



PAJARO VALLEY UNIFIED SCHOOL DISTRICT MISSION STATEMENT

The Mission of the Pajaro Valley Unified School District is to educate and to support learners in reaching their highest potential. We prepare students to pursue successful futures and to make positive contributions to the community and global society.

January 28, 2009

CLOSED SESSION - 6:00 p.m. – 7:00 p.m.

Human Resources Conference Room

REGULAR BOARD MEETING - 7:00 p.m.

District Office - Boardroom

292 Green Valley Road

Watsonville, CA 95076

NOTICE TO THE PUBLIC: PURSUANT TO SB 343, BOARD PACKET DOCUMENTS ARE AVAILABLE FOR YOUR REVIEW AT THE FOLLOWING LOCATIONS:

- Superintendent's Office: 294 Green Valley Road, Watsonville, CA (4th Floor)
- On our Webpage: www.pvusd.net

Notice to the Audience on Public Comment

Members of the audience are welcome to address the Board on all items not listed on this agenda. Such comments are welcome at the "Visitor Non-Agenda Items".

Members of the audience will also have the opportunity to address the Board during the Board's consideration of each item on the agenda.

Individual speakers will be allowed three minutes (unless otherwise announced by the Board President) to address the Board on each agenda item. **You must submit this card prior to the discussion of the agenda item you wish to speak to; once an item has begun, cards will not be accepted for that item.** For the record, please state your name at the beginning of your statement. The Board shall limit the total time for public input on each agenda item to 20 minutes. With Board consent, the President may increase or decrease the time allowed for public presentation, depending on the topic and the number of persons wishing to be heard. The President may take a poll of speakers for or against a particular issue and may ask that additional persons speak only if they have something new to add.

Note: Time allotment for each item is for the report portion only; it is not an anticipation of the total time for the discussion of the item.

We ask that you please turn off your cell phones and pagers when you are in the boardroom.

1.0 CLOSED SESSION OPENING CEREMONY IN OPEN SESSION – 6:00 P.M.

- 1.1 Call to Order
- 1.2 Public comments on closed session agenda.

2.0 CLOSED SESSION (AND AFTER REGULAR SESSION IF NECESSARY)

2.1 Public Employee Appointment/Employment, Government Code Section 54957

- a. Certificated Employees (see Attached)
- b. Classified Employees (see attached)

2.2 Public Employee Discipline/Dismissal/Release/Leaves

- a. One Classified Employee

2.3 Negotiations Update

- a. CSEA
- b. PVFT
- c. Unrepresented Units: Management and Confidential
- d. SCAST

2.4 Claims for Damage

2.5 Existing Litigation

Conference with Legal Counsel:

- a. *Pajaro Valley Unified School District v. Westchester Surplus Lines Ins. Co. et al.*, Santa Clara County Superior Court Case No. 1-06-CV-058655 [consolidated with 1-06-CV-059845]

2.6 Pending Litigation

2.7 Anticipated Litigation

2.8 Real Property Negotiations

2.9 5 Expulsions

3.0 OPENING CEREMONY – MEETING OF THE BOARD IN PUBLIC - 7:00 P.M.

3.1 Pledge of Allegiance

3.2 Welcome by Board President

Trustees Leslie De Rose, Doug Keegan, Sandra Nichols, Karen Osmundson, Libby Wilson, Willie Yahiro, and President Kim Turley

3.3 Student Recognition

- *Crystal Ramirez, Linscott Charter School*
- *Rita Monsterrat Medina, Watsonville Charter School of the Arts*
- *Nicholas Willy, Bradley Elementary School*
- *Kasey Mathew, Pacific Coast Charter School*
- *Salvador Medina Hurtado, Alianza Charter School*
- *Dyani Jacobo Luna, Alianza Charter School*

4.0 ACTION ON CLOSED SESSION

5.0 APPROVAL OF THE AGENDA

6.0 APPROVAL OF MINUTES

-Minutes of January 14, 2009

7.0 HIGH SCHOOL STUDENTS BOARD REPRESENTATIVES REPORT

8.0 REPORT AND DISCUSSION ITEMS

8.1 Report and discussion on District Budget.

*Report by Mary Hart, Assoc. Supt., Barney Finlay, COE Assoc. Supt., and Michael Watkins,
COE Supt. 10 min.*

9.0 PUBLIC HEARING

9.1 Public Hearing on PVUSD Sunshine Proposal for Pajaro Valley Federation of Teachers (PVFT): Resubmitted with the acknowledgment that the proposed items shall be negotiated for the 2009-2010 school year.

Report by Dr. Albert Roman, Assistant Superintendent, Human Resources.

10.0 VISITOR NON-AGENDA ITEMS

Public comments will be allowed. The Board President will recognize any member of the audience not on the agenda and wishing to speak on a matter directly related to school business. The President may allot time to those wishing to speak, but no action will be taken on matters presented (Ed. Code Section 36146.6). If appropriate, the President or any Member of the Board may direct that a matter be referred to the Superintendent's Office for placement on a future agenda. (Please complete a card if you wish to speak.)

11.0 EMPLOYEE ORGANIZATION COMMENTS – PVFT, CSEA, PVAM, SCAST 5 Min. Each

12.0 CONSENT AGENDA

Information concerning the Consent items listed above has been forwarded to each Board Member prior to this meeting for his/her study. Unless some Board Member or member of the audience has a question about a particular item(s) and asks that it be withdrawn from the Consent list, the item(s) will be approved at one time by the Board of Trustees. The action taken in approving Consent items is set forth in the explanation of the individual item(s).

12.1 Purchase Orders December 4, 2008 – January 21, 2009

The PO's will be available in the Superintendent's Office.

12.2 Warrants December 4, 2008 – January 21, 2009

The warrants will be available in the Superintendent's Office.

12.3 Approve with Gratitude Donation of \$5,000 from The Community Foundation of Santa Cruz County to Support the Cara y Corazon Family Strengthening Program in Adult Education.

12.4 Acknowledge with Gratitude a Grant of \$7,974 from the Community Foundation of Santa Cruz to Support Backpacks for School Youth and for Dental Supplies for Migrant Students as Recommended by the Driscoll's Charitable Fund.

12.5 Approve Award of Contract for Services RFQ #MH-12-02-08, Medical, Dental and Vision Consulting Services.

12.6 Approve Revisions to LEA Plan.

12.7 Approve Migrant and Seasonal Head Start Budget Revision for March 1, 2008 – February 28, 2009.

12.8 Approve Migrant and Seasonal Head Start Program Information Report (P.I.R.) for 2007-08.

12.9 Approve Williams Quarterly Report: Zero Complaints.

The administration recommends approval of the Consent Agenda.

13.0 DEFERRED CONSENT ITEMS

14.0 REPORT, DISCUSSION AND POSSIBLE ACTION ITEMS

- 14.1 Report, discussion and possible action to approve PVUSD Sunshine Proposal for PVFT.
Report given under item 9.1.
- 14.2 Report, discussion and possible action to approve the Naming of Alianza Charter School's Library in Honor of Judy Stobbe, Educator.
Report by Cathy Stefanki, Asst. Supt., North Zone, and Michael Jones, Principal. 5 min.
- 14.3 Report, discussion and possible action to approve the 2007-2008 Financial Audit.
Report by Helen Bellonzi, Finance Director. 10 min.
- 14.4 Report, discussion and possible action on Brown Act and Public Records Act Training Session/s.
Report by Dorma Baker, Superintendent. 2 min.
- 14.5 Report, discussion and possible action to appoint members to Board Standing Committees for 2009.
Report by Leslie De Rose, Board President. 5 min.
 - 1. Community Advisory Committee – SELPA
 - 2. District English Learners Advisory Committee (DELAC)
 - 3. Fringe Benefits
 - 4. GATE Advisory Committee
 - 5. Governmental Relations
 - 6. Mello Center JPA
 - 7. Migrant Head Start Policy Advisory
 - 8. Pajaro Valley Prevention and Student Assistance (PVPSA)
 - 9. Safety Committee
 - 10. SPECTRA

15.0 GOVERNING BOARD AND SUPERINTENDENT COMMENTS/REPORTS

16.0 UPCOMING BOARD MEETINGS/REMAINING BOARD MEETINGS FOR 2009

All meetings, unless otherwise noted, take place at the District Office Boardroom, 292 Green Valley Road, Watsonville, CA. Closed Session begins at 6:00 pm; Open Session begins at 7:00 pm.

		Comment
January	▪ 28	▪
February	▪ 11 ▪ 25	▪
March	▪ 11 ▪ 25	▪ Approve 2 nd Interim Report
April	▪ 8 ▪ 22	▪
May	▪ 13 ▪ 27	▪ Approve 3 rd Interim Report
June	▪ 10 ▪ 24	▪ 09-10 Budget Adoption

July	▪ 15	
August	▪ 12 ▪ 26	
September	▪ 9 ▪ 23	▪ Unaudited Actuals
October	▪ 14 ▪ 28	
November	▪ 18	
December	▪ 9 Annual Organization Mtg.	▪ Approve 1st Interim Report

17.0 ADJOURNMENT

PAJARO VALLEY UNIFIED SCHOOL DISTRICT
CLOSED SESSION AGENDA
January 28, 2009

2.1 Closed Session - 6:00 pm in the Human Resources Office.

**Public Employee Appointment/Employment
Government Code Section 54957**

New Hires

- 5 Elementary Teachers
- 5 Secondary Teachers
- 1 Orthopedically Impaired Specialist
- 1 Speech Therapist
- 1 School Nurse
- 34 Substitutes

New Hires – Probationary

- 1 Administrative Secretary III
- 1 Administrative Secretary II
- 1 Groundskeeper II
- 5 Site Computer Support Technician
- 1 Interim HR Director
- 4 Instructional Assistants – General
- 1 Purchasing Specialist

Rehires

- 7 Elementary Teachers
- 1 Secondary Teacher

Administrative

- 1 Child Development Coordinator
- 1 Family Child Care Home Coordinator
- 1 Interim Vice Principal
- 1 Network Engineer
- 1 Assistant Director

Promotions

None

Permanent Appointments

None

Transfers

None

Extra Pay Assignments

30 Coaches

Extra Period Assignments

None.

Leaves of Absence

11 Elementary Teachers
3 Secondary Teachers
4 Bus Drivers
1 Administrative Secretary II
3 Instructional Assistant II – Special Education
1 Human Resources Analyst
1 Test Specialist/Text Specialist
1 Behavior Technician
1 Registration Specialist II
1 Health Services Assistant
1 Office Assistant II

Separations From Service

1 Instructional Assistant
1 Custodian II
1 Custodian I
1 Guidance Specialist I
1 Heavy Equipment Mechanic II

Retirements

1 Secondary Principal

Resignations

3 Elementary Teachers

Rescinds

None

Supplemental Service Agreements

8 Elementary Teachers
11 Secondary Teachers
4 Migrant Ed Teachers
3 Teachers on Special Assignment
1 School Psychologist
2 Resource Teachers

Miscellaneous Actions

- 1 Administrative Secretary II
- 2 Cafeteria Assistant
- 1 Communications Liaison
- 1 Behavior Technician
- 1 Site Computer Support Technician
- 2 Information Systems Support Technician
- 1 Administrative Assistant
- 1 Library Media Technician
- 1 Campus Safety Coordinator
- 1 Staff Accountant

Limited Term – Projects

- 1 Attendance Specialist
- 2 Behavior Technicians
- 5 Campus Safety Coordinators
- 3 Community Liaisons
- 2 Custodians
- 1 Language Support Liaison
- 8 Enrichment Specialists
- 24 Instructional Assistants
- 1 Library Media Technician
- 13 Office Assistants II
- 2 Office Assistants I
- 2 Office Managers
- 2 Administrative Secretaries I
- 2 Administrative Secretaries III
- 1 Site Computer Support Technician
- 1 Registrar
- 1 Registration Specialist
- 1 Textbook Specialist
- 1 Testing Specialist
- 2 Senior Translators
- 1 Warehouse Worker 1

Limited Term – Substitutes

- 2 Cafeteria Assistant
- 2 Campus Safety Coordinators
- 9 Instructional Assistants

- 1 Behavior Technicians
- 4 Custodians I
- 1 Bus Driver
- 1 Office Assistant II
- 1 Testing Specialist I
- 1 Payroll Technician II
- 1 Career Development Specialist
- 1 Groundskeeper

Provisional

None

Exempt

- 8 Workability Students
- 1 ISA
- 1 Instructional Assistant – MCC
- 18 Yard Duty
- 2 Babysitters
- 1 Childcare
- 113 Student Helpers

Summer School

None



**JANUARY 14, 2009
REGULAR BOARD MEETING &
BUDGET STUDY SESSION
UNADOPTED MINUTES**

**District Office Boardroom
292 Green Valley Road
Watsonville, CA 95076**

1.0 CLOSED SESSION OPENING CEREMONY IN OPEN SESSION –6:00 P.M.

1.1 Call to Order

President De Rose called the meeting to order at 6:00 pm at 292 Green Valley Road, Watsonville, CA.

1.2 Public comments on closed session agenda.

None.

2.0 CLOSED SESSION

2.1 Claims for Damages

a. McKie vs. PVUSD

3.0 OPENING CEREMONY – MEETING OF THE BOARD IN PUBLIC – 6:05 PM

President De Rose called the meeting of the Board in public to order at 6:15 pm.

3.1 Pledge of Allegiance

Trustee Turley led the Board in the Pledge of Allegiance.

3.2 Welcome by Board President

Trustees Sandra Nichols, Karen Osmundson, Kim Turley, Libby Wilson, Willie Yahiro, and President Leslie De Rose were present. Trustee Keegan was absent.

4.0 ACTION ON CLOSED SESSION

2.1 Claims for Damages

a. McKie vs. PVUSD

Trustee Nichols reported that the board voted to reject claim and send notice to claimant.

5.0 APPROVAL OF THE AGENDA

Trustee Nichols moved to approve the agenda. Trustee Osmundson seconded the motion. The motion passed 6/0/1 (Keegan absent).

6.0 APPROVAL OF THE MINUTES

- Minutes for December 10, 2008

Trustee Wilson moved to approve the minutes for December 10, 2008. Trustee Osmundson seconded the motion.

President De Rose requested to amend item 8.3 of the minutes, adding that members will be seated at the next regular meeting of the Board. Trustees Wilson and Osmundson amended their motion to include the change. The motion passed 6/0/1 (Keegan absent).

7.0 VISITOR NON-AGENDA ITEMS

This item was discussed after item 10.1.

President De Rose closed the regular meeting and opened the public hearing.

8.0 PUBLIC HEARING

8.1 Public Hearing on Appointment of Sharon Gray as the California School Employees Association's (CSEA) Representative to the Personnel Commission.

Report by Larry Lane, Director of Classified Personnel, Interim

Larry Lane, interim Human Resources director, reported that Sharon Gray was appointed by CSEA to complete commissioner Jack Hayes' term, expiring in 2010.

8.2 Public Comment

None.

8.3 Board Discussion

None.

President De Rose closed the public hearing and resumed the regular meeting.

9.0 CONSENT AGENDA

9.1 Approve Award Bids for Erate Year 12 District Services

Trustee Yahiro moved to vote on item 9.1 after the budget study session. Trustee Nichols seconded the motion. The motion passed 6/0/1 (Keegan absent).

9.2 Approve with Gratitude Donation of Approximately \$14,000 in Labor Costs from Saidi Farhat and his Construction Team to the Watsonville/Aptos Adult Education Offices.

Trustee Turley moved to approve this item. Trustee Nichols seconded the motion. The motion passed 6/0/1 (Keegan absent).

10.0 REPORT, DISCUSSION AND POSSIBLE ACTION ITEMS

10.1 Possible Action to Approve Appointment of Sharon Gray as CSEA's Representative to the Personnel Commission.

Report given under item 5.1.

Trustee Turley moved to approve this item. Trustee Nichols seconded the motion. The motion passed 6/0/1 (Keegan absent).

7.0 VISITOR NON-AGENDA ITEMS

Oscar Zambudio, Renaissance High student trustee, reported on activities and events taking place at his school. He complained that many students close to graduation don't know which classes need to be taken due to the lack of transcripts.

Cathy Stefanki, Assistant Superintendent, North Zone, briefly explained that transcripts would very soon become available for students; the district had to work out problems with the a new system but was very close to solving those problems.

11.0 STUDY SESSION: BUDGET

Facilitated by Mary Hart, Associate Superintendent.

Mary Hart reported that the Governor's budget release included a two year state shortfall of \$41.6 billion, \$17.3 of which is proposed for cuts. For the District, this translates into having to cut \$17 million dollars in the next two years. The Governor's budget includes the following proposals: to reduce instructional days by 5, this is a negotiated item and would produce a reduction of \$2.5 million for certificated staff; indefinite flexibility for all state categorical not listed as having specific restriction; discontinue mandate requirements for all but the ones that cannot be absolutely discontinued, such as CAHSEE and negotiations; reduce routine restricted maintenance from 3% to 1%, while still meeting the Williams Act requirements; eliminate required deferred maintenance match while still meeting Williams requirements; utilize prior-year restricted fund reserves. While

this is only a proposal and has not been finalized by the state, the district must base its decision on these proposals.

A spreadsheet containing potential reductions was distributed. The list reflects previously proposed reductions when the district was forced to cut \$10 million dollars. Although the list was not complete with all relative figures, it creates a savings of approximately \$6.5 million. The list includes the following potential reductions: restructuring of the district office; elementary assistant principals; high school assistant principals ratio change; library technicians to .5 in middle schools and 1 in high schools; counselor ratio change; clerical ration change in high school and middle schools; elimination of K-3 class size reduction; reduction in custodial by 50%; reduction in grounds by 50%; elimination of regular education transportation in high school and middle school; and high school sports. In addition, there are proposed reductions which are negotiable: furlough days (each day saves the district \$.5 million dollars); freeze of step and column; and 1% salary rollback.

Mary Hart encouraged the board to propose additional recommendations to be able to meet the \$17 million required to be cut from the district's budget in the next two years. It was clarified that the cuts would be ongoing, meaning that there is no expectation that the State is going to be improving its contribution to education.

The board participated with comments and questions. Additional recommendations were provided for consideration.

Public comment:

Krishna Roman, teacher, commented about the need of the support which would be provided by the E-rate proposal before the board under item 9.1.

9.1 Approve Award Bids for Erate Year 12 District Services

Trustee Wilson moved to approve this item. Trustee Yahiro seconded the motion. The motion passed 5/1/1 (Nichols dissented; Keegan absent).

President De Rose announced the passing of two students, one from Hall District and one from Watsonville High School. She asked for a moment of silence in their memory.

12.0 ADJOURNMENT

There being no further business to discuss, the meeting of the Board was adjourned at 9:00 pm.

