	14354	56,493
Subtotal			2,379,582
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	3,263,359
Part B, Section 611, Preschool Local Entitlement	84.027A	13682	160,537
Part B, Section 619, Federal Preschool Grants	84.173	13430	88,770
Subtotal			3,512,666
Adult Education and Family Literacy Act			
Adult Basic Education	84.002A	14508	62,597
Adult Education - Secondary Education	84.002	13978	27,750
Adult Education - English Language and Civic Education	84.002A	14109	56,568
Subtotal			146,915
Carl Perkins Vocational and Applied Technology			
Vocational Programs: Vocational and Application Technology Post-secondary and Adult - Title II C, Sec 132	84.048	13923	107,181
Total U.S. Department of Education			6,196,932

[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, 2008

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the CDE:			
Child Nutrition Cluster			
Basic School Breakfast Program	10.553	13525	$ 42,039
Especially Needy Breakfast	10.553	13526	154,724
National School Lunch Program	10.555	13523	1,752,530
Meal Supplement Program	10.555	13158	4,108
Food Distribution	10.555	13389	192,272
Subtotal			2,145,673
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medi-Cal Billing Option	93.778	10013	129,334
Total Federal Programs			$ 8,471,939

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2008

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
Rob Collins	President	2008
Debbie Sandland	Clerk	2008
Jeanne Davis	Member	2010
Janice DiFatta	Member	2010
Eric Lundstrom	Member	2010

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, 2008

	Revised Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	1,345	1,350
First through third	4,275	4,283
Fourth through sixth	4,384	4,378
Seventh and eighth	3,009	3,002
Home and hospital	6	6
Special education	366	370
Total Elementary	13,385	13,389
SECONDARY		
Regular classes	6,146	6,080
Continuation education	240	237
Home and hospital	4	6
Special education	291	289
Total Secondary	6,681	6,612
Total K-12	20,066	20,001
CLASSES FOR ADULTS		
Concurrently enrolled	116	117
Not concurrently enrolled	2,423	2,509
Students 21 and over and 19 or older not continuously enrolled since their 18th birthday, enrolled in K-12 through independent study	28	31
Total Classes for Adults	2,567	2,657
Grand Total	22,633	22,658

	Hours of Attendance
SUMMER SCHOOL	
Elementary	78,011
Secondary	128,519
Total Hours	206,530

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

Grade Level	1982-83 Actual Minutes	1986-87 Minutes Requirement	2007-08 Actual Minutes	Number of Days		Status
				Traditional Calendar	Multitrack Calendar	
Kindergarten	34,710	36,000	36,000	180	N/A	Complied
Grades 1 - 3	44,535	50,400				
Grade 1			50,521	180	N/A	Complied
Grade 2			50,521	180	N/A	Complied
Grade 3			50,521	180	N/A	Complied
Grades 4 - 6	51,655	54,000				
Grade 4			54,649	180	N/A	Complied
Grade 5			54,649	180	N/A	Complied
Grade 6			54,649	180	N/A	Complied
Grades 7 - 8	63,190	54,000				
Grade 7			63,750	180	N/A	Complied
Grade 8			63,750	180	N/A	Complied
Grades 9 - 12	51,655	64,800				
Grade 9			65,075	180	N/A	Complied
Grade 10			65,075	180	N/A	Complied
Grade 11			65,075	180	N/A	Complied
Grade 12			65,075	180	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, 2008

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

	Internal Service Funds
FUND BALANCE	
Balance, June 30, 2008, Unaudited Actuals	$ 5,835,664
Increase in:	
Claims liability	(265,340)
Balance, June 30, 2008, Audited Financial Statement	$ 5,570,324

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

	(Budget) 2009 [1]	2008	2007	2006
GENERAL FUND				
Revenues	$154,505,222	$165,368,962	$164,735,105	$147,482,666
Other sources and transfers in	1,050,000	1,240,557	199,465	1,298,775
Total Revenues and Other Sources	155,555,222	166,609,519	164,934,570	148,781,441
Expenditures	158,005,053	164,258,915	154,590,358	143,895,502
Other uses and transfers out	1,050,000	1,025,000	950,000	1,120,900
Total Expenditures and Other Uses	159,055,053	165,283,915	155,540,358	145,016,402
INCREASE (DECREASE) IN FUND BALANCE	$ (3,499,831)	$ 1,325,604	$ 9,394,212	$ 3,765,039
ENDING FUND BALANCE	$ 18,669,704	$ 22,169,535	$ 20,843,931	$ 11,449,719
AVAILABLE RESERVES [2]	$ 9,321,355	$ 11,783,180	$ 5,353,295	$ 7,547,328
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [3]	5.86%	7.29%	3.52%	5.32%
LONG-TERM OBLIGATIONS	N/A	$277,837,199	$133,508,747	$137,117,640
K-12 AVERAGE DAILY ATTENDANCE AT P-2 [4]	19,790	20,066	20,319	20,405