Dorma Baker, Secretary of the Board

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 8.1

Date: January 28, 2009

Item: Report and Discussion on Budget

Overview: A budget update will be presented to the Board.

Recommendation: Report item only.

Prepared By: Mary Hart, Associate Superintendent

Superintendent's Signature: _____

Dorma Baker

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 9.1
14.1

Date: January 28, 2009

Item: The sunshine proposal is being resubmitted with the acknowledgement that the proposed items shall be negotiated for the 2009-2010 school year.

Overview: Public Hearing for the 2009-2010 Pajaro Valley Unified School District's (PVUSD) Initial Sunshine Proposal to the Pajaro Valley Federation of Teachers (PVFT).

Government Code Section 3547, the Rodda Act, requires initial bargaining proposals to be presented for public comment. This public hearing provides the opportunity for public comment related to the initial bargaining proposal from the District to PVFT.

Recommendation: The Board accepts public comment and accepts the District's Sunshine Proposal to PVFT for the 2009-2010 school year.

Budget Considerations:

Funding Source: General Fund and State and Federal Funds

Budgeted: To be Determined

Amount: To be Determined

Prepared By: Dr. Albert J. Roman, Assistant Superintendent of Human Resources

Superintendent's Signature:

Dorma Baker



INITIAL PROPOSAL
OF
PAJARO VALLEY UNIFIED SCHOOL DISTRICT
TO
PAJARO VALLEY FEDERATION OF TEACHERS (PVFT)

FOR THE 2009-2010 SCHOOL YEAR
JANUARY 28, 2009

The District is interested in the following:

1. Working with PVFT to determine a total compensation package that can be offered to employees. This will need to be balanced as part of a total compensation package that includes changes in salary and benefits for employees and a benefit package for retirees.
2. Change in language in Article IV— Workload and Hours
3. Change in language in Article XIII—Evaluation
4. Change in language in Article V—Calendar

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 12.3

Date: January 28, 2009

Item: Approve with Gratitude the Donation of \$5,000 from The Community Foundation of Santa Cruz County to Support the Cara y Corazon Family Strengthening Program in Adult Education

Overview: This Board acknowledges and recognizes the generosity of community members. Their commitment to education is evident through their contribution.

Recommendation: Approve with gratitude this donation.

Prepared By: Dorma Baker, Superintendent

Superintendent's Signature: _____

Dorma Baker

Copy



Watsonville/Aptos Adult Education

A Division of the Pajaro Valley Unified School District

Administration
(831) 786-2160

Dr. Nancy A. Bilicich
Director

Cynthia Stark
Assistant Director

Ricardo Téllez
Assistant Director

Departments

Adult Basic and
Secondary Education

Career and Technical
Education

Citizenship

Community Education

Contract Education

English as a Second
Language

Health and Safety

Lifelong Learning

Parent Education

**District
Administration**
(831) 786-2100

Dorma Baker
Superintendent

Mary Hart
Associate Superintendent

**Assistant
Superintendents**

Dr. Albert Roman
Human Resources

Catherine Hatch
Central Zone

Yida Noguera
South Zone

Cathy Stefanki
North Zone

December 18, 2008

COPY

The Community Foundation
of Santa Cruz County
2425 Porter Street, Suite 17
Soquel, CA 95073

To whom it may concern:

This letter is to thank you for your generous donation of \$5,000 to support the Cara Y Corazon Family Strengthening program.

The Pajaro Valley Unified School District is a local government agency organized and operated pursuant to the California Government and Education Codes. The Internal Revenue Service does not issue a Section 501(c)(3) letter of exemption to such government organizations since they are defined under Internal Revenue Code Section 115 as automatically tax-exempt organizations under current law.

Charitable contributions to the Pajaro Valley School District are tax-deductible under the provisions of Section 170(c)(1) of the Internal Revenue Code rather than Section 170(c)(2).

The District's EIN is #77-0375541.

On behalf of the staff, the parents, and especially the students of the school, now and in the future, thank you for the support which you are providing. Your generosity is greatly appreciated.

Sincerely,

Dr. Nancy A. Bilicich
Director

3923 Watsonville/Aptos Adult Education

11/28/2008 022040

20080554 ROJU 11/10/2008 to support the Cara Y Corazon Family Strengthening
Robert Stephens and Julie Packard Nonendowed Donor 5,000.00 5,000.00

CHECK TOTAL: \$*****5,000.00

THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY
2425 PORTER STREET, SUITE 17
SOQUEL, CA 95073
(831)477-0800

SANTA CRUZ COUNTY BANK
SANTA CRUZ, CA 95060
90-4373-1211

22040

* Five Thousand and no/100 *

DATE
11/28/2008

AMOUNT
\$*****5,000.00

PAY
TO THE
ORDER
OF

Watsonville/Aptos Adult Education
280 Main Street
Watsonville, CA 95076

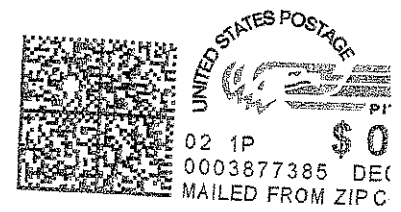
[Handwritten Signature]

AUTHORIZED SIGNATURE

⑈022040⑈ ⑆121143736⑆ 013006267⑈

the
Community Foundation
of Santa Cruz County

2425 Porter Street, Suite 17, Soquel, CA 95073



Dr. Nancy Bilicich
Watsonville/Aptos Adult Education
280 Main Street
Watsonville, CA 95076

Security features: Details on back

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 12.4

Date: January 28, 2009

Item: Acknowledge with Gratitude a Grant of \$7,974 from The Community Foundation of Santa Cruz County to Support Backpacks for School Youth and for Dental Supplies for Migrant Students as recommended by the Driscoll's Charitable Fund.

Overview: This Board acknowledges and recognizes the generosity of community members. Their commitment to education is evident through their contribution.

Recommendation: Approve with gratitude this donation.

Prepared By: Dorma Baker, Superintendent

Superintendent's Signature: _____

Dorma Baker

the Community Foundation *of* Santa Cruz County

2425 Porter Street, Suite 17, Soquel, CA 95073
(831) 477-0800 (831) 477-0991/fax www.cfsc.org

December 17, 2008

Board of Directors
Deirdre Hamilton
President
Ralph Miljanich
Vice President
Rachel Wedeen
Secretary
Robert Rodino
Treasurer

Ms. Faris Sabbah, Director of Migrant Education, Region 11
Pajaro Valley Unified School District
294 Green Valley Road
Watsonville, CA 95076

Re: Grant Number 2008-0687

Tom Brezsky
Martin M. Chemers
Ced Cirillo
Linda Fawcett
Thomas N. Griffin
Dina Hoffman
Leola Lapides
Mario Maldonado
Rachel Mayo
Garry Solari-Mazzy
Michael J. Meary
Eric E. Mendelson
Donna Zuel

Dear Ms. Sabbah:

I am pleased to notify you that the Community Foundation's Board of Directors has approved a grant to your organization in the amount of \$7,974 for backpacks for out of school youth (\$3,254) and for dental supplies for migrant students (\$4,720).

This grant has been made possible by a recommendation by the **Driscoll's Charitable Fund**. Thank you letters to the fund are encouraged and may be sent to the advisor(s) in care of the Community Foundation.

If you have any questions about this grant, please contact Christina Cuevas, Program Director at 477-0800 x213.

Executive Emeriti
Jack Baskin
Ian McPhail

Please review this letter carefully and sign, date, and return one copy to the Foundation. Be sure to keep a copy for your reference. By signing this letter you agree to the following:

- Use grant funds only for the purposes indicated below. Substantive changes involving the reallocation of grant funds must be approved in advance by the Foundation;
- Affirm that the donor advisor whose fund name appears in this letter, and any member of his/her family, have not received any tangible benefit, goods, or services whatsoever as a result of this grant; and
- Certify that this donation will not be used to satisfy the payment of any pledge or other financial obligation on behalf of the donor advisor and/or his/her family members.

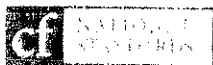
Executive Director
Lana Linnas

Honorary Trustees
Gianna Brauer
Nell Sisson Clift
Franc Porter Cooley
George Couch III
Nancy N. Driscoll
Harold Hyde
Samuel Leask IV
William Luke Padden
Fred McPherson III
Harvey Sackel
Margaret Sullivan
Richard A. Peltz
Roy and Rebekah
J. Miles Rogers
Norma Schwartz
Barbara S. Soler
Robert Stepler
Jameson Warren
Carol Anne White
Gregory W. Zuercher

Reporting

Use the following link to access appropriate report forms: www.cfsc.org/ReportFormsA. Reports enable the Foundation to learn from its experience as a grantmaker and to meet its obligations under federal and state regulations. Organizations with overdue reports are ineligible for future funding consideration until the report is submitted.

Final Report Due: June 30, 2009



For good. For ever.

Finances

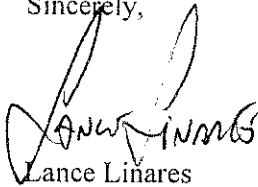
By signing this agreement, you agree to:

- Maintain records that clearly show how grant funds were spent and make such records available to the Foundation and its auditors upon request; and
- Return any funds not expended within the grant period unless written permission to extend the grant period has been obtained from the Foundation.

Publicity

This grant may be publicly listed in publications, advertisements, announcements etc. as being awarded from *The Driscoll's Charitable Fund at the Community Foundation of Santa Cruz County.*

Sincerely,



Lance Linares
Executive Director

cc: Dorma Baker, Superintendent

Grant Number: 2008-0687

Grantee: Pajaro Valley Unified School District

Signature

Title

Printed name of above

Date

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 12.5

Date: January 28, 2009

Item: Award of Contract for Services RFQ #MH-12-02-08
Medical, Dental and Vision Consulting Services

Overview: Purchasing was requested to obtain Proposals for Medical, Dental and Vision Consulting Services. The request was mailed to five (5) perspective vendors. Only one proposal was received by the deadline.

The Proposal was a request to serve as the District’s Health Benefits Consultant. The role of the consultant is to advise the District on coverage alternatives and considerations, assist with obtaining health benefits for active employees and retirees that best meet the needs of the members at competitive rates, assist with benefit administration and provide a full range of prompt reliable services.

Keenan & Associates compensation structure fee schedule as follows:
July 1, 2009 to June 30, 2010 \$1.75 per employee per month
July 1, 2010 to June 30, 2011 \$1.80 per employee per month
July 1, 2011 to June 30, 2012 \$1.85 per employee per month

Total funding will vary per year depending on number of active employees and retirees.

Recommendation: The Administration recommends that the bid be awarded to Keenan Associates of San Jose, CA. in accordance with all terms and conditions of the bid documents.

Budget Considerations:

Funding Source: Self Insurance Fund

Budgeted: Yes: No:

Amount: \$ 55,000

Prepared By: Mary Hart, Associate Superintendent of Business
Rich Buse, Director of Purchasing

Superintendent’s Signature: *Dorma Baker*

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 12.6

Date: January 28, 2009

Item: Local Education Agency (LEA) Plan Revisions

Overview: After the submission of our LEA Plan to the California Department of Education, we received feedback requesting additional information or clarification in some sections of the plan. The requested revisions have been completed and are coming forward for Board approval before being submitted to the State. The entire LEA Plan will be posted to the PVUSD Web site, including the revisions.

Recommendation: Approve the revisions to the LEA Plan.

Budget Considerations: N/A

Funding Source:

Budgeted: Yes: No:

Amount: \$

Prepared By: Dorma Baker, Superintendent

Superintendent's Signature: *Dorma Baker*

Pajaro Valley Unified School District
Reading / Language Arts

Actions/Strategies/ Interventions	Timeline for Implementation	Needed Professional Development	Estimated Cost/Funding Sources	Person(s) Responsible	Means of Evaluation	
					Monitoring of Intervention (Artifacts)	Evidence of Impact (Student Learning Data)
1. ELA intervention provided for grades 4-8 who are two or more years below grade level using <i>Language!</i> Program is used in appropriate core classes and summer school	Ongoing			<ul style="list-style-type: none"> Director of Curriculum & Instruction ELA Coordinator Principal Classroom Teacher 	<ul style="list-style-type: none"> Lesson Plans Walk Throughs 	Formative and summative assessments CST data
2. Develop plan for orientation to Side by Side documents	Sept. 2008-Jan. 2009	Side by Side	Purchase of Side by Side Documents- Est. \$35,000/title III	<ul style="list-style-type: none"> Director of Services to English Learners Director of Curriculum & Instruction District EL TOSAS 	<ul style="list-style-type: none"> Implementation proposal District Calendar Clarify ongoing ways to monitor this Pilot year 	Formative and summative assessments of HM and Adept
3. Implement district developed pacing guides for Houghton Mifflin and McDougal Little a) Inform parents of pacing guides	Ongoing	Professional Development on use of Pacing guides	\$10,000/Title I	ELA Coordinator Principal Classroom teacher	<ul style="list-style-type: none"> Walk Throughs Lesson Plans 	Formative and summative assessments CST data
4. Provide SB472 training in Language Arts to teachers new to the district who have not completed this training. a. Schedule training to have as little impact on teachers' time in the classroom as possible. b. on line professional development through Campbell School District b. Possible scheduling: summer or weekends	On going 2008-09	SB472 Training for new teachers and identified SpED teachers	\$800/per teacher Reading First/Title I/SB472	<ul style="list-style-type: none"> Director of Curriculum & Instruction ELA Coordinator Director of SpED 	<ul style="list-style-type: none"> Attendance sheets Pacing calendar Walk Throughs 	Formative and summative assessment

PROGRAMS FOR LEP STUDENTS & IMMIGRANTS (TITLE III)

PERFORMANCE GOAL 2: All limited-English-proficient students will become proficient in English and reach high academic standards, at a minimum attaining proficiency or better in reading/language arts and mathematics.

REQUIRED ACTIVITIES:

1.a. Description of the programs and activities to be developed, implemented, and administered.

The district will offer the following program alternatives to serve EL students as described in the newly adopted Master Plan for English Learners: the English language mainstream program, Structured English Immersion, and four alternative bilingual waiver model options: K-8 dual language biliteracy model, Late-Exit developmental bilingual model, Early Exit 50/50 transitional bilingual model, and Newcomer Bilingual Model.

English Language Mainstream (ELM)

Goal: The goals of this model are for English learners to 1) master academic core content; 2) reclassify to fluent English proficient; and 3) attain cultural proficiency; to ensure that students meet grade level content and performance standards through appropriate English instruction and support.

Description: The English Language Mainstream classroom is designed for students who are either native English speakers, fluent English proficient, or have acquired reasonable fluency in English. K-12 English learner students who have been assessed on the CELDT and have found to be at "reasonable levels of fluency in English" (CELDT overall score at intermediate, or at Early advance/advanced with subtests not at intermediate) receive daily instruction in ELD targeted to their language proficiency needs and grade-level instruction in the core content areas with ongoing attention paid to the language demands of the instruction. SDAIE strategies are used in the ELM program. Teachers who work with EL students in the ELM program possess appropriate state authorizations. Program is specific to student needs.

Structured English Immersion (SEI):

Goal: The goals of the SEI program are to ensure that students 1) meet grade level content and performance standards, 2) develop "reasonable fluency" in English, including listening, speaking, reading and writing, as rapidly as possible, and 3) attain cultural proficiency.

Description: Students are provided access to the core curriculum through the use of instructional strategies that are aligned to the student's language proficiency level. Instruction in the SEI program is overwhelmingly in English. This program allows the use of primary language and primary language materials (up to 30% of the time), as appropriate, to meet student needs. Core content instruction is based on state grade level standards, and teachers utilize appropriate strategies to ensure comprehensibility of instruction. Both ELD and SDAIE content courses are taught by teachers with the appropriate state authorizations. English learners may be re-enrolled in SEI if they do not meet "reasonable fluency" criteria for the Mainstream English program. Parents are notified annually regarding student placement.

Pajaro Valley Unified School District
Districtwide Program Improvement Goals
English Language Learners

Identified student performance goal(s):

- 1 All English Learners will become proficient in English and reach high academic standards, at a minimum attaining proficiency or better in reading/language arts and mathematics. (State Goal)

- a) Students will acquire English proficiency as measured by the CELDT within the following time frames:

Initial CELDT Level	Years to Proficiency
Beginning	4
Early Intermediate	3
Intermediate	2
Early Advanced or Advanced	1

- b) Annual increase of at least 3 percentage points in the proportion of students making annual improvement on the CELDT.

Group	2007 Percent		Average Annual Improvement Amount	AMAO 1 Goal for 2008	AMAO 1 Goal for 2009	AMAO 1 Goal for 2010
	Of Students Making Annual Improvement (AMAO 1)					
English Learners	52.3%	3.0%	55.3%	58.3%	61.3%	

- c) ELs will meet criteria for reclassification within 1 year of acquiring English proficiency on the CELDT.
- d) EL and former EL students will reach proficiency on grade level standards in English Language Arts and Mathematics within 1 year after reclassification and remain at proficient or higher.