The General Fund balance has increased by $10,719,816 over the past two years. The fiscal year 2008-2009 budget projects a decrease of $3,499,831 (16 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 2008-2009 fiscal year. Total long-term obligations have increased by $140,719,559 over the past two years.

Average daily attendance has decreased by 339 over the past two years. Additional decline of 276 ADA is anticipated during fiscal year 2008-2009.

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

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

[3] On behalf payments of $3,616,694, $3,469,325, and $3,146,793 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2008, 2007, and 2006, respectively.

[4] Excludes Adult Education ADA.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

EXCESS SICK LEAVE
JUNE 30, 2008

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

Simi Valley Unified School District does not provide more than 12 sick leave days in a school year to any CalSTRS member.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

BUILDING SUB-FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2008

	2004 General Obligation Bond	1998 General Obligation Bond	Surplus Property	Earthquake	Total Building Fund
ASSETS					
Deposits and investments	$111,827,644	$ 2,441,271	$ 9,729,334	$ 637,595	$124,635,844
Receivables	1,624,792	34,871	48,271	9,096	1,717,030
Due from other funds	1,711	2,000,000	59	3,512,697	5,514,467
Total Assets	$113,454,147	$ 4,476,142	$ 9,777,664	$ 4,159,388	$131,867,341
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 926,830	$ 208	$ 218,020	$ 2,159,288	$ 3,304,346
Due to other funds	113,878	3,513,016	1,379,984	2,000,100	7,006,978
Total Liabilities	1,040,708	3,513,224	1,598,004	4,159,388	10,311,324
Fund Balances:					
Unreserved:					
Designated	112,413,439	962,918	8,179,660	-	121,556,017
Total Fund Balances	112,413,439	962,918	8,179,660	-	121,556,017
Total Liabilities and Fund Balances	$113,454,147	$ 4,476,142	$ 9,777,664	$ 4,159,388	$131,867,341

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, 2008

	2004 General Obligation Bond	1998 General Obligation Bond	Surplus Property	Earthquake	Total Building Fund
REVENUES					
Federal sources	$ -	$ -	$ -	$ (1,978,891)	$ (1,978,891)
Other State sources	-	-	-	(180,398)	(180,398)
Other local sources	4,394,784	106,761	1,040,278	27,813	5,569,636
Total Revenues	4,394,784	106,761	1,040,278	(2,131,476)	3,410,347
EXPENDITURES					
Current					
Plant services	-	-	165,442	-	165,442
Facility acquisition and construction	7,722,681	9,815	1,717,383	100	9,449,979
Debt service					
Principal	-	-	115,269	-	115,269
Interest and other	657,888	-	30,214	-	688,102
Total Expenditures	8,380,569	9,815	2,028,308	100	10,418,792
Excess (Deficiency) of Revenues Over Expenditures	(3,985,785)	96,946	(988,030)	(2,131,576)	(7,008,445)
Other Financing Sources (Uses)					
Transfers in	-	-	6,311,808	1,412,697	7,724,505
Other sources	45,658,507	-	869,037	-	46,527,544
Transfers out	-	(1,412,697)	(1,790,557)	-	(3,203,254)
Net Financing Sources (Uses)	45,658,507	(1,412,697)	5,390,288	1,412,697	51,048,795
NET CHANGE IN FUND BALANCES	41,672,722	(1,315,751)	4,402,258	(718,879)	44,040,350
Fund Balance - Beginning	70,740,717	2,278,669	3,777,402	718,879	77,515,667
Fund Balance - Ending	$112,413,439	$ 962,918	$ 8,179,660	$ -	$121,556,017

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2008

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

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.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Excess Sick Leave

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

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.

SUPPLEMENTARY INFORMATION - UNAUDITED

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
ASSETS				
Deposits and investments	$ 2,501,673	$ 1,166,536	$ 2,786,829	$ 5,060,330
Receivables	456,799	364,272	35,216	75,453
Due from other funds	80,327	-	825,081	6,416,868
Due from other governments	135,862	-	-	-
Stores inventories	-	51,940	-	-
Total Assets	$ 3,174,661	$ 1,582,748	$ 3,647,126	$ 11,552,651
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 459,640	$ 566,994	$ 281,289	$ 4,498
Due to other funds	3,373	-	47,097	14,281
Deferred revenue	17,416	-	-	-
Total Liabilities	480,429	566,994	328,386	18,779
Fund Balances:				
Reserved for:				
Revolving cash	900	-	-	-
Stores inventories	-	51,940	-	-
Legally restricted balance	50,083	-	-	-
Unreserved:				
Designated	-	963,814	3,318,740	11,533,872
Undesignated, reported in:				
Special revenue funds	2,643,249	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total Fund Balances	2,694,232	1,015,754	3,318,740	11,533,872
Total Liabilities and Fund Balances	$ 3,174,661	$ 1,582,748	$ 3,647,126	$ 11,552,651

See accompanying note to supplementary information - unaudited.

COP Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
$ 2,362,768	$ 1,469,038	$ 9,307,776	$ 24,654,950
-	21,923	102,022	1,055,685
-	-	-	7,322,276
-	-	-	135,862
-	-	-	51,940
$ 2,362,768	$ 1,490,961	$ 9,409,798	$ 33,220,713
$ -	$ -	$ -	$ 1,312,421
-	6,860	-	71,611
-	-	-	17,416
-	6,860	-	1,401,448
-	-	-	900
-	-	-	51,940
-	-	-	50,083
-	1,484,101	-	17,300,527
-	-	-	2,643,249
-	-	9,409,798	9,409,798
2,362,768	-	-	2,362,768
2,362,768	1,484,101	9,409,798	31,819,265
$ 2,362,768	$ 1,490,961	$ 9,409,798	$ 33,220,713

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
REVENUES				
Federal sources	$ 254,096	$ 2,145,672	$ -	$ -
Other State sources	7,186,751	167,308	907,982	-
Other local sources	1,339,539	2,803,434	96,532	717,659
Total Revenues	8,780,386	5,116,414	1,004,514	717,659
EXPENDITURES				
Current				
Instruction	4,508,168	-	-	-
Instruction-related activities:				
Supervision of instruction	435,549	-	-	-
Instructional library, media and technology	383	-	-	-
School site administration	1,841,247	-	-	-
Pupil services:				
Food services	-	4,400,751	-	-
All other pupil services	218,710	-	-	-
Administration:				
All other administration	90,721	210,343	-	11,690
Plant services	821,917	410,003	47,888	45,832
Facility acquisition and construction	95,766	533,975	903,160	92,838
Community services	133,874	-	-	-
Principal	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	8,146,335	5,555,072	951,048	150,360
Excess (Deficiency) of Revenues Over Expenditures	634,051	(438,658)	53,466	567,299
Other Financing Sources (Uses)				
Transfers in	-	-	1,025,000	6,416,829
Other sources	-	-	-	-
Transfers out	-	-	-	(6,250,000)
Other uses	-	-	-	-
Net Financing Sources (Uses)	-	-	1,025,000	166,829
NET CHANGE IN FUND BALANCES	634,051	(438,658)	1,078,466	734,128
Fund Balance - Beginning	2,060,181	1,454,412	2,240,274	10,799,744
Fund Balance - Ending	$ 2,694,232	$ 1,015,754	$ 3,318,740	$ 11,533,872

See accompanying note to supplementary information - unaudited.

COP Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
$ -	$ -	$ -	$ 2,399,768
-	-	87,906	8,349,947
102,913	80,356	8,781,782	13,922,215
102,913	80,356	8,869,688	24,671,930
-	-	-	4,508,168
-	-	-	435,549
-	-	-	383
-	-	-	1,841,247
-	-	-	4,400,751
-	-	-	218,710
-	-	-	312,754
-	-	-	1,325,640
-	507,996	-	2,133,735
-	-	-	133,874
370,000	404,785	4,543,512	5,318,297
653,160	19,149	3,935,500	4,607,809
1,023,160	931,930	8,479,012	25,236,917
(920,247)	(851,574)	390,676	(564,987)
410,183	550,000	-	8,402,012
796,155	-	93,737,612	94,533,767
-	(410,183)	-	(6,660,183)
-	-	(93,036,667)	(93,036,667)
1,206,338	139,817	700,945	3,238,929
286,091	(711,757)	1,091,621	2,673,942
2,076,677	2,195,858	8,318,177	29,145,323
$ 2,362,768	$ 1,484,101	$ 9,409,798	$ 31,819,265