**Pajaro Valley Unified School District
Districtwide Program Improvement Goals
English Language Development**

Actions/Strategies/ Interventions	Timeline for Implementation	Needed Professional Development	Estimated Cost/Funding Sources	Person(s) Responsible	Means of Evaluation	
					Monitoring of Intervention (Artifacts)	Evidence of Impact (Student Learning Data)
<p>1. Ensure that ELD instruction is systematically provided daily to all English Learners using adopted core support materials and <i>Carousel</i> as an additional supplement for ELD instruction. Implement and monitor the district instructional minutes for ELD at all grade levels and at all sites (K - 45 min., 1st-12 - 60 min.).</p> <p>a) Develop consistent ELD programs at the middle school and then the high school levels.</p>	<p>Begin August 2008</p> <p>Time Allocation Guidelines developed and distributed in Master Plan to every teacher by October 20 with inservice on October 31</p>	<p>Use of EL Teachers on Special Assignment (EL TOSAs) to demonstrate Strategies and provide Coaching in</p> <ul style="list-style-type: none"> • GLAD • Systematic ELD • SDAIE • Differentiated instruction • Side by Side 	<p>Two (2) ELTOSAs</p> <p>Workshop fees</p> <p>Consultant, Trainer fees</p>	<p>Director of EL Services, EL TOSAs, Principals, Zone Assistant Superintendents, Director of Federal/State Programs</p>	<ul style="list-style-type: none"> • Demonstration lessons • TOSA schedules • Daily schedules • Classroom Observations • Focus Walks • Refer to the ELD section in the District's Master Plan 	<p>Increased student proficiency in English as measured by CELDT, ADEPT and student writing rubrics;</p> <p>Disaggregated data by time in program;</p> <p>Program evaluation.</p>
<p>2. Develop a system to provide/support site level team meetings related to data analysis and planning of improvements in instruction for ELs</p> <p>a) Provide specific reports on CELDT results to assist with ongoing dialogue to meet the needs of ELLs and protocols for schools to implement data talks</p> <p>b) Generate and distribute school by school and teacher by teacher reports on CELDT performance (within 1 month of receipt of CELDT scores from State).</p> <p>c) Provide sites with access to formative disaggregated data related to ELL achievement in ELD, math and language arts.</p> <p>d) Provide teachers with background on testing format, content, and scoring</p>	<p>(Identify Data needed) August 14 - Day 1 Reports</p> <p>Ongoing meeting to identify data for schools</p>	<p>Ongoing time to meet</p> <ul style="list-style-type: none"> • Discuss Reports • Decision to inform instruction • Discuss data- individual and cohorts • Leadership Academy • Data team structures/protocols • CSD, On-line database training for school staff 	<p>Centralized services</p> <p>Teacher/team collaboration time</p>	<p>Director of Curriculum and Instruction Director of EL Services Director of State and Federal Assistant Director of Program Evaluation/Data Coordinator of Program Evaluation Principals Site Tech Liaison LARC Staff</p>	<p>LRT/SSST action plans</p> <p>Individual student Catch-up plans</p> <p>School-wide data talk meeting notes</p> <p>Teacher release time</p>	<p>Increased percentage of students meeting AMAOs on CELDT, ADEPT and SCOE assessments as well as Harcourt unit tests and other content tests such as end of year/ midterm</p> <p>Quarterly or trimester tracking of the percentage of students passing interim ELD assessments such as ADEPT and publisher materials tests.</p>

Please provide a description of:	Persons Involved/ Timeline	Related Expenditures	Estimated Cost	Funding Source
<p>6. How the LEA will integrate funds under this subpart with funds received under part D that are used for professional development to train teachers to integrate technology into curricula and instruction to improve teaching, learning, and technology literacy:</p> <p>Beginning teachers will use technology resources both at the site and through the SB2042 approved on-line coursework. B.T.'s use computer applications to analyze data and provide feedback to students and parents regarding student achievement.</p>	<p>Beginning teachers SCNTP Technology Department</p>			
<p>7. How students and teachers will have increased access to technology; and how ongoing sustained professional development for teachers, administrators, and school library media personnel will be provided in the effective use of technology. (Note: A minimum of 25% of the Title II, Part D Enhancing Education through Technology funding must be spent on professional development.):</p> <p>All district administration have received technology professional development through AB75 and AB430 training offered through the County Office of Education. Both teachers, administrators are offered on-going technology professional development through courses made available through the district's technology department. In addition, each school site has a "technology liaison" to work with individual teachers. In addition, administrators and teachers have access to on-line formative and summative assessment data via "in house" developed systems.</p>	<p>Santa Cruz County Office of Education District Technology Department & Technology Liaisons</p>	<p>AB 75 Training \$350 per administrator District Training & data systems development 60 hours @ \$40 an hour</p>	<p>\$3500 \$2400</p>	<p>Title II A Title II D</p>
<p>8. How the LEA, teachers, paraprofessionals, principals, other relevant school personnel, and parents have collaborated in the planning of professional development activities and in the preparation of the LEA Plan:</p> <p>The SCNTP is a collaborative consortium of 27 school districts, the SCCOE, UCSC, CSUMB, and SJSU. Together, beginning teacher's professional development is designed to meet BTSA and pre-intern standards. On going surveys for induction solicit feedback form administrators, teachers and advisors. The development of the LEA plan has involved all groups writing and reviewing the plan as it developed.</p>				

Board Agenda Back-up

Item #

12.7

DATE: January 14, 2009

ITEM: Migrant and Seasonal Head Start Budget Revision for
March 1, 2008 – February 28, 2009

OVERVIEW: This budget revision incorporates \$44,604 in funds received from the grantee for the purchase of two vehicles and related adjustments in the non-federal share budget. It takes into account adjustments for reimbursement of Family Child Care Home Providers in the principal budget. Other line item adjustments have been made according to estimated budget projections (see attachments for detail) and planned expenditures according to Program need. The budget revision is for internal grantee purposes only and is done in accord with the Agreement for Delegation of Activities ("Delegate Agency Contract" provision #22.0). The grantee requires a budget revision in the event of a line item change of 5% or \$50,000, whichever is less.

RECOMMENDATION: Approve budget revision for March 1, 2008 – February 28, 2009.

BUDGET CONSIDERATIONS

Funding Source:


U.S. Department of Health and Human Services via Grantee (Central California
Migrant Head Start/Stanislaus County Office of Education)

Budgeted: Yes No

\$5,716,204 federal dollars (Program Account 23, Principal Budget)

Prepared by: Carole L. Clarke, Director, Migrant/Seasonal Head Start Program

Superintendent's Signature





Tom Changnon, Superintendent/Chairperson
1100 H Street • Modesto, CA 95354 • (209) 238-1800 • FAX (209) 238-4217

Delegate Budget Revision Request
Policy Council/Committee and Board Approval Verification

Agency Pajaro Valley Unified School District
Amount of Request \$5,716,204
Date of Request 12/11/08
Period of Request March 1, 2008 to February 28, 2009
Number of Children 732

This application has the approval of the Governing Board of
Pajaro Valley Unified School District
As recorded in their minutes of _____
(Signed) _____
(Date) _____
(Governing Board/President)

This application has the approval of the Central California Migrant Head Start
Parent Policy Council/Committee of _____
Pajaro Valley Unified School District/Migrant & Seasonal Head Start
As recorded in their minutes of December 11, 2008
(Signed) (See Delegate Budget Revision Request Form for signature)
(Policy Council/Committee Chairperson)
(Date) 12/11/08

**PVUSD – Migrant and Seasonal Head Start
Budget Revision Narrative – Program Account 23 (Principal Account)
& Non-federal Share**

Note: This budget revision reflects receipt of additional funds from grantee associated with purchase of two vans (\$44,604) under Equipment. Actual cost was \$44,603. Grantee approval for vehicle purchase was executed through contract amendment #1.

Principal Sources of Savings

Personnel – \$89,671

- Administrative Secretary II – late hire due to District transfer process - associated with District reduction in classified work force
- 1 teacher position not filled (floater for ELL)
- 1 Instructional Assistant for children with moderate-to-severe disabilities
- Some savings due to teacher turnover (less experienced teachers hired at lower salary rates)
- Early departure of 1 Family Service Worker

Benefits - \$158,488

- Budgeting error in fringe benefit line item associated with retirees
- Downward adjustment for actual dependents claimed under health insurance
- Late hire for Administrative Secretary II position
- 1 Limited Term Custodian (turnover resulted in hire of “substitute” Custodian who did not have benefits)
- 1 teacher position not filled (floater for ELL)
- 1 Instructional Assistant position for children with disabilities
- Early departure of 1 Family Service Worker

Out-of-Area Travel - \$1,535 (best estimate)

Requested Re-Allocation of Savings

Supplies - \$192,051

- Some key items to purchase:
- Replacement computers (per Technology Department recommendation)
- Replacement of center appliances (washers, dryers, refrigerators, etc.)
- Training supplies related to implementation of Creative Curriculum
- Emergency supplies
- Replacement of center furnishings
- Laminator(s)
- 3 large play houses for preschool yards (Hall District, Freedom and Calabasas)
- File cabinets, other office supplies

Contracts - \$39,753

Reimbursement of Family Child Care Home Providers

Hold slots for placement of MSHS Children

Children with moderate-to-severe disabilities/special cases (absences)

Provider/Parent Conferences

Other - \$17,279

Center projects managed through PVUSD Maintenance & Operations
(no renovations)

Indirect Cost - \$611 - Related to downward adjustment in indirect cost rate for March 1
through June 30, 2008



DELEGATE BUDGET REVISION REQUEST (PA 23)

Delegate: Pajaro Valley Unified School District

*Policy Committee Approval Date: 12/11/08

Federal/State	Description	Current Approved Budget	Requested Changes +/-	Requested Revised Budget
6a - Personnel				
1000	Certificated Personnel	1,053,056	(29,483)	1,023,573
2000	Classified Personnel	988,249	(60,188)	928,061
Sub-Total		2,041,305	(89,671)	1,951,634
6b - Fringe Benefits				
3100	STRS	86,877	(10,338)	76,539
3200	PERS	155,927	(38,386)	117,541
3300	OASDI	90,870	(15,083)	75,787
3400	Health & Welfare	713,250	(16,507)	696,743
3500	Unemployment Compensation	70,708	(9,078)	61,630
3600	Workers' Compensation	67,975	(19,725)	48,250
3700	Retiree Benefits	67,627	(49,370)	18,257
Sub-Total		1,253,234	(158,488)	1,094,746
6c - Travel (out of service area) - Staff				
5200	Travel (non-local)	10,500	(1,535)	8,965
Sub-Total		10,500	(1,535)	8,965
6d - Equipment (Over \$5,000 - Needs Prior ACF Approval)**				
6400	2 vans	0	44,604	44,604
Sub-Total		-	44,604	44,604
6e - Supplies				
4300	Instructional Supplies	53,820	132,142	185,962
4300	Other Supplies	75,459	41,236	116,695
4310	Custodial Supplies	10,700	(4,399)	6,301
5754	Food Service Supplies	25,256	2,675	27,931
5904	Stamps	1,000	(700)	300
4400	Equipment under \$5000	15,000	21,097	36,097
Sub-Total		181,235	192,051	373,286
6f - Contracts				
5800	Contracts	1,650,372	39,753	1,690,125
Sub-Total		1,650,372	39,753	1,690,125
6g - Renovations/Construction (Needs prior ACF approval)**				
Sub-Total		-	-	-
6h - Other				
5200	Travel (local)	16,125	(1,220)	14,905
5300	Membership	1,500	(50)	1,450
5400	Insurance-liability, fire, student	11,000	(11,000)	-
5900	Utilities, Telephone	7,296	5,068	12,364
5600	Rentals, Leases and Repairs	37,000	69,393	106,393
5800	Consultants/Other Services	102,204	(41,475)	60,729
5810	Health Exams	12,000	1,662	13,662
5812	Advertising	5,000	-	5,000
5700	District Services	74,240	(4,698)	69,542
5850	Fees	2,400	(400)	2,000
Sub-Total		268,765	17,279	286,044
6i - Indirect Costs				
7350	Indirect Costs	266,188	611	266,799
Sub-Total		266,188	611	266,799
Grand Totals		5,671,599	44,604	5,716,204

*Attach copy of PC minutes approving requested revisions

**May require prior Regional Office Approval

Delegate Director: _____

Policy Committee Chair: _____

Grantee Director: _____

Approved/Denied _____ Date: _____

Distribution: White/Yellow - Grantee

Pink - Delegate

Mandatory Revised 11/03 CF/F-6

**CENTRAL CALIFORNIA MIGRANT HEAD START
MIGRANT AND SEASONAL HEAD START**

Non - Federal Share

March 1, 2008 - February 28, 2009

Delegate Agency: Pajaro Valley Unified School District

Revised 12/11/08

Budget \$ 1,436,554

6c Supplies

\$ 18,394

Donated supplies	\$ 154
Donated food	\$ 18,240

6f Contracts

\$ 927,360

FCCH differential - Infants/Toddlers (Santa Cruz County)	214	children	x 90%	\$ 17.44 /day	118 days	\$ 396,355
FCCH differential - Preschoolers (Santa Cruz County)	204	children	x 90%	\$ 19.32 /day	118 days	\$ 418,564
FCCH differential - Infants/Toddlers (Monterey County)	36	children	x 90%	\$ 11.71 /day	118 days	\$ 44,770
FCCH differential - Preschoolers (Monterey County)	45	children	x 90%	\$ 14.16 /day	118 days	\$ 67,671
Total children in FCCH	499					

Total differential represents 90% of attendance

6h Personnel

\$ 69,756

Volunteer Hours	Rate				
	\$17.90 /hour	x	3,897	hours	69,756

6h Non-Personnel

\$ 421,044

Space	Monthly rent	Months	
Calabasas	\$ 5,889	12	70,668
Freedom	\$ 6,780	12	81,360
Hail District	\$ 4,712	12	56,544
H A Hyde	\$ 9,113	12	109,356
Ohlone	\$ 8,593	12	103,116

Funded Amount \$ 1,436,554
(Over) / Under Budget: \$ 0

For FCCH reimbursement rates go to: <http://www.cde.ca.gov/fg/aa/cd/ap/index.aspx> [rates by county, effective 10/01/06]



DELEGATE BUDGET REVISION REQUEST (PA 23)

Delegate: Pajaro Valley Unified School District

*Policy Committee Approval Date: 12/11/08

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Sub-Total		266,188	611	266,799
Grand Totals		5,671,599	44,604	5,716,204

*Attach copy of PC minutes approving requested revisions

**May require prior Regional Office Approval

Delegate Director: 12/12/08

Policy Committee Chair: SONIA CEBALLOS

Grantee Director: _____

Approved/Denied Date: 12-12-08

Distribution:

White/Yellow - Grantee

Pink - Delegate

Mandatory Revised 11/03 CF/F-6

Board Agenda Back-up

Item # 12.8

DATE: January 14, 2009

ITEM: Migrant & Seasonal Head Start Program Information Report (P.I.R.)
For 2007-08

OVERVIEW: To meet requirements of the Head Start Act, Section 644 [42 U.S.C. 9839] (a) (2) (C) (E) (F) "Each Head Start agency shall make available to the public a report published at least once in each fiscal year that discloses the following information from the most recently concluded fiscal year..."The total number of children and families served, the average monthly enrollment and the percentage of eligible children served; the percentage of enrolled children that received medical and dental exams; information about parent involvement activities; and in support of Section 650 [42 U.S.C. 9846](a)(6) (7) (8), "information concerning Head Start staff, including salaries, education, training, experience, and staff turnover; information concerning children participating in programs that receive Head Start funding, including information on family income, racial and ethnic background, homelessness, whether the child is in foster care or was referred by a child welfare agency, disability, and receipt of benefits under part A of title IV of the Social Security Act." Other reporting information is submitted through other annual documents, such as the Community Assessment, Goals & Objectives/Progress Reports, budget applications, Self-Assessment Report/Corrective Plan of Action, and audit.

RECOMMENDATION: Accept Migrant & Seasonal Head Start Program Information Report for fiscal year 2007-08.

BUDGET CONSIDERATIONS – No budget action required

Funding Source:

U.S. Department of Health and Human Services via Grantee (Central California Migrant Head Start/Stanslaus County Office of Education)

Prepared by: Carole L. Clarke, Director, Migrant/Seasonal Head Start Program



Superintendent's Signature

*Head Start Program Information Report for the 2007-2008 Program Year
Performance Indicators - Individual Program Level*

Sep 03, 2008

90CM9788-001

Pajaro Valley Unified School District

Address: Pajaro Valley Unified School District
294 Green Valley Road, 2nd Floor

Telephone: (831) 728-6955
Facsimile: (831) 728-6998

Watsonville, CA 95076-1382

Program Type: Migrant

Director: Ms. Carole Clarke

Performance Indicators

<

01. Children up to date on a schedule of Preventative and Primary Health Care:	98.22%
02. Children needing medical treatment:	24.06%
03. Children receiving medical treatment:	91.33%
04. Children completing dental exams: (Preschool Only)	83.69%
05. Children needing dental treatment: (Preschool Only)	47.06%
06. Children receiving dental treatment: (Preschool Only)	92.19%
07. Children with up-to-date, or all possible, immunizations:	100.00%
08. Children enrolled in Medicaid, SCHIP, or Paid Health Insurance at EOY:	100.00%
09. Children receiving Medicaid paid medical treatment: longer collected)	(Data no
10. Classroom Staff to Child Ratio:	1 : 4
11. Average Class Size:	16.64
12. Classroom teachers with an ECE or related degree (AA, BA or graduate):	23.81%
13. Teachers with an ECE related degree, CDA or State Certificate:	100.00%
14. Home visitors with an ECE related or Human Dev. degree, or CDA:	--
15. Staff without an ECE or related degree or CDA who are in CDA training:	0.00%
16. Staff without an ECE or related degree enrolled in ECE degree programs:	100.00%
17. Home based staff to child ratio:	--
18. Children (and pregnant women in Early Head Start programs), enrolled less than 45 days:	2.60%
19. Timely replacement of children:	84.62%
20. Multiple year enrollment:	58.61%
21. Full enrollment: at program level)	(Data not available
22. OverIncome Enrollment:	7.24%
23. Percentage of Funded Enrollment reported as children with a disability:	10.52%
24. HS Children with a disability receiving special services: (Preschool Only)	100.00%
25. Families participating in a goal setting process resulting in a Family Partnership Agreement:	97.70%
26. Families receiving emergency/crisis assistance and/or education services:	10.18%
27. Families receiving at least one family service:	98.69%

28. Ratio of parent volunteers to total enrollment:	1 : 0.53
29. Ratio of parent staff to total staff:	1 : 0.41
30. Children who dropped out:	8.88%
31. Ratio of ACYF funded enrollment to total funded enrollment:	1 : 1.00

*Head Start Program Information Report for the 2007-2008 Program Year
Profile Report - Individual Program Level*

Sep 03, 2008

90CM9788-001

Pajaro Valley Unified School District

Address: Pajaro Valley Unified School District
294 Green Valley Road, 2nd Floor

Watsonville, CA 95076-1382

Telephone: (831) 728-6955
Facsimile: (831) 728-6998

Program Type: Migrant

Director: Ms. Carole Clarke
Start Date: 05/02/2007
End Date: 10/22/2007

Enrollment Information

Total Actual Enrollment:	732	ACYF Funded Enrollment:	732
Children:	732	Funded From Other Sources:	
Pregnant Women:	0		

Program Options Funded

Full Day Enrollment (5 Day):	233	Home Based:	0
Part Day Enrollment (5 Day):	0	Combination:	0
Full Day Enrollment (4 Day):	0	Family Child Care:	499
Part Day Enrollment (4 Day):	0	Local Option:	0
Double Session Enrollment (5 Day):	0	Single Session Classes:	14
Double Session Enrollment (4 Day):	0	Double Session Classes:	0
Average Class Size:	17	Classroom Staff to Child Ratio:	1:4

Performance Indicators

Full Enrollment: (Data not available at program level)

Classroom Teachers With An ECE or Related Degree:	23.81%
Assistant Teachers With An ECE or Related Degree:	0.00%
Home Visitors With An ECE or Related Degree:	--
Family Child Care Teachers With An ECE or Related Degree:	10.53%
Children who Received Required Medical or Dental Treatment:	91.69%
Percentage of Funded Enrollment reported as children with a Disability:	10.52%
Staff who are Current or Former Head Start Parents:	50.00%

Program Information

Teachers' Average Salary (Associate Degree in ECE or Related Field)	\$17,088
Teachers' Average Salary (Baccalaureate Degree in ECE or Related Field)	\$25,036
Teachers' Average Salary (Graduate Degree in ECE or Related Field)	\$0
Teachers' Average Salary (Child Development Associate Credential Only)	\$13,649
Teacher Turnover Rate:	2.38%
Families Needing Child Care Who Received Head Start Full Day Services:	100.00%
Average Family Service Worker Caseload:	38.06

Reporting Information

PIR Received: 8/29/2008

PIR Submission By: Web

*Head Start Program Information Report for the 2007-2008 Program Year
Family Information Report - Individual Program Level*

Sep 03, 2008

90CM9788-001

Pajaro Valley Unified School District

Address: Pajaro Valley Unified School District
294 Green Valley Road, 2nd Floor

Watsonville, CA 95076-1382

Director: Ms. Carole Clarke

Telephone: (831) 728-6955
Facsimile: (831) 728-6998

Program Type: Migrant

Family Information

Number of Families

Total Number of Families: 609
Two Parent Families: 522 85.71%
Single Parent families: 87 14.29%
Unknown Family Type: 0

Families by Education level of Parents/Guardians

Less than High School Graduate: 498 81.77%
High School Graduate or GED: 99 16.26%
Some College, Vocational or Associate degree: 10 1.64%
Bachelor's or Advanced Degree: 2 0.33%
Unknown/Data Not Available: 0

Employment Status of Parents or Guardians:

Two Parent Families:
Both Parents Employed: 489 93.68%
One Parent Employed: 33 6.32%
Both Parents not working: 0 0.00%
Unknown/Data Not Available: 0
Single Parent Families:
Parent Employed: 85 97.70%
Parent not working: 2 2.30%
Unknown/Data Not Available: 0

Job Training/School Status of Parents or Guardians:

Two Parent Families:
Both Parents in Training/School: 1 0.19%
One Parent in Training/School: 9 1.72%
Neither Parent in Training/School: 512 98.08%
Unknown/Data Not Available: 0
Single Parent Families:
Parent in Training/School: 1 1.15%
Parent not in Training/School: 86 98.85%
Unknown/Data Not Available: 0

Federal or Other Assistance:

Receiving TANF Benefits: 2 0.33%
Receiving SSI Benefits: 1 0.16%
Receiving WIC Benefits: 573 94.09%

Family Partnership Process:

Participating in a family goal setting process leading to an individualized family partnership agreement: 595 97.70%

Services to Homeless Families:

Homeless Families Served: 0 0.00%
Acquired housing during the year: 0 %

Father Involvement:

Conducted scheduled activities to involve fathers: No
Children whose fathers participated: 0 0.00%

Family Services

The number of families who received the following services during the operating period:

Emergency/crisis intervention (addressing immediate need for food, clothing or shelter): 10 1.64%
Housing assistance (subsidies, utilities, repairs, etc.): 66 10.84%
Transportation assistance (subsidizing public transportation, etc.): 96 15.76%
Mental health services: 7 1.15%
English as a Second Language (ESL) training: 77 12.64%
Adult education (GED programs, college selection, etc.): 52 8.54%

Job training:	23	3.78%
Substance abuse prevention or treatment:	0	0.00%
Child abuse and neglect services:	5	0.82%
Domestic violence services:	4	0.66%
Child support assistance:	1	0.16%
Health education (including prenatal education):	311	51.07%
Assistance to families of incarcerated individuals:	1	0.16%
Parenting education:	555	91.13%
Marriage education services:	17	2.79%
Number of families that received at least one service:	601	98.69%

Reporting Information

PIR Received:8/29/2008

PIR Submission By: Web

*Head Start Program Information Report for the 2007-2008 Program Year
Health Services Report - Individual Program Level*

Sep 03, 2008

90CM9788-001

Pajaro Valley Unified School District

Address: Pajaro Valley Unified School District
294 Green Valley Road, 2nd Floor

Watsonville, CA 95076-1382

Director: Ms. Carole Clarke

Telephone: (831) 728-6955
Facsimile: (831) 728-6998

Program Type: Migrant

Enrollment Information:

Total Actual Enrollment:	732	Total Funded Enrollment:	732
Children:	732	ACF Funded Enrollment:	732
Pregnant Women:	0	Funded From Other Sources:	0

Health Services Information (Children):

Health Insurance (at End of Enrollment year):

Children with Health Insurance:	732	100.00%
Medicaid/EPSDT:	618	84.43%
SCHIP:	59	8.06%
Combined SCHIP/Medicaid:	0	0.00%
State Funded Insurance:	7	0.96%
Private health insurance:	17	2.32%
Other health insurance:	31	4.23%
Children Without Health Insurance:	0	0.00%

Medical Services:

Up to date on physical examination:	719	98.22%
Diagnosed as needing treatment:	173	24.06%
Received or are receiving medical treatment:	158	91.33%

Received/Receiving medical treatment for:

Anemia:	50	6.83%
Asthma:	35	4.78%
Hearing Difficulties:	8	1.09%
Overweight:	80	10.93%
Vision Problems:	3	0.41%
High Lead:	1	0.14%
Diabetes:	1	0.14%

Medical Home (at End of Enrollment Year):

With a source of continuous accessible care:	480	65.57%
Services through the Indian Health Service:	0	
Services through a Migrant Health Center:	252	34.43

Immunization Services Status (at End of Enrollment year):

Up to date on all immunizations:	712	97.27%
Received all possible immunizations:	20	2.73%

Dental Home (at End of Enrollment Year):

With a source of continuous accessible care:	505	68.99%
--	-----	--------

Dental Services (Preschool Program Only):

Completed dental examination:	272	37.16%
Received preventive care:	272	100.00%
Diagnosed as needing treatment:	128	47.06%

Mental Health Professionals Services for Children:

Consultations with staff about a child:	9	1.23%
Of above, 3 or more consultations:	0	0.00%
Consultations with parents about a child:	2	0.27%
Of above, 3 or more consultations:	0	0.00%
Individual Mental Health Assessments done:	0	0.00%

Received or are receiving treatment:	118	92.19%
<i>Preventive Dental Services for Children (0-3)(EHS and Migrant Programs Only):</i>		
Oral health screening as part of well-baby examination:	59	8.06%
Professional oral examination:	341	46.58%

Referrals facilitated for Mental Health:	0	0.00%
<i>Mental Health Referrals:</i>		
Referred for services (outside program):	0	0.00%
Received Mental Health services:	0	%

Health Services Information (Pregnant Women):

Health Insurance:

Pregnant women with health insurance:	0	%
Pregnant women without health insurance:	0	%

Program Services for Pregnant Women:

Prenatal and postpartum health care:	0	%
Mental Health interventions:	0	%
Prenatal education on fetal development:	0	%
Information on the benefits of breastfeeding:	0	%

Health Information for Pregnant Women:

Enrolled during 1st trimester:	0	%
Enrolled during 2nd trimester:	0	%
Enrolled during 3rd trimester:	0	%
Medically 'High Risk' pregnancies:	0	%

Dental Services for Pregnant Women:

Received dental exams or treatment:	0	%
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Reporting Information

PIR Received:8/29/2008

PIR Submission By: Web

*Head Start Program Information Report for the 2007-2008 Program Year
Enrollment Statistics Report - Individual Program Level*

Sep 03, 2008

90CM9788-001

Pajaro Valley Unified School District

Address: Pajaro Valley Unified School District
294 Green Valley Road, 2nd Floor

Watsonville, CA 95076-1382

Director: Ms. Carole Clarke

Telephone: (831) 728-6955
Facsimile: (831) 728-6998

Program Type: Migrant

Funded Enrollment:

Enrollment by Funding Source:

Total Funded Enrollment:	732	
ACF Funded Enrollment:	732	100.00%
Non ACF Funded (HS Eligible):	0	0.00%
Non ACF Funded (Not HS Eligible):	0	0.00%

Enrollment by Program Option:

Full Day (5 days per week):	233	31.83%
Part Day (5 days per week):	0	0.00%
Full Day (4 days per week):	0	0%
Part Day (4 days per week):	0	0.00%
Home Based:	0	0.00%
Combination Program:	0	0.00%
Family Child care:	499	68.17%
Locally Designed Options:	0	0.00%
Pregnant Women included above:	0	0.00%

Actual Enrollment:

Total Actual Enrollment:

Total Actual Enrollment:	732	
Children:	732	100.00%
Pregnant Women:	0	0.00%

Enrollment by Eligibility:

Receipt of Public Assistance:	2	0.27%
Income Eligibility:	677	92.49%
Over Income:	53	7.24%
Foster Children:	0	0.00%

Turnover:

Dropped Out and Did Not Re-Enroll:	65	8.88%
Dropped Out and were Replaced:	55	7.51%
Enrolled Less than 45 days:	19	2.60%

Enrollment of Children by Age:

Less than 1 Year Old:	48	6.56%
1 year Old:	149	20.36%
2 Years Old:	210	28.69%
3 Years Old:	212	28.96%
4 Years Old:	96	13.11%
5 Years and Older:	17	2.32%

Enrollment of Children by Years Enrolled:

First Year:	303	41.39%
Second Year:	227	31.01%
Three (or more) Years:	202	27.60%

Enrollment by Ethnicity:

Hispanic or Latino Origin:	732	100.00%
Non Hispanic / Non Latino Origin:	0	0.00%

Enrollment by Race:

American Indian/Alaska Native:	93	12.70%
Asian:	0	0.00%
Black or African American:	0	0.00%
Native Hawaiian/Pacific Islander:	0	0.00%
White:	639	87.30%
Bi-Racial or Multi-Racial:	0	0.00%
Other (See Comments):	0	0.00%
Unspecified:	0	0.00%

Enrollment by Primary Language:

English:	0	0.00%
Spanish:	652	89.07%
Central/South American and Mexican:	80	10.93%
Caribbean language:	0	0.00%
East Asian languages:	0	0.00%
Middle Eastern/South Asian language:	0	0.00%
Native N. American/Alaska Native:	0	0.00%
Pacific Island Languages:	0	0.00%
European and Slavic Languages:	0	0.00%
African Languages:	0	0.00%
Other Languages (See Comments):	0	0.00%
Unspecified:	0	0.00%

Received On Time: Yes

*Head Start Program Information Report for the 2007-2008 Program Year
Staff Qualifications Report - Individual Program Level*

Sep 03, 2008

90CM9788-001

Pajaro Valley Unified School District

Address: Pajaro Valley Unified School District
294 Green Valley Road, 2nd Floor

Watsonville, CA 95076-1382

Telephone: (831) 728-6955
Facsimile: (831) 728-6998

Program Type: Migrant

Director: Ms. Carole Clarke

Education and Experience of Management Staff:

	Education Level:	Years in Position:
3.a. Executive Director:	Position Not Filled	0
3.b. Program Director:	Graduate degree	7
4. Child Development and Education Manager:	Graduate degree	2
5. Health Services Manager:	Associate degree/2 years college	2
6. Family and Community Partnerships Manager:	Associate degree/2 years college	2

Classroom/Child Development Staff Qualifications:

Teachers: 42

9A1: Associate Degree(ECE/Related):	9 21.43%
9B1: Baccalaureate Degree(ECE/Related):	1 2.38%
9C1: Advanced Degree(ECE/Related):	0 0.00%
9D1: CDA or State Equivalent:	32 76.19%
10B1: No Degree or CDA but in ECE Degree Program:	0 0.00%
10C1: No Degree or CDA but in CDA Training:	0 0.00%

Assistant Teachers: 12

9A2: Associate Degree(ECE/Related):	0 0.00%
9B2: Baccalaureate Degree(ECE/Related):	0 0.00%
9C2: Advanced Degree(ECE/Related):	0 0.00%
9D2: CDA or State Equivalent:	7 58.33%
10B2: No Degree or CDA but in ECE Degree Program:	5 41.67%
10C2: No Degree or CDA but in CDA Training:	0 0.00%

Home Visitors: 0

9A3: Associate Degree(ECE/Related):	0 %
9B3: Baccalaureate Degree(ECE/Related):	0 %
9C3: Advanced Degree(ECE/Related):	0 %
9D3: CDA or State Equivalent:	0 %
10B3: No Degree or CDA but in ECE Degree Program:	0 %
10C3: No Degree or CDA but in CDA Training:	0 %

Family Child Care Teachers: 76

9A4: Associate Degree(ECE/Related):	7 9.21%
9B4: Baccalaureate Degree(ECE/Related):	1 1.32%
9C4: Advanced Degree(ECE/Related):	0 0.00%
9D4: CDA or State Equivalent:	35 46.05%
10B4: No Degree or CDA but in ECE Degree Program:	33 43.42%
10C4: No Degree or CDA but in CDA Training:	0 0.00%

Supervisory Child Development Staff Qualifications:

Child Development Supervisors: 2

9A5: Associate Degree(ECE/Related):	1 50.00%
9B5: Baccalaureate Degree(ECE/Related):	0 0.00%
9C5: Advanced Degree(ECE/Related):	1 50.00%
9D5: CDA or State Equivalent:	0 0.00%
10B5: No Degree or CDA but in ECE Degree Program:	0 0.00%
10C5: No Degree or CDA but in CDA Training:	0 0.00%

Home Based Supervisors: 0

9A6: Associate Degree(ECE/Related):	0 %
9B6: Baccalaureate Degree(ECE/Related):	0 %
9C6: Advanced Degree(ECE/Related):	0 %
9D6: CDA or State Equivalent:	0 %
10B6: No Degree or CDA but in ECE Degree Program:	0 %
10C6: No Degree or CDA but in CDA Training:	0 %

Family and Community Partnerships Staff Qualifications:

Family Workers: 17

23A: GED or High School Diploma:	7 41.18%
23B: Related Associate Degree:	5 29.41%
23C: Related Baccalaureate Degree:	5 29.41%
23D: Related Graduate Degree:	0 0.00%
24: No Degree in Degree/Credential Training:	2 11.76%

Family and Community Partnerships Supervisors: 1

23A: GED or High School Diploma:	0 0.00%
23B: Related Associate Degree:	1 100.00%
23C: Related Baccalaureate Degree:	0 0.00%
23D: Related Graduate Degree:	0 0.00%
24: No Degree in Degree/Credential Training:	0 0.00%

Reporting Information

PIR Received: 8/29/2008
 Received On Time: Yes

PIR Submission By: Web

*General Comments Report for the 2007-2008 Program Year
General Comments Report - Individual Program Level*

Sep 03, 2008

90CM9788-001

Pajaro Valley Unified School District

Address: Pajaro Valley Unified School District
294 Green Valley Road, 2nd Floor
Watsonville, CA 95076-1382

Director: Ms. Carole Clarke

Telephone: (831) 728-6955
Facsimile: (831) 728-6998
Program Type: Migrant

A.19. Eligibility:

A.21.b(viii) Other Races:

A.22.K Other Languages:

A.29.B(v) Other Child Care:

B3-6 High Salary:

B16.b(viii) Other Races:

B19. Teacher Turnover:

C2.F. Other Insurance:

At enrollment, there were 10 children under Healthy Kids and 20 under Salud Para la Gente (Migrant Health Service) - At end of enrollment - there were 10 children under Healthy Kids and 21 under Salud para la Gente.

Dental Treatment (C17) Comments:

General Comments:

2007 PIR Comments for Pajaro Valley Unified School District

B.8.1 - Qualifications of Child Development Staff: 42 teachers include 5 Site Supervisors (Center/Teacher Directors) who also have teaching duties.

B.8 - includes 69 FCCH Providers + 7 FCCH Specialists.

B.12 (a), B13 & B14 - Average (Annual Teacher Salary) teachers on hire for an average of six months per year, so "annual" salary is tied to seasonal employment. Same for teacher assistants.

B.12(b) - Only one teacher with a B.A. Degree in this category who worked for six months - so no true "average" can be derived.

B.16 (a) (i) - Includes 7 FCCH Specialists who are assigned a caseload of Family Child Care Homes, for which monitoring/technical assistance are provided. The Family Child Care Providers are independent contractors. [The PIR does not support a category for the Family Child Care Specialists, a special group of staff for this program option].

B.18 - More accurate measure of teacher turnover would be new staff from one season to the next.

C.2.a-d & f: In California all Head Start enrolled children are eligible for EPSDT (CHDP) physical examinations and immunizations.

C.2.f: At enrollment: 10 children enrolled in "Healthy Kids" funded in Santa Cruz County and 20 children received migrant health services thru Salud Para La Gente Clinic. At end of enrollment: 10 children were enrolled in "Healthy Kids" and 21 received migrant health services.

C.8: Salud para la Gente is a rural health clinic with federal migrant funding. Children may also be covered under EPSDT (CHDP) and/or state SCHIP "Healthy Families".

C.9: Some children dropped early.

C.19: 341 of 407 Infants /Toddlers (84%) had a completed dental examination. However 48 children served were under 1 year of age, so the actual completion rate for the age eligible group maybe higher. Criteria for professional dental examination are for children six months of age or at least one tooth. Otherwise the program relies upon oral inspection thru EPSDT or family physician.

C.24 & C.25 Two LEAs include San Andreas Regional Center and Pajaro Valley Unified School District/SELPA.

C.37: DRDP-R is the tool used for ongoing child assessment.



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

Board Agenda Backup

Item No: 12.9

Date: January 28, 2009

Item: Williams Quarterly Report

Overview and Rationale: All school districts have been required to adopt a complaint system as a part of the Williams Settlement.

On a quarterly basis, Williams' complaints must be reported to the board and the county superintendent. The report must include the number and types of complaints received and how they were corrected.

There were no complaints this quarter.

Recommendation: Approve.

Budget Considerations:

Funding Source:

Budgeted:

Amount:

Prepared By: Dorma Baker, Superintendent

Superintendent's Signature:

Dorma Baker

**QUARTERLY DISTRICT STATUS REPORT OF UNIFORM COMPLAINTS
TO THE COUNTY SUPERINTENDENT OF SCHOOLS
QUARTER ENDED DECEMBER 2008**

DISTRICT: Pajaro Valley Unified School District Date Reported to District Governing Board: January 28, 2009

I. INSTRUCTIONAL MATERIALS

A) Insufficient text books or instructional materials in classroom:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		

• Explanation: _____

B) Insufficient textbooks or instructional materials to take home:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		

• Explanation: _____

C) Textbooks or instructional materials in poor or unusable condition:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		

• Explanation: _____

II. TEACHER VACANCY OR MISASSIGNMENT

A) No assigned certified teacher at beginning of semester:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		

• Explanation: _____

B) Teacher lacking credentials or training to teach English Language Learners (ELL) with More than 20% Ell in class:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		

• Explanation: _____

D) Teacher instructing class lacking subject matter competency:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		

• Explanation: _____

III. FACILITIES

A) Conditions pose an emergency or urgent threat to the health or safety of students/staff:

# of Complaints	# of Complaints Resolved	# of Complaints Unresolved*
0		

• Explanation: _____



Board Agenda Backup

Item No: 14.2

Date: January 28, 2009

Item: Naming of the Alianza School Library

Overview: Naming the Alianza School Library the "Judith Clare Stobbe Library".