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND SELECTED FINANCIAL INFORMATION
THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES OF FUND BALANCE - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2008

(Amounts in thousands)	Actual Results for the Years					
	2007-2008		2006-2007		2005-2006	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	$ 6,071	3.7	$ 6,411	3.9	$ 6,698	4.5
State and local revenue included in revenue limit	118,036	71.4	114,015	69.2	106,346	72.1
Other State revenue	26,323	15.9	30,637	18.6	22,746	15.4
Other local revenue	14,939	9.0	12,888	7.8	3,202	2.2
Tuition and transfers in	-	0.0	784	0.5	8,491	5.8
Total Revenues	165,369	100.0	164,735	100.0	147,483	100.0
EXPENDITURES						
Salaries and Benefits						
Certificated salaries	79,436	48.0	75,427	45.8	71,022	48.2
Classified salaries	25,576	15.5	24,171	14.6	22,361	15.2
Employee benefits	39,771	24.0	37,503	22.8	36,323	24.6
Total Salaries and Benefits	144,783	87.6	137,101	83.2	129,706	88.0
Books and supplies	6,159	3.7	6,152	3.7	4,868	3.3
Contracts and operating expenses	12,458	7.5	11,493	7.0	9,529	6.5
Other outgo	(1,006)	(0.6)	(1,021)	(0.6)	(1,043)	(0.7)
Capital outlay	1,356	0.8	640	0.4	484	0.3
Debt Service	509	0.3	225	0.1	352	0.2
Total Expenditures	164,259	99.3	154,590	93.8	143,896	97.6
EXCESS OF REVENUES OVER EXPENDITURES	1,110	0.7	10,145	6.2	3,587	2.4
OTHER FINANCING SOURCES (USES)						
Transfers in (out), net	216	0.1	(751)	(0.5)	178	0.1
INCREASE IN FUND BALANCE	1,326	0.8	9,394	5.7	3,765	2.5
FUND BALANCE, BEGINNING	20,844		11,450		7,685	
FUND BALANCE, ENDING	$ 22,170		$ 20,844		$ 11,450	
BASE REVENUE LIMIT PER ADA						
Regular	$ 5,782		$ 5,530		$ 5,136	
Adult	$ 2,645		$ 2,531		$ 2,389	

See accompanying note to supplementary information - unaudited.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION - UNAUDITED
JUNE 30, 2008

NOTE 1 - PURPOSE OF SCHEDULES

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

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

General Fund Selected Financial Information - Unaudited

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

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 as of and for the year ended June 30, 2008, which collectively comprise Simi Valley Unified School District's basic financial statements and have issued our report thereon dated December 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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.

8270 Aspen Street Rancho Cucamonga, CA 91730 Tel: 909.466.4410 Fax: 909.466.4431 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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, 2008

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

Governing Board
Simi Valley Unified School District
Simi Valley, California

Compliance

We have audited the compliance of Simi Valley Unified School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2008. 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, 2008.

8270 Aspen Street Rancho Cucamonga, CA 91730 Tel: 909.466.4410 Fax: 909.466.4431 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA

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.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

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

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

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2008

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 as of and for the year ended June 30, 2008, and have issued our report thereon dated December 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2007-08*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of 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
Kindergarten continuance	3	Yes
Independent study	23	Yes
Continuation education	10	Yes
Adult education	9	Yes
Regional occupational centers and programs	6	Not Applicable
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not Applicable
Community day schools	9	Not Applicable
Morgan-Hart Class Size Reduction	7	Yes

8270 Aspen Street Rancho Cucamonga, CA 91730 Tel: 909.466.4410 Fax: 909.466.4431 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA

	Procedures in Audit Guide	Procedures Performed
Instructional Materials:		
General requirements	12	Yes
K-8 only	1	Yes
9-12 only	1	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 Construction Funds:		
School District bonds	3	Yes
State school facilities funds	1	Yes
Excess sick leave	2	Yes
Notice of right to elect California State Teachers Retirement System (CalSTRS) membership	1	Yes
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-SAFE) Program	3	Not Applicable
School Accountability Report Card	3	Yes
Mathematics and Reading Professional Development	4	Not Applicable
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not Applicable
District or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program		
General requirements	4	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

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, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

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 and 84.173	IDEA Cluster (Individuals with Disabilities Education Act, Special Education)

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, 2008

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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

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