The Alianza Charter School community lost one of its founders and most passionate advocates with the death of Ms. Judy C. Stobbe a year ago this past December 2007. The Alianza Community invites the Pajaro Valley Unified School District to join us in recognizing the many contributions that Ms. Stobbe made to the education of our students here in the Pajaro Valley. Judy was an exceptional educator. She was a combination of passion, expertise, leadership, scholarship, and deep commitment. A commitment to the child in the classroom, to do what she could to make sure that each had access to an education that would transform his or her life. Judy believed that every child comes to school with the treasure of his or her language, culture and family. Her work at Alianza focused on using these resources as the foundation of every child's education and the development of literacy. Since reading, language literacy and books were central to her work, the Alianza Governing Council at its meeting on January 22, 2009, passed a resolution asking that the Board of the Pajaro Valley Unified School District honor the memory of Judy by naming the school library, the "Judith Clare Stobbe Library".

Recommendation: Approval

Budget Considerations: N/A

Funding Source:

Budgeted: Yes: No:

Amount: \$

Prepared By: Cathy Stefanki, Assistant Superintendent

Superintendent's Signature: _____

Dorma Baker

NAMING OF FACILITY

The Board of Education shall name schools or individual buildings in recognition of:

1. Individuals, living or deceased, who have made outstanding contributions to the county or community
2. Individuals, living or deceased, who have made contributions of state, national or worldwide significance
3. The geographic area in which the school or building is located

The Board encourages community participation in the process of selecting names. A citizen advisory committee shall be appointed to review name suggestions and submit recommendations for the Board's consideration.

(cf. 1220 - Citizen Advisory Committees)

The renaming of existing schools or major facilities shall occur only under extraordinary circumstances and after thorough study.

Memorials

Upon request, the Board shall consider naming buildings, parts of buildings or athletic fields in honor of the contributions of students, staff members and community members who have been deceased for at least one year.

Legal Reference:

EDUCATION CODE

35160 Authority of governing boards



Board Agenda Backup

Item No: 14.3

Date: January 28, 2008

Item: Review of Annual Audit

Overview: The District is required to have an annual audit by an independent Auditor who examines the records of the district and the procedures used in processing fiscal transactions and maintaining financial records. The Audit of the 2007-2008 fiscal year was performed by Vavrinek, Trine, Day & Co. and is presented to the Board for review pursuant to Education Code Section 41020.3

41020.3. "By January 31 of each year, the governing body of each local education agency shall review, at a public meeting, the annual audit of the local education agency for the prior year, any audit exceptions identified in that audit, the recommendations or findings of any management letter issued by the auditor, and any description of correction or plans to correct any exceptions or management letter issue. This review shall be placed on the agenda of the meeting pursuant to Section 35145."

Opinions of the Auditor

The audit indicates the following:

- In the opinion of the Auditor, the District's financial records represent the true financial condition of the District and that there are no material weaknesses in the internal control over financial reporting
- In the opinion of the Auditor, the District has complied, in all material respects, with State laws and regulations and with the requirements of each of the Federal programs operated

Findings and Recommendations

The Auditor identified 3 findings for 07/08.

1. WHS ASB did not prepare a revenue/sales analysis to be used to track cash collections for all items sold. The District has provided to each site an outline of what is required and will meet with all sites to verify compliance.
2. After School Education and Safety program – Auditors were unable to confirm students' release from site. District's response indicated student documents were on file till the end of the year and then were shredded in preparation for the next school year. Beginning in FY 08/09, the District will maintain those records for the recommended retention period.
3. Minimum required instructional minutes at WHS were short by 54 minutes. The District is in the process of applying for a waiver and WHS will make up the minutes in each of the preceding 2 years.

Recommendation: The administration recommends that the Board accept the Audit for the 2007-2008 Fiscal Year.

PREPARED BY SIGNATURE:

Aleen Bellonzi

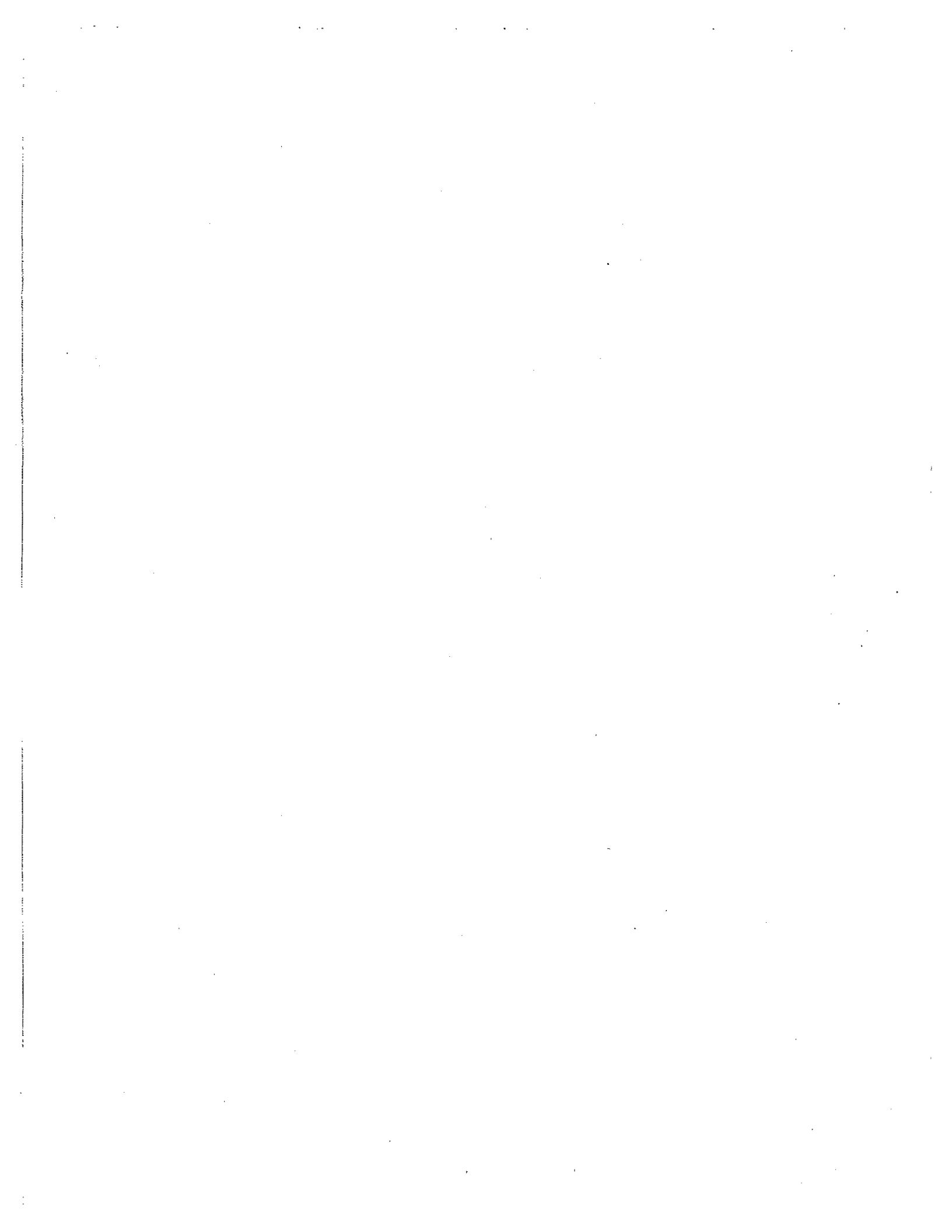
SUPERINTENDENT SIGNATURE:

Dorinda Baker

**PAJARO VALLEY UNIFIED
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2008



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

OF SANTA CRUZ COUNTY

WATSONVILLE, CALIFORNIA

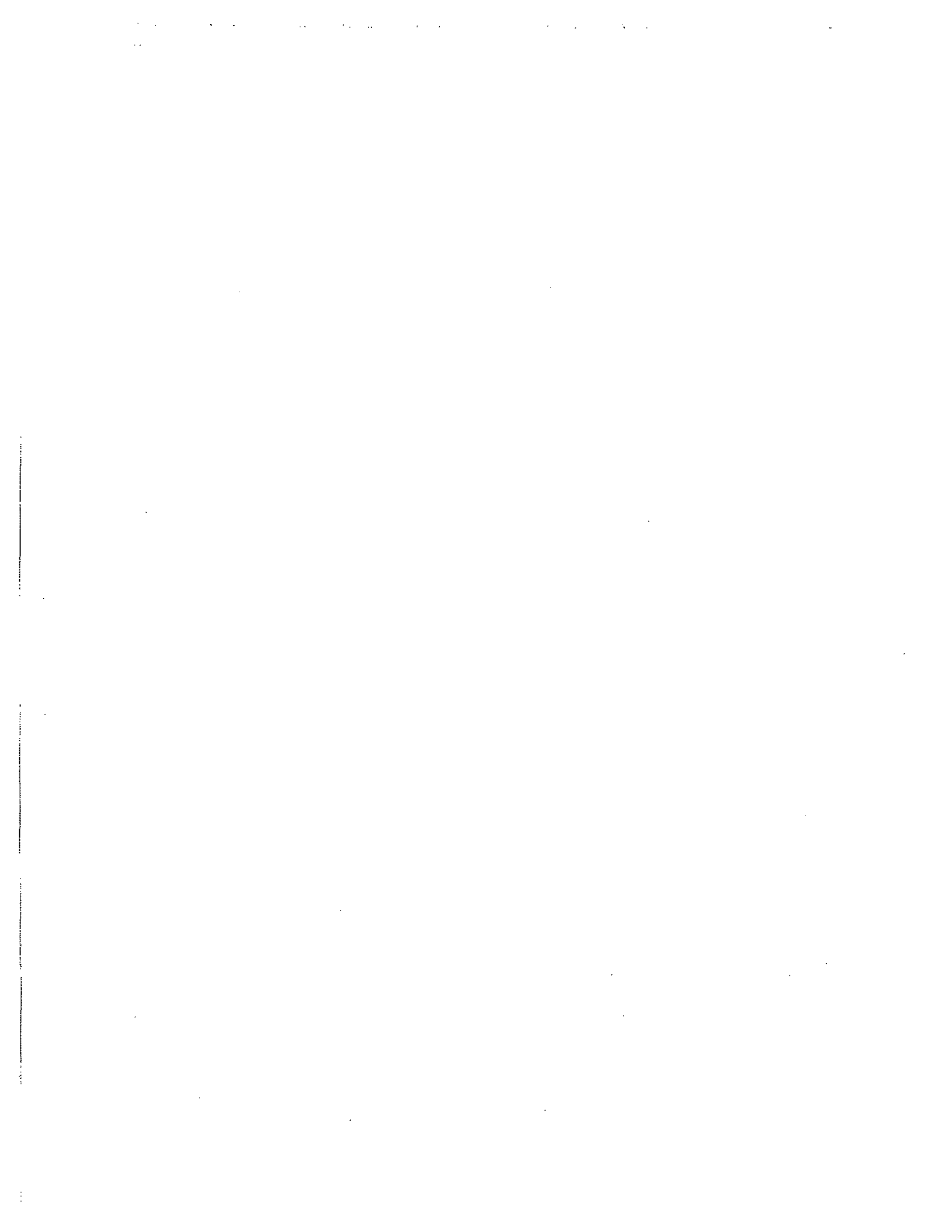
JUNE 30, 2008

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Kim Turley	President	2010
Leslie De Rose	Vice President	2010
Libby Wilson	Member	2010
Karen Osmundson	Member	2008
Sandra Nichols	Member	2008
Willie Yahiro	Member	2010
Doug Keegan	Member	2008

ADMINISTRATION

Dorma Baker	Superintendent
Mary Hart	Associate Superintendent, Business



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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JUNE 30, 2008

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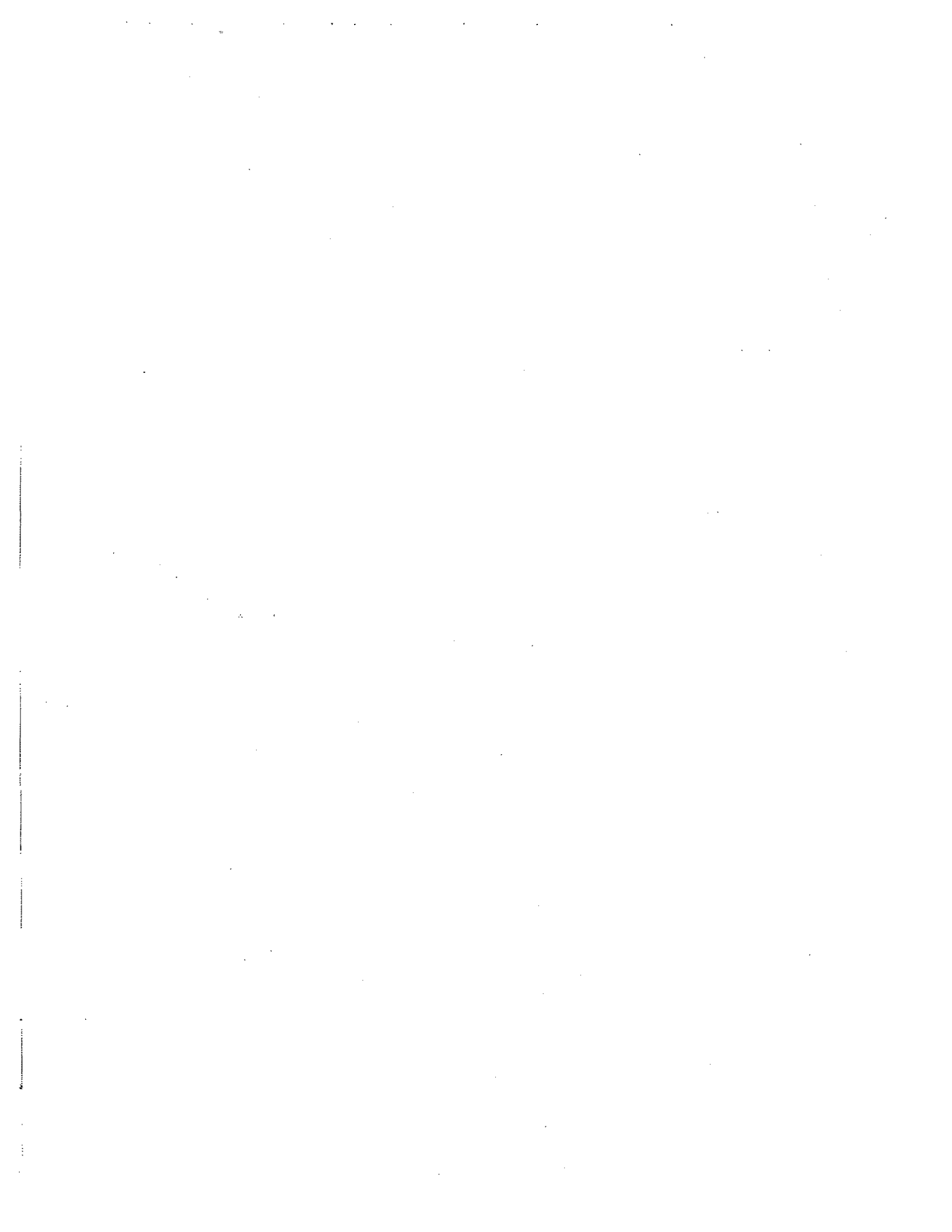
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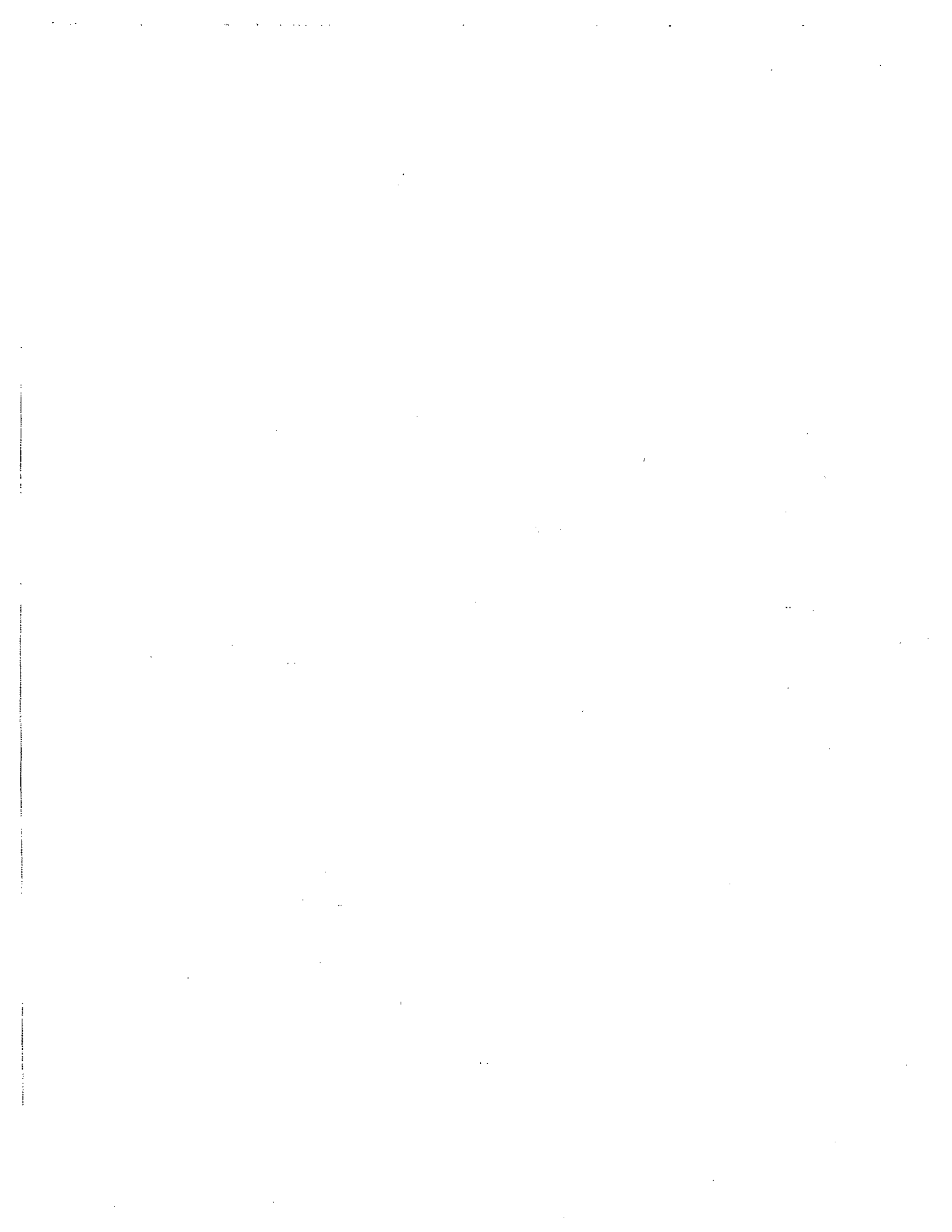
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FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

Governing Board
Pajaro Valley Unified School District
Watsonville, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pajaro 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 Pajaro 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 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.

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.

The required supplementary information, such as management's discussion and analysis on pages 3 through 11 and budgetary comparison information on page 52 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 on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards which is required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Vavreck, Trinc. Day & Co. LLP

Palo Alto, California
December 15, 2008



PAJARO VALLEY UNIFIED SCHOOL DISTRICT

294 Green Valley Road, Watsonville, CA 95076
(831) 786-2100

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Pajaro Valley Unified School District's (The District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Pajaro Valley Unified School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt). 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 Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fiduciary Activities* are agency funds, which only report a balance sheet and do not have a measurement focus.

The Primary unit of the government is the Pajaro Valley Unified School District. The District also has five component unit charter schools, Linscott Elementary, Watsonville School of Arts, Pacific Coast Charter School, Alianza Elementary, and Academic Vocational. The charter schools are included in the special revenue, charter school fund of the District. Separately issued financial statements for the charter schools are not prepared.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

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. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

Governmental activities - All of the District's services are reported 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, 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.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

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

Proprietary funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. 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 fund is 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, scholarships, employee retiree benefits. 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.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were \$150.9 million and \$163.6 million for the fiscal years ended June 30, 2008 and 2007, respectively. Of this amount, (\$5.8) million and \$3.4 million were unrestricted for fiscal years ending June 30, 2008 and 2007, respectively. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities 2008	Governmental Activities 2007
Current and other assets	\$ 60,474,233	\$ 70,820,903
Capital assets	191,816,278	184,309,266
Total Assets	252,290,511	255,130,169
Current liabilities	22,299,166	20,059,964
Long-term debt	79,109,996	71,478,750
Total Liabilities	101,409,162	91,538,714
Net assets		
Invested in capital assets, net of related debt	133,080,607	135,881,805
Restricted	23,552,891	24,276,323
Unrestricted	(5,752,149)	3,433,327
Total Net Assets	\$ 150,881,349	\$ 163,591,455

The (\$5.8) million in unrestricted deficit in net assets of governmental activities represents the accumulated results of all past years' operations. It means that if we had to pay off all of our bills today including all of our non-capital liabilities (compensated absences as an example), we would be short by \$5.8 million.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

Changes in Net Assets

The results of this year's operations for the District as a whole are reported in the Statement of Activities. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues and expenses for the year.

TABLE 2

	<u>2008</u>	<u>2007</u>
Revenues		
Program revenues		
Charges for services	\$ 1,565,001	\$ 1,665,783
Operating grants and contributions	85,186,214	81,377,540
Capital grants and contributions	874,843	3,884,682
General revenues:		
Federal and state sources	69,244,898	66,553,062
Property taxes	54,238,678	51,569,402
Other general revenues	10,270,147	15,280,192
Total Revenues	<u>221,379,781</u>	<u>220,330,661</u>
Expenses		
Instruction related	174,244,742	158,363,319
Student support services	27,240,666	25,034,104
Administration	9,282,914	8,520,096
Maintenance and operations	17,992,354	17,226,091
Other	5,329,211	8,073,278
Total Expenses	<u>234,089,887</u>	<u>217,216,888</u>
Change in Net Assets	<u>\$ (12,710,106)</u>	<u>\$ 3,113,773</u>

Governmental Activities

As reported in the Statement of Activities, the cost of all of our governmental activities this year was \$234.1 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$54.2 million because \$87.6 million of 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. We paid for the remaining "public benefit" portion of our governmental activities with \$79.5 million in State and Federal funds and with other revenues, like interest and general entitlements.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

In Table 3, we have presented the net cost of each of the District's five largest functions - (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

	Net Cost of Services 2008	Net Cost of Services 2007
Instruction and instruction related	\$ 108,400,719	\$ 91,698,477
Pupil services	11,030,737	9,694,916
General administration	6,468,720	6,583,695
Maintenance and operations	16,454,427	15,552,469
Other	4,109,226	6,759,326
Totals	\$ 146,463,829	\$ 130,288,883

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$36.4 million, which is a decrease of \$11.3 million from last year.

The primary reasons for these changes are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund decreased \$0.6 million to \$16.7 million.
2. The Building fund (Bond Fund) has a decrease in fund balance of \$9.5 million. This decrease is due to District Bond projects in process. Over the past year the existing bond projects have had some phases completed and others are well underway and expected to be complete in the 08/09 fiscal year. Each year until completion we will show a decrease in fund balance in the fund. At the end of 07/08 fiscal year, one bond project had not been started. This is the E.A. Hall Gym.
3. Our Non-Major funds decreased by \$1.1 million. The largest components of this net decrease of \$1.1 million were:
 - a. The Deferred Maintenance Fund balance increase because of unspent State and Local revenues over the current year's projects costs.
 - b. The Capital Facilities Fund decreased by \$0.2 million due to use of the funds for modernization project matches, on-going lease payments for portables and various other growth projects within the district being completed.
 - c. The County School Facilities Fund decreased by \$3.7 million due to the financing of the Watsonville High modernization project and Aptos High Cafeteria.
 - d. Other Miscellaneous Funds (i.e.: Adult Education, Charter, and Cafeteria) had an increase of \$1.3 million. The primary increases are in Adult Education and Charters.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

General Fund Budgetary Highlights

Our original adopted budget projected an ending fund balance of \$15.6 million and our final budget projected an ending balance of \$16.6 million. Our actual ending balance at year-end was \$16.7 million, a positive variance of \$61,173 from our final budget. Actual revenues exceeded final budgeted revenues by \$1.1 million excluding on behalf payments. Actual expenditures were \$1.1 million higher than the final budgeted amounts excluding on behalf payments. Other financing sources (uses) generated a positive variance of approximately \$39,179 when comparing actual to final budget.

Our final budget revenues were \$180.7 million; however, actual revenues were \$181.8 million. The variance, \$1.1 million, is primarily due to higher categorical expenditures in grants than anticipated which in turn has the district recognize the revenue in the current year as opposed to deferring it to the subsequent year to be spent as carryover.

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2008 and 2007, the District had \$191.8 million and \$184.3 million, net of depreciation in a broad range of capital assets including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of just over \$7.5 million, or 4.1 percent, from last year.

TABLE 4

	Governmental Activities 2008	Governmental Activities 2007
Land	\$ 17,055,144	\$ 17,055,144
Construction in progress	57,166,180	42,204,466
Buildings and improvements	192,694,747	191,617,926
Equipment	4,006,536	2,858,924
Accumulated depreciation	(79,106,329)	(69,427,194)
Totals	\$ 191,816,278	\$ 184,309,266

This year's additions to capital assets of \$17.2 million included several projects such as Watsonville High, Aptos High and Mintie White Bond Projects. These projects included the Watsonville High Gym and Swim complex, Aptos High School Cafeteria and Fine Arts Building, and Mintie White Library.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

Several capital projects completions are planned for the 2008-2009 year. We anticipate the completion of Aptos High and Watsonville High Bond projects. Some of these projects are the Watsonville High School Tennis Courts and Aptos High Gym and Water Tank. Funds are available to complete ongoing new construction, modernization and bond projects.

Long-Term Debt

At the end of this year, the District had \$59.5 million in bonds outstanding. The District's long-term debt is summarized below.

TABLE 5

<i>Years ending</i>	<u>2008</u>	<u>2007</u>
Certificates of participation	\$ 3,015,000	\$ 3,105,000
General obligation bonds	59,446,187	59,681,467
Bond premium	889,129	950,241
Accumulated vacation - net	1,554,959	1,584,810
Supplemental employees retirement plan	8,399,208	3,337,248
Capital leases	1,693,746	2,067,264
Other post employment benefits	3,554,227	-
Other	557,540	752,720
Totals	\$ 79,109,996	\$ 71,478,750

The State limits the amount of general obligation debt that District's can issue to 2.5 percent of the assessed value of all taxable property within the District's boundaries.

Other obligations include compensated absences payable, certificates of participation, capital leases and other long-term debt. We present more detailed information regarding our long-term liabilities in Note 9 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2007-2008 ARE NOTED BELOW:

The State funding increased 4.53% in fiscal year 2007-2008 and had no deficits. This enabled the district to pay for all step and column increases, and a 14% Health Benefit increase. We were also able to fund the district Music program for an additional year. The district successfully closed the year with its required 3% reserve.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

Other outstanding accomplishment of 2007-2008: Pajaro Valley High School graduated its first senior class. Watsonville High School was able to open its new gymnasium, Aptos High was able to celebrate with its senior class in its new gymnasium, Rio Del Mar Elementary was awarded Distinguished School, many employees were able to retire and take the Early Retirement program developed and offered by the District and we grew approximately 180 ADA.

Throughout the fiscal year various other construction projects and maintenance projects were successfully completed as well. Mintie White now has a new Multi Purpose Room for school and community events and Watsonville High School opened its new Swimming Pool Complex.

Maintenance and Operations maintained all 33 sites. Transportation transported 4000+ students to school each day with total mileage of 1,057,729 Food Service served 2.0 million breakfast and lunch meals, Technology maintained 8500+ computers connected to the network for use of office work, Student Information system, libraries, technology labs and classroom use. In addition, purchasing processed 6000 purchase orders.

Accounting paid on all the purchase orders as well as reconciled and paid all credit card statements. Payroll processed pay for 4,700+ individuals equating to approximately 42,000+ checks. They also maintained the staff health and welfare accounts, worker compensation claims, section 125 applicants and retirement accounts including 403B's. Finance maintained a balanced budget of \$253 million including miscellaneous fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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. Projections of revenue limit income include a COLA of 5.66% with a deficit of 5.36%
2. Developer fee collections have been reduced substantially due to a decrease in development in the surrounding area.
3. The District's ADA has been projected 140 less than prior year due to the fact Ceiba College Preparatory Academy (new Charter School) is opening.
4. Employee benefits will be increased by 12%.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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 additional financial information, please contact:

Mary Hart, Associate Superintendent, Business
294 Green Valley Road, Watsonville, CA 95076

Helen Bellonzi, Director of Fiscal Services
294 Green Valley Road, Watsonville, CA 95076

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**STATEMENT OF NET ASSETS
JUNE 30, 2008**

	<u>Governmental Activities</u>
ASSETS	
Deposits and investments	\$ 39,311,250
Receivables	20,329,646
Prepaid expenses	376,463
Stores inventories	456,874
Capital assets not depreciated	74,221,324
Capital assets, net of accumulated depreciation	117,594,954
Total Assets	<u>252,290,511</u>
LIABILITIES	
Accounts payable	6,084,114
Interest payable	1,003,795
Deferred revenue	3,348,226
Claim liabilities	11,863,031
Current portion of long-term obligations	4,388,633
Noncurrent portion of long-term obligations	74,721,363
Total Liabilities	<u>101,409,162</u>
NET ASSETS	
Invested in capital assets, net of related debt	133,080,607
Restricted for:	
Debt service	1,592,716
Capital projects	1,686,483
Special revenues	8,272,049
Self-insurance	2,551,849
Legally restricted	9,449,794
Unrestricted	(5,752,149)
Total Net Assets	<u>\$ 150,881,349</u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$132,767,919	\$ 81,330	\$ 45,233,269	\$ 874,843	\$(86,578,477)
Instruction-related activities:					
Supervision of instruction	21,991,641	10,046	17,327,871	-	(4,653,724)
Instructional library, media, and technology	3,591,319	773	1,507,799	-	(2,082,747)
School site administration	15,893,863	16,435	791,657	-	(15,085,771)
Pupil services:					
Home-to-school transportation	8,012,529	78,019	3,706,678	-	(4,227,832)
Food services	7,448,312	1,335,420	5,535,373	-	(577,519)
All other pupil services	11,779,825	1,257	5,553,182	-	(6,225,386)
Administration:					
Data processing	1,512,160	-	-	-	(1,512,160)
All other administration	7,770,754	21,499	2,792,695	-	(4,956,560)
Plant services	17,992,354	6,598	1,531,329	-	(16,454,427)
Ancillary services	1,419,740	52	52,827	-	(1,366,861)
Community services	1,596	1	367	-	(1,228)
Interest on long-term obligations	3,857,630	-	-	-	(3,857,630)
Other outgo	50,245	13,571	1,153,167	-	1,116,493
Total Governmental Activities	\$234,089,887	\$ 1,565,001	\$ 85,186,214	\$ 874,843	(146,463,829)
General revenues and subventions:					
					50,805,294
					3,173,137
					260,247
					69,244,898
					1,185,834
					9,084,313
					133,753,723
					(12,710,106)
					163,591,455
					\$150,881,349

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2008

	General Fund	Building Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	\$ 9,211,138	\$ 7,459,884	\$ 11,906,856	\$ 28,577,878
Receivables	17,024,673	-	2,714,718	19,739,391
Due from other funds	940,000	-	83,067	1,023,067
Prepaid expenses	284,095	-	92,368	376,463
Stores inventories	246,541	-	210,333	456,874
Total Assets	\$27,706,447	\$ 7,459,884	\$ 15,007,342	\$ 50,173,673
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,970,997	\$ 593,953	\$ 860,555	\$ 5,425,505
Due to other funds	4,083,067	-	940,000	5,023,067
Deferred revenue	2,999,183	-	349,043	3,348,226
Total Liabilities	11,053,247	593,953	2,149,598	13,796,798
Fund Balances:				
Reserved for:				
Grant reservations	8,561,457	-	-	8,561,457
Other reservations	585,636	-	302,701	888,337
Unreserved:				
Designated	6,007,941	-	-	6,007,941
Undesignated, reported in:				
General Fund	1,498,166	-	-	1,498,166
Special revenue funds	-	-	8,272,049	8,272,049
Debt service funds	-	-	2,596,511	2,596,511
Capital projects funds	-	6,865,931	1,686,483	8,552,414
Total Fund Balance	16,653,200	6,865,931	12,857,744	36,376,875
Total Liabilities and Fund Balances	\$27,706,447	\$ 7,459,884	\$ 15,007,342	\$ 50,173,673

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

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

Total Fund Balance - Governmental Funds		\$ 36,376,875
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	\$ 270,922,607	
Accumulated depreciation is	<u>(79,106,329)</u>	
Net Capital Assets		191,816,278
In the governmental funds, the receipt of the special education mandate settlement is reported as revenue in the year received. On the statement of net assets, the settlement amount is recorded as a receivable and payment received in the current year reduces the receivable amount.		250,138
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.		(1,003,795)
An internal service fund is used by the District's management to charge the costs of the self insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		2,551,849
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable	59,446,187	
Unamortized bond premium	889,129	
Certificates of participation	3,015,000	
Capital leases payable	1,693,746	
State building loan	14,000	
Compensated absences (vacations)	1,554,959	
Supplemental employee retirement plan	8,399,208	
OPEB obligations	3,554,227	
Energy service contract	<u>543,540</u>	
Total Long-Term Liabilities		<u>(79,109,996)</u>
Total Net Assets - Governmental Activities		<u>\$ 150,881,349</u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE
FOR THE YEAR ENDED JUNE 30, 2008**

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Revenue limit sources	\$ 98,847,572	\$ -	\$ 7,736,091	\$106,583,663
Federal sources	26,423,250	-	10,723,582	37,146,832
Other State sources	54,359,731	-	10,534,779	64,894,510
Other local sources	5,479,973	401,309	6,673,083	12,554,365
Total Revenues	<u>185,110,526</u>	<u>401,309</u>	<u>35,667,535</u>	<u>221,179,370</u>
EXPENDITURES				
Instruction	107,933,844	-	12,676,419	120,610,263
Instruction-related activities:				
Supervision of instruction	17,766,520	-	2,354,405	20,120,925
Instructional library, media and technology	2,927,876	-	447,810	3,375,686
School site administration	11,225,454	-	3,383,934	14,609,388
Pupil services:				
Home-to-school transportation	7,869,284	-	-	7,869,284
Food services	-	-	6,891,040	6,891,040
All other pupil services	10,016,955	-	780,438	10,797,393
Administration:				
Data processing	1,421,365	-	-	1,421,365
All other administration	6,377,063	-	572,967	6,950,030
Plant services	15,277,781	(10,540)	1,644,171	16,911,412
Facility acquisition and construction	1,362,837	9,979,062	5,484,818	16,826,717
Ancillary services	1,334,495	-	-	1,334,495
Community services	1,500	-	-	1,500
Other outgo	50,245	-	-	50,245
Debt service				
Principal	453,124	-	1,255,574	1,708,698
Interest and other	853,213	-	2,233,865	3,087,078
Total Expenditures	<u>184,871,556</u>	<u>9,968,522</u>	<u>37,725,441</u>	<u>232,565,519</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>238,970</u>	<u>(9,567,213)</u>	<u>(2,057,906)</u>	<u>(11,386,149)</u>
Other Financing Sources (Uses)				
Transfers in	30,000	-	1,006,026	1,036,026
Transfers out	(894,929)	-	(111,097)	(1,006,026)
Net Financing Sources (Uses)	<u>(864,929)</u>	<u>-</u>	<u>894,929</u>	<u>30,000</u>
NET CHANGE IN FUND BALANCES	<u>(625,959)</u>	<u>(9,567,213)</u>	<u>(1,162,977)</u>	<u>(11,356,149)</u>
Fund Balance - Beginning	17,279,159	16,433,144	14,020,721	47,733,024
Fund Balance - Ending	<u>\$ 16,653,200</u>	<u>\$ 6,865,931</u>	<u>\$ 12,857,744</u>	<u>\$ 36,376,875</u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2008

Total Net Change in Fund Balances - Governmental Funds \$ (11,356,149)
 Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

This is the amount by which capital outlays exceed depreciation in the period.

Depreciation expense	\$ (9,679,135)	
Capital outlays	<u>17,186,147</u>	
Net Expense Adjustment		7,507,012

In the governmental funds, the receipt of the special education mandate settlement is reported as revenue in the year received. On the statement of net assets, the settlement amount is recorded as a receivable and payment received in the current year reduces the receivable amount and does not affect the statement of activities.

(82,775)

In the statement of activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was higher than the amounts earned by \$29,851.

29,851

Amortization of bond premium is a revenue source in the statement of activities, but is not recognized in the governmental funds.

61,112

Payment of capital leases is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

373,518

Payment of the principal of certificates of participation is an expenditure in the governmental funds, but reduces the long-term liabilities in the statement of net assets and does not affect the statement of activities.

90,000

Payment of the principal of general obligation bonds is an expenditure in the governmental funds, but reduces the long-term liabilities in the statement of net assets and does not affect the statement of activities.

1,050,000

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Payment of principal on energy service contract is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.	181,180
Payment of principal on State school building loan is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.	14,000
Interest on long-term debt is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.	(16,944)
Accreted interest on capital appreciation bonds is not recorded in the governmental funds, but it increases the bond principals in the statement of net assets and increases interest expense in the statement of activities.	(814,720)
Contributions to the retiree benefit trust fund are recorded as an expense in the governmental funds when paid. However, the difference between the annual required contribution and the actual contribution made, if less, is recorded in the statement of activities as an expense. The actual amount of the contribution was less than the annual required contribution.	(3,554,227)
Issuance of supplemental employee retirement plan (SERP) is not recorded in the governmental funds, but it increases the long-term liabilities in the statement of net assets and increases expenditures in the statement of activities.	(6,214,160)
Supplemental employee retirement plan payment is an expenditure in the governmental funds, but it decreases the long-term liabilities in the statement of net assets and does not affect the statement of activities.	1,152,200
An internal service fund is used by the District's management to charge the costs of the various insurance programs to the individual funds. The net revenue of the internal service fund is reported with governmental activities.	(1,130,004)
Change in Net Assets of Governmental Activities	<u>\$ (12,710,106)</u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2008**

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets	
Deposits and investments	\$ 10,733,372
Receivables	340,117
Due from other funds	4,000,000
Total Current Assets	<u>15,073,489</u>
LIABILITIES	
Current Liabilities	
Accounts payable	658,609
Claim liabilities	11,863,031
Total Current Liabilities	<u>12,521,640</u>
NET ASSETS	
Unrestricted	2,551,849
Total Net Assets	<u>\$ 2,551,849</u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Governmental Activities - Internal Service Fund</u>
OPERATING REVENUES	
Local and intermediate sources	<u>\$ 36,200,868</u>
OPERATING EXPENSES	
Payroll costs	167,628
Other operating cost	<u>37,416,430</u>
Total Operating Expenses	<u>37,584,058</u>
Operating Income	<u>(1,383,190)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	283,186
Transfers out	<u>(30,000)</u>
Total Nonoperating Revenues (Expenses)	<u>253,186</u>
Change in Net Assets	<u>(1,130,004)</u>
Total Net Assets - Beginning	<u>3,681,853</u>
Total Net Assets - Ending	<u><u>\$ 2,551,849</u></u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 38,250,872
Cash payments for insurance claims	(33,860,885)
Net Cash provided by Operating Activities	<u>4,389,987</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers Out	(30,000)
Net Cash provided by Noncapital Financing Activities	<u>(30,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	283,186
Net increase in Cash and Cash Equivalents	4,643,173
Cash and Cash Equivalents - Beginning	6,090,199
Cash and Cash Equivalents - Ending	<u>\$ 10,733,372</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ (1,383,190)
Changes in assets and liabilities:	
Receivables	(340,117)
Due from other funds	2,390,121
Accrued liabilities	3,773,323
Due to other fund	(50,150)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,389,987</u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2008**

	<u>Retiree Benefits Trust</u>	<u>Scholarship Trust</u>	<u>Agency Funds</u>
ASSETS			
Deposits and investments	\$ 2,265,760	\$ 2,070,632	\$ 642,926
Total Assets	<u>2,265,760</u>	<u>2,070,632</u>	<u>\$ 642,926</u>
LIABILITIES			
Accounts payable	-	267,900	\$ -
Due to student groups	-	-	642,926
Total Liabilities	<u>-</u>	<u>267,900</u>	<u>\$ 642,926</u>
NET ASSETS			
Unreserved	2,265,760	1,802,732	
Total Net Assets	<u>\$ 2,265,760</u>	<u>\$ 1,802,732</u>	

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

	Retiree Benefits Trust	Scholarship Trust
ADDITIONS		
Private donations	\$ -	\$ 135,315
District contributions	2,636,409	-
Investment income (loss)	(75,832)	84,796
Total Additions	<u>2,560,577</u>	<u>220,111</u>
DEDUCTIONS		
Benefit payments	2,502,865	-
Scholarships awarded	-	278,523
Total Deductions	<u>2,502,865</u>	<u>278,523</u>
Change in Net Assets	57,712	(58,412)
Net Assets - Beginning	<u>2,208,048</u>	<u>1,861,144</u>
Net Assets - Ending	<u>\$ 2,265,760</u>	<u>\$ 1,802,732</u>

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Pajaro Valley Unified School District was unified in 1964 under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates sixteen elementary, six middle, three high school, two community day schools, one continuation high school, an adult education school, three childcare centers, a migrant center and five charter schools.

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 Pajaro Valley Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units – Charter Schools

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 units have 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 are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing boards of the component units are essentially the same as the governing board of the District and because their purpose is to operate charter schools authorized by the District.

The District has approved Charters for Academic Vocational, Alianza Elementary, Linscott Elementary, Watsonville School of Arts and Pacific Coast Charter School pursuant to Education Code Section 47605. All Charter Schools are operated by the District and their financial activities are accounted for in the charter school special revenue fund.

Joint Powers Agencies and Public Entity Risk Pools The District is associated with Schools Association For Excess Risk (SAFER), School Alliance for Workers' Compensation Excess II (SAWCXII), public entity risk pools Benefit Liability Excess Fund (BeLiEF) that provides insurance coverages to the District. The organization does not meet the criteria for inclusion as component unit of the District. The District also participates in the Henry J. Mello Center for the Performing Arts Administration Agency (the JPA), through a joint powers agreement with the City of Watsonville and the District. Each member's board appoints three directors. The JPA was established for the purpose of administering all functions necessary for the operation and maintenance of the Performing Arts Center (the Center). On August 2, 1994, the JPA entered into a management, operation and maintenance agreement with the Pajaro Valley Performing Arts Association (PVPAA), a tax exempt, nonprofit public benefit corporation. The agreement was for a period of ten years and has been reviewed and continued annually, whereby, PVPAA shall operate the Center and perform all services reasonably required in connection with the management and operation of the Center. PVPAA shall pay costs and operating expenses of every kind pertaining to the Center's operation by PVPAA.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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.

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:

Charter Schools Fund This fund may be used by authorizing Districts to account separately for the activities of District-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

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

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

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

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education*

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Code sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

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

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

Tax Override Fund The Tax Override Fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies.

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

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

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

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 only one internal service fund, which is Self-Insurance fund.

Self-Insurance Fund Self-Insurance 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 workers' compensations, health, dental and vision programs that are accounted for in the Self-Insurance fund.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The district's fiduciary fund category is split into three classifications: retiree benefit trust funds, private-purpose scholarship trust funds and student body 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's trust funds are Retiree Benefits Trust and Private Purpose Scholarship Trust. 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).

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

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

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

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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 45 or 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

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

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

Cash and Cash Equivalents

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

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.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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.

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 over the benefiting period.

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. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$25,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 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 column of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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 financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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

Accrued Liabilities and Long-Term Obligations

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

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

Deferred Issuance Costs, Premiums and Discounts

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

Fund Balance Reserves and Designations

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for revolving cash accounts, stores inventories, prepaid expenditures (expenses), and legally restricted grants and entitlements.

Designations of fund balances consist of that portion of the fund balance that has been designated (set aside) by the governing board to provide for specific purposes or uses.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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.

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 interfund insurance premium. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental columns 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 1st of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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

This Statement provided for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provisions of this Statement for the fiscal year ended June 30, 2008. Refer to Note 11 for further information.

In July 2004, GASB issued GASBS No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The standards in this Statement apply for OPEB trust funds included in the financial reports of plan sponsors or employers, as well as for the stand-alone financial reports of OPEB plans or the public employee retirement systems, or other third parties, that administer them. This Statement also provides requirements for reporting of OPEB funds by administrators of multiple-employer OPEB plans, when the fund used to accumulate assets and pay benefits or premiums when due is not a trust fund. The District has implemented the provisions of this Statement for the fiscal year ended June 30, 2008.

New Accounting Pronouncements

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

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

This Statement generally provides for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District will be required to implement the provisions of this Statement for the fiscal year ended June 30, 2008. The District is in the process of determining the impact the implementation of this Statement will have on the government-wide statement of net assets and

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

activities. The District has established an irrevocable trust to begin funding these amounts and has had an actuarial study done to estimate the preliminary liability (see Note 11).

In May 2007, GASB issued GASBS 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. The District implemented the requirements of this Statement in the notes to the financial statements.

In June 2007, GASB issued GASBS 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. Adoption of this pronouncement is not anticipated to have an impact on the District's financial statements.

In November 2007, GASB issued GASBS 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 GASBS 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. Adoption of this pronouncement is not anticipated to have an impact on the District's financial statements.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

Governmental activities	\$28,577,878
Proprietary fund	10,733,372
Fiduciary funds	4,979,318
Total Deposits and Investments	<u>\$44,290,568</u>

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

Cash on hand and in banks	\$ 3,076,969
Cash in revolving	55,000
Investments	41,158,599
Total Deposits and Investments	<u>\$44,290,568</u>

Policies and Practices

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

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

General Authorizations

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

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

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the county pool, U.S. Government bonds and mutual funds are not required to be rated, nor have they been rated as of June 30, 2008.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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

Investment Type	Cost	Fair Value	Weighted Average Maturity in Years
U.S. Government	\$ 19,900	\$ 26,945	0.00
Mutual Funds	1,808,560	1,808,560	0.00
County Pool	39,323,094	39,328,890	0.57
Total	\$ 41,151,554	\$ 41,164,395	

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 balance of \$1,986,739 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District is exposed to custodial credit risk related to investments in the Santa Cruz County pool and the District's investments in mutual funds related to the trust fund of the retiree benefits because these investments are held by the counter party's name and not registered in the name of the District.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 3 - RECEIVABLES

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

	General Fund	Non-Major Governmental Funds	Total	Proprietary Funds
Federal Government				
Categorical aid	\$ 6,723,818	\$ 926,868	\$ 7,650,686	\$ -
State Government				
Apportionment	4,193,059	790,483	4,983,542	-
Categorical aid	3,494,543	781,022	4,275,565	-
Lottery	1,094,837	84,459	1,179,296	-
Other Local Sources	1,518,416	131,886	1,650,302	340,117
Total	<u>\$ 17,024,673</u>	<u>\$ 2,714,718</u>	<u>\$ 19,739,391</u>	<u>\$ 340,117</u>

Additional long-term receivables include \$250,138 for a special education settlement with payments expected to be received annually over the next three years.

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	\$ 17,055,144	\$ -	\$ -	\$ 17,055,144
Construction in Progress	42,204,466	14,961,714	-	57,166,180
Total Capital Assets Not Being Depreciated	<u>59,259,610</u>	<u>14,961,714</u>	<u>-</u>	<u>74,221,324</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	191,617,926	1,076,821	-	192,694,747
Furniture and Equipment	2,858,924	1,147,612	-	4,006,536
Total Capital Assets Being Depreciated	<u>194,476,850</u>	<u>2,224,433</u>	<u>-</u>	<u>196,701,283</u>
Less Accumulated Depreciation:				
Buildings and Improvements	67,478,902	9,318,681	-	76,797,583
Furniture and Equipment	1,948,292	360,454	-	2,308,746
Total Accumulated Depreciation	<u>69,427,194</u>	<u>9,679,135</u>	<u>-</u>	<u>79,106,329</u>
Capital Assets Being Depreciated, Net Governmental Activities Capital Assets, Net	<u>125,049,656</u>	<u>(7,454,702)</u>	<u>-</u>	<u>117,594,954</u>
	<u>\$ 184,309,266</u>	<u>\$ 7,507,012</u>	<u>\$ -</u>	<u>\$ 191,816,278</u>

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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

Governmental Activities	
Instruction	\$ 5,460,492
Supervision of Instruction	940,083
Instructional Library & Media	157,718
School Site Administration	682,575
Home to School Transportation	367,666
Food Services	321,961
All Other Pupil Services	504,472
Anciliary Services	62,350
Community Services	70
All General Administration	324,717
Data Processing Services	66,409
Plant Services	790,622
Total Depreciation Expense - All Activities	<u>\$ 9,679,135</u>

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 proprietary fund are as follows:

Due From	Due To			Total
	General Fund	Non-Major Governmental Funds	Proprietary Funds	
General Fund	\$ -	\$ 83,067	\$4,000,000	\$ 4,083,067
Non-Major Governmental Funds	940,000	-	-	940,000
Total	\$ 940,000	\$ 83,067	\$4,000,000	\$ 5,023,067

The balances are 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.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

Operating Transfers

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

Transfer From	Transfer To			Total
	General Fund	Non-Major Governmental Funds	Internal Service Fund	
General Fund	\$ -	\$ -	\$ 30,000	\$ 30,000
Non-Major Governmental Funds	894,929	111,097	-	1,006,026
Total	\$ 894,929	\$ 111,097	\$ 30,000	\$ 1,036,026

The General Fund transferred to the Deferred Maintenance Fund for State Match.	\$ 650,000
The General Fund transferred to the Charter Schools Fund for District contribution.	143,769
The General Fund transferred to the Adult Education Fund for District contribution.	101,160
The Adult Education Fund transferred to Capital Facilities Fund for construction projects.	111,097
The Self Insurance Fund transferred to the General Fund for cost reimbursement.	30,000
Total	\$ 1,036,026

NOTE 6 - ACCOUNTS PAYABLE

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total	Proprietary Funds	Fiduciary Funds
	Vendor payables	\$ 2,457,492	\$ 593,953	\$ 403,286	\$ 3,454,731	\$ 117,774
State apportionment	624,598	-	-	624,598	-	-
Salaries and benefits	888,907	-	457,269	1,346,176	540,835	-
Total	\$ 3,970,997	\$ 593,953	\$ 860,555	\$ 5,425,505	\$ 658,609	\$ 267,900

NOTE 7 - DEFERRED REVENUE

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

	General Fund	Non-Major Governmental Funds	Total
	Federal financial assistance	\$ 440,417	\$ 319,850
State categorical aid	1,296,461	-	1,296,461
Other local	1,262,305	29,193	1,291,498
Total	\$ 2,999,183	\$ 349,043	\$ 3,348,226

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 6, 2007 the District issued \$17,750,000 Tax and Revenue Anticipation Notes bearing interest at 4.25 percent. The notes were issued to supplement cash flow. Repayment requirements are that 50 percent of principal and interest be deposited with a Fiscal Agent by January 31, 2008, and the remaining 50 percent of principal and interest due on account by April 30, 2008. By April 30, 2008, the District had placed 100 percent of the required 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.

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance June 30, 2007	Accretion/ Additions	Deductions	Balance June 30, 2008	Due in One Year
General obligation bonds	\$59,681,467	\$ 814,720	\$1,050,000	\$ 59,446,187	\$ 1,230,000
Bond premium	950,241	-	61,112	889,129	61,112
State school building loans	28,000	-	14,000	14,000	14,000
Certificates of participation	3,105,000	-	90,000	3,015,000	95,000
Accumulated vacation - net	1,584,810	-	29,851	1,554,959	-
Capital leases	2,067,264	-	373,518	1,693,746	412,309
Energy service contract	724,720	-	181,180	543,540	181,180
Other Post Employment Benefits	-	3,554,227	-	3,554,227	-
Supplemental employees retirement benefits	3,337,248	6,214,160	1,152,200	8,399,208	2,395,032
Total	<u>\$71,478,750</u>	<u>\$10,583,107</u>	<u>\$2,951,861</u>	<u>\$ 79,109,996</u>	<u>\$ 4,388,633</u>

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues. Certificate of Participation payments are made by capital facilities fund. Payments on the capital leases are paid by the general fund, the charter school fund and the capital facilities funds. The state building loan and the energy service contract payments are made by the general fund. Accumulated vacation and supplemental employees retirement benefits are paid by the funds for which the employees worked.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2008
				Outstanding June 30, 2007	Accreted/ Issued	Redeemed	
2005	2023	3-5.31%	\$ 40,215,000	\$ 39,615,000	\$ -	\$ 1,050,000	\$ 38,565,000
2005	2030	3-5.31%	18,254,288	20,066,467	814,720	-	20,881,187
				<u>\$ 59,681,467</u>	<u>\$ 814,720</u>	<u>\$ 1,050,000</u>	<u>\$ 59,446,187</u>

Debt Service Requirements to Maturity

The bonds mature through 2030 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2009	\$ 1,230,000	\$ 2,097,314	\$ 3,327,314
2010	1,385,000	2,051,201	3,436,201
2011	1,560,000	1,990,382	3,550,382
2012	1,755,000	1,912,976	3,667,976
2013	1,970,000	1,822,251	3,792,251
2014-2018	13,650,000	7,310,253	20,960,253
2018-2023	21,175,654	3,549,828	24,725,482
2024-2028	10,300,803	18,769,197	29,070,000
2029-2030	3,792,830	9,312,170	13,105,000
Sub Total	<u>56,819,287</u>	<u>\$ 48,815,572</u>	<u>\$ 105,634,859</u>
Accretion to date	2,626,900		
Total general obligation bonds	<u>\$ 59,446,187</u>		

State and Public School Building Loans

The Watsonville Charter School received \$70,000 in loans from the State with an interest rate of 1.61 percent. State school building loans outstanding as of June 30, 2008, are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 14,000	\$ 109	\$ 14,109

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

Certificates of Participation

In October 1, 2000, the Pajaro Valley Unified School District issued certificates of participation in the amount of \$13,000,000 with interest rates ranging from 2.9 to 4.5 percent, of which \$11,000,000 was redeemed in fiscal year ending June 30, 2003. At June 30, 2008, the principal balance outstanding was \$1,485,000. During the current year the District redeemed \$30,000 of the outstanding certificates.

In April 5, 2005, the Pajaro Valley Unified School District issued certificates of participation in the amount of \$1,645,000 to finance construction related to the Adult Education Center. At June 30, 2008, the principal balance outstanding was \$1,530,000. During the current year the District redeemed \$60,000 of the outstanding certificates.

The certificates mature through 2032 as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 95,000	\$ 119,271	\$ 214,271
2010	100,000	115,996	215,996
2011	100,000	112,614	212,614
2012	105,000	109,009	214,009
2013	110,000	105,088	215,088
2014-2018	620,000	456,841	1,076,841
2019-2023	775,000	314,884	1,089,884
2024-2028	720,000	141,000	861,000
2029-2032	390,000	32,200	422,200
Subtotal	<u>\$ 3,015,000</u>	<u>\$ 1,506,903</u>	<u>\$ 4,521,903</u>

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2008, amounted to \$1,554,959.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Capital Leases

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

	Portable Classrooms	Porter Building	Bus and SIS System	VoIP
Balance, July 1, 2007	\$ 22,768	\$ 738,939	\$ 1,023,394	\$ 432,450
Payments	22,768	92,368	112,244	144,150
Balance, July 1, 2008	\$ -	\$ 646,571	\$ 911,150	\$ 288,300

	Cafeteria Portables	7 Year Portable	Total
Balance, July 1, 2007	\$ 71,615	\$ 77,420	\$ 2,366,586
Payments	14,323	38,711	424,564
Balance, July 1, 2008	\$ 57,292	\$ 38,709	\$ 1,942,022

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2009	\$ 494,231
2010	455,520
2011	311,370
2012	311,370
2013	184,802
2014-2018	184,729
Total	1,942,022
Less: Amount Representing Interest	248,276
Present Value of Minimum Lease Payments	\$ 1,693,746

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

Energy Service Contract

The Energy Service Contract has minimum lease payments as follows:

Year Ending June 30,	Payment
2009	\$ 181,180
2010	181,180
2011	181,180
Total	<u>\$ 543,540</u>

Supplemental Employees Retirement Plan (SERP)

The Supplemental Employees Retirement Plan balances outstanding as of June 30, 2008, are as follows:

Year Ending June 30,	2004 Plan	2006 Plan	2007 Plan	Total
2009	\$ 635,776	\$ 516,424	\$ 1,242,832	\$ 2,395,032
2010	-	516,424	1,242,832	1,759,256
2011	-	516,424	1,242,832	1,759,256
2012	-	-	1,242,832	1,242,832
2013	-	-	1,242,832	1,242,832
Subtotal	<u>\$ 635,776</u>	<u>\$ 1,549,272</u>	<u>\$ 6,214,160</u>	<u>\$ 8,399,208</u>

Defeased Debt

In 2005, The District defeased the 2002, Series A bond in the amount of \$39,995,542 by creating an irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the District's Long Term Obligations. As of June 30, 2008, the amount on deposit to service the defeased debt outstanding that was removed from the Long Term Debt Obligations amounted to \$38,313,498.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

NOTE 10 - FUND BALANCES

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Reserved				
Revolving cash	\$ 55,000	\$ -	\$ -	\$ 55,000
Stores inventory	246,541	-	210,333	456,874
Prepaid expenditures	284,095	-	92,368	376,463
Restricted programs	8,561,457	-	-	8,561,457
Total Reserved	<u>9,147,093</u>	<u>-</u>	<u>302,701</u>	<u>9,449,794</u>
Unreserved				
Designated				
Economic uncertainties	5,479,819	-	-	5,479,819
Other designation	528,122	-	-	528,122
Total Designated	<u>6,007,941</u>	<u>-</u>	<u>-</u>	<u>6,007,941</u>
Undesignated	<u>1,498,166</u>	<u>6,865,931</u>	<u>12,555,043</u>	<u>20,919,140</u>
Total Unreserved	<u>7,506,107</u>	<u>6,865,931</u>	<u>12,555,043</u>	<u>26,927,081</u>
Total	<u>\$ 16,653,200</u>	<u>\$ 6,865,931</u>	<u>\$ 12,857,744</u>	<u>\$ 36,376,875</u>

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

Plan Description

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Pajaro Valley Unified School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of quantify retirees and beneficiaries currently receiving benefits, quantify terminated plan members entitled to but not yet receiving benefits, and quantify active plan members. The Plan is presented in these financial statements as the Retiree Benefits Trust Fund. Separate financial statements are not prepared for the Trust.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the Teachers Association (PVFT), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District, FEA, CSEA and the unrepresented groups. For fiscal year 2007-08, the District contributed \$2,636,408 to the plan, all of which was used for current premiums (approximately 100% percent of total premiums incurred by retirees plus one eligible dependent).

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

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	\$ 6,190,633
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>6,190,633</u>
Contributions made	<u>2,636,407</u>
Increase in net OPEB obligation	<u>3,554,226</u>
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 3,554,226</u></u>

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

Year Ended June 30, 2008	Annual Required Contribution	Amount Contributed	Percentage Contributed	Net OPEB Obligation
2008	\$ 6,190,633	\$ 2,636,407	42.59%	\$ 3,554,226

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.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

In the March 1, 2007, actuarial valuation, the Entry age normal actuarial cost method was used. The actuarial assumptions included a 7% percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a long-term fixed income portfolio. Healthcare, dental, and vision cost trend rates were averaged at 4% percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2008, was 29 years. The actuarial value of assets was not determined in this actuarial valuation.

NOTE 12 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2008, the District contracted with Schools Association For Excess Risk for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The District's worker's compensation activities are recorded in the Internal Service Fund. The purpose of the fund is to administer workers' compensation on a cost reimbursement basis. The program accounts for the risk financing activities of the District.

Coverage provided by the Schools Excess Liability Fund for Excess Property and Liability and the Pajaro Valley Unified School District Worker's Compensation Self-Insurance Program is as follows:

<u>Insurance Program / Company Name</u>	<u>Type of Coverage</u>	<u>Limits</u>
Pajaro Valley Unified School District Workers' Compensation Self-Insurance Program	Workers' Compensation	\$ 500,000
School Alliance Workers' Compensation Excess	Excess Workers' Compensation	State Statutory Limit
Benefit Liability Excess Fund	Excess Medical	\$ 260,000
Schools Association For Excess Risk	Excess Liability	\$ 20,000,000
Schools Association For Excess Risk	Excess Property	\$ 250,000,000

Claims Liabilities

The District records an estimated liability for workers' compensation, health care, dental and vision. 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.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2006 to June 30, 2008:

Liability Balance, July 1, 2006	\$ 7,677,815
Claims and changes in estimates	31,525,743
Claims payments	<u>(31,525,743)</u>
Liability Balance, June 30, 2007	7,677,815
Claims and changes in estimates	37,415,921
Claims payments	<u>(33,230,705)</u>
Liability Balance, June 30, 2008	<u>\$ 11,863,031</u>
Assets available to pay claims at June 30, 2008	<u>\$ 14,414,880</u>

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

The District contributes to the California State Teachers' Retirement System (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, 7667 Folsom Blvd., Sacramento, CA 95826.

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by 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 \$6,831,967, \$6,589,272, \$6,288,467, respectively, and equal 100 percent of the required contributions for each year.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

CalPERS

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary. At Pajaro Valley Unified School District, the district contributes the 7.0 percent on their behalf. 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 \$2,694,851, \$2,467,327, and \$2,300,967, respectively, and equal 100 percent of the required contributions for each year.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

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 STRS in the amount of \$3,737,435, \$3,604,560 and \$3,439,423, respectively, for 2008, 2007 and 2006 (4.517 percent of salaries subject to CalSTRS for 2008, 2007 and 2006, respectively). No contributions were made for CalPERS for the year ended June 30, 2008, 2007 and 2006, respectively. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts have not been included in the actual amounts reported in the General Fund Budgetary Schedule. These amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

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 Project	Remaining Construction Commitment	Expected Date of Completion
Radeliff	\$ 123,404	1/31/2009
Landmark	171,446	8/9/2008
Pajaro Valley High WERC	76,781	8/9/2008
Aptos Jr. High	294	8/9/2008
Rolling Hills	3,656	8/9/2008
Pajaro Middle	15,130	8/9/2008
Rio Del Mar	8,401	8/9/2008
MacQuiddy	62,491	8/9/2008
Bradley	104,855	8/9/2008
E.A. Hall Middle	73,932	8/9/2008
Aptos High	39,417	1/31/2009
Watsonville High	50,523	1/31/2009
E.A. Hall Middle	2,286,451	1/31/2010
AHS	1,020,248	3/31/2009
WHS	3,544,208	9/30/2009
	<u>\$ 7,581,237</u>	

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

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

The District is a member of the Schools Association For Excess Risk (SAFER), School Alliance for Workers' Compensation Excess II (SAWCXII), Benefit Liability Excess Fund (BeLiEF) public entity risk pools. The District pays an annual premium to the applicable entity for its property and liability coverage, excess workers' compensation and excess medical insurance. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA has a 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. During the year ended June 30, 2008, the District made payments of \$290,417 to SAWCXII for excess workers' compensation insurance, \$1,298,398 to Belief for excess medical insurance and \$724,978 to SAFER for excess property and liability insurance.

REQUIRED SUPPLEMENTARY INFORMATION

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

	Budgeted Amounts		Actual (GAAP Basis)	Variance-Favorable
	(GAAP Basis)			(Unfavorable)
	Original	Final		Final to Actual
REVENUES				
Revenue limit sources	\$97,765,297	\$98,824,311	\$ 98,847,572	\$ 23,261
Federal sources	26,197,761	25,925,843	26,423,250	497,407
Other State sources	48,314,434	50,784,444	51,015,109	230,665
Other local sources	3,354,635	5,124,373	5,479,973	355,600
Total Revenues ¹	175,632,127	180,658,971	181,765,904	1,106,933
EXPENDITURES				
Instruction	102,258,316	104,478,605	104,589,222	(110,617)
Instruction-related activities:				
Supervision of instruction	17,869,508	18,218,449	17,766,520	451,929
Instructional library, media, and technology	2,613,548	3,061,318	2,927,876	133,442
School site administration	11,688,210	11,607,686	11,225,454	382,232
Pupil services:				
Home-to-school transportation	7,097,577	7,788,940	7,869,284	(80,344)
All other pupil services	10,141,394	10,270,506	10,016,955	253,551
Administration:				
Data processing	1,395,515	1,095,354	1,421,365	(326,011)
All other administration	5,661,789	5,657,624	6,377,063	(719,439)
Plant services	14,115,940	14,882,722	15,277,781	(395,059)
Facility acquisition and construction	842,859	680,114	1,362,837	(682,723)
Ancillary services	1,288,300	1,357,653	1,334,495	23,158
Community services	10,189	500	1,500	(1,000)
Other outgo	45,000	50,245	50,245	-
Debt service				
Principal	453,623	452,987	453,124	(137)
Interest	805,729	839,292	853,213	(13,921)
Total Expenditures ¹	176,287,497	180,441,995	181,526,934	(1,084,939)
Excess (Deficiency) of Revenues Over Expenditures	(655,370)	216,976	238,970	21,994
Other Financing Sources (Uses)				
Transfers in	156,173	227,355	30,000	(197,355)
Other sources	-	24,876	-	(24,876)
Transfers out	(1,202,715)	(1,156,339)	(894,929)	261,410
Net Financing Sources (Uses)	(1,046,542)	(904,108)	(864,929)	39,179
NET CHANGE IN FUND BALANCES	(1,701,912)	(687,132)	(625,959)	61,173
Fund Balance - Beginning	17,279,159	17,279,159	17,279,159	-
Fund Balance - Ending	\$15,577,247	\$16,592,027	\$ 16,653,200	\$ 61,173

¹ On behalf payments of \$3,344,622 in the General Fund are excluded in the actual revenues and expenditures, but have been included in the basic financial statements.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
March 1, 2007	\$ 2,208,048	\$ 52,884,097	\$ 50,676,049	4.18%	\$ 114,434,798	44.28%

SUPPLEMENTARY INFORMATION

PAJARO 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	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education Act:			
Adult Basic Education & ESL	84.002A	14508	\$ 131,121
Priority 5, Adult Secondary Education	84.002	13978	14,789
English Literacy & Civics Education	84.002A	14109	89,858
California Alternative Performance Assessment	84.369	14488	24,056
No Child Left Behind Act:			
Title I-Basic Grants Low-Income and Neglected	84.010	14329	5,287,688
Title I-Reading First Program	84.357	14328	1,105,510
Title I-Migrant Ed (Regular and Summer Program)	84.011	14326	5,002,488
Title I-Even Start Family Literacy	84.213	14331	207,000
Title I-Even Start Migrant Ed	84.214	14768	314,486
Title II-Teacher Quality	84.367	14341	1,321,621
Title II-Enhancing Education Through Technology			
Formula Grants	84.318	14334	43,692
Competitive Grants	84.318	14368	572,463
Title II-CA Mathematics and Science Partnerships	84.366	14512	808,644
Title III-Immigrant Education	84.365	14346	206,689
Title III-Limited English Proficiency Student	84.365	10084	476,288
Title IV-Drug-Free Schools	84.186	14347	103,758
Title IV-21st Century Community Centers Learning	84.287	14535	2,793,355
Title V-Innovative Education Strategies	84.298A	14354	57,600
Title X McKinney-Vento Homeless Assistance	84.196	14332	104,985
Safe and Drug Free Schools	84.186	14378	2,527,969
Even Start Technical Assistance	84.213	14381	23,333
LEA	84.000	2	331,187

See accompanying note to supplementary information.

PAJARO 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	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Individuals with Disability Act:			
Basic Local Assistance Entitlement	84.027	13379	3,216,473
Preschool Grants	84.173	13430	180,612
Preschool Local Entitlement	84.027A	13682	337,567
Preschool Staff Development	84.173A	13431	1,015
Early Intervention Grants	84.181	23761	246,523
Workability II	84.158	10006	216,994
Title III-Bilingual Education Discretionary Grants	84.290	10008	285,543
Vocational Programs (Carl Perkins Act)			
Vocational and Applied Sex Bias	84.048	13923	17,974
Vocational and Applied Tech Secondary	84.048	13924	138,549
Subtotal			<u>26,189,830</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Education:			
Child Development			
Quality Improvement Activities	93.575	13979	3,412
School-Age Child Care Resource Contracts	93.575	13941	2,000
Head Start	93.600	10016	5,350,570
Medi-Cal Billing Option	93.778	10013	469,188
Subtotal			<u>5,825,170</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education:			
Child Nutrition Act:			
National School Lunch Program	10.555	13396	3,919,476
National School Breakfast	10.553	13390	6,681
Meal Supplements	10.553	13390	374,432
Especially Needy Breakfast	10.553	13526	622,988
Child and Adult Care Food Program	10.558	23165	208,255
Commodity grants at fair market value ⁵	10.555	13396	304,695
Subtotal			<u>5,436,527</u>
Total Expenditures of Federal Awards			<u><u>\$37,451,527</u></u>

¹ Catalog number not available

² Pass-Through Entity Identifying Number not available

³ Not recorded in the financial statements

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2008

ORGANIZATION

The Pajaro Valley Unified School District was established in 1964 and consists of an area comprising approximately 150 square miles. The District operates sixteen elementary, six middle, three high schools, two community day school, one continuation high school, an adult education school, three childcare centers, a migrant center and five charter schools.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Kim Turley	President	2010
Leslie De Rose	Vice President	2010
Libby Wilson	Member	2010
Karen Osmundson	Member	2008
Sandra Nichols	Member	2008
Willie Yahiro	Member	2010
Doug Keegan	Member	2008

ADMINISTRATION

Dorma Baker	Superintendent
Mary Hart	Associate Superintendent, Business

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2008

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	1,341	1,347
First through third	3,974	3,993
Fourth through sixth	3,854	3,858
Seventh and eighth	2,475	2,476
Home and hospital	5	6
Community day schools	24	26
Special education	318	323
Total Elementary	11,991	12,029
SECONDARY		
Regular classes	4,624	4,567
Continuation education	160	165
Home and hospital	2	3
Community day schools	71	72
Special education	163	163
Total Secondary	5,020	4,970
Total K-12	17,011	16,999
CLASSES FOR ADULTS		
Concurrently enrolled	11	11
Not concurrently enrolled	1,031	1,096
Adults in correctional facilities	44	47
Total Classes for Adults	1,086	1,154
CHARTER SCHOOL		
Resident	1,232	1,241
Non-Resident	82	82
Total Charter Schools	1,314	1,323
Grand Total	19,411	19,476
		Hours of Attendance
SUMMER SCHOOL		
Elementary		803,931
High school		257,180
Total Hours		1,061,111

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

<u>Grade Level</u>	<u>1982-83 Actual Minutes</u>	<u>1986-87 Minutes Requirement</u>	<u>2007-2008 Actual Minutes</u>	<u>Number of Days Traditional Calendar *</u>	<u>Status</u>
Kindergarten	31,500	36,000	36,000	179	Complied
Grades 1 - 3		50,400			
Grade 1	42,000		50,476	179	Complied
Grade 2	42,000		50,476	179	Complied
Grade 3	42,000		50,476	179	Complied
Grades 4 - 6		54,000			
Grade 4	52,500		54,030	179	Complied
Grade 5	52,500		54,068	179	Complied
Grade 6	52,500		54,142	179	Complied
Grades 7 - 8		54,000			
Grade 7	52,500		54,142	179	Complied
Grade 8	52,500		54,142	179	Complied
Grades 9 - 12		64,800			
Grade 9	64,800		64,746	179	Did Not Comply
Grade 10	64,800		64,746	179	Did Not Comply
Grade 11	64,800		64,746	179	Did Not Comply
Grade 12	64,800		64,746	179	Did Not Comply

* The District filed Form J13-A requesting a waiver and an allowance of attendance for emergency conditions due to hazardous fire that occurred during regular school days. The District is also in the process for filing for a waiver related to the minutes noncompliance of Watsonville High School. See State Compliance findings for further information.

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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

	<u>Internal Service Fund</u>
FUND BALANCE	
Balance, June 30, 2008, Unaudited Actuals	\$ 5,947,291
Increase in:	
Claim liabilities	(3,395,442)
Balance, June 30, 2008, Audited Financial Statement	<u>\$ 2,551,849</u>

	<u>Retiree Benefits Fund</u>
FUND BALANCE	
Balance, June 30, 2008, Unaudited Actuals	\$ 2,357,200
Decrease in:	
Investments	(91,440)
Balance, June 30, 2008, Audited Financial Statement	<u>\$ 2,265,760</u>

See accompanying note to supplementary information.

PAJARO 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	\$ 168,794,948	\$ 185,110,526	\$ 181,652,641	\$ 166,035,818
Other sources and transfers in	50,000	30,000	1,367,466	50,000
Total Revenues and Other Sources	168,844,948	185,140,526	183,020,107	166,085,818
Expenditures	170,287,705	184,871,556	179,845,494	165,083,127
Other uses and transfers out	101,160	894,929	1,070,536	1,024,278
Total Expenditures and Other Uses	170,388,865	185,766,485	180,916,030	166,107,405
INCREASE (DECREASE) IN FUND BALANCE	\$ (1,543,917)	\$ (625,959)	\$ 2,104,077	\$ (21,587)
ENDING FUND BALANCE	\$ 15,109,283	\$ 16,653,200	\$ 17,279,159	\$ 15,175,082
AVAILABLE RESERVES ²	\$ 6,405,520	\$ 6,977,985	\$ 7,263,611	\$ 8,401,932
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ³	3.76%	3.83%	4.09%	5.15%
LONG-TERM DEBT	\$ 74,721,363	\$ 79,109,996	\$ 71,478,750	\$ 71,328,399
K-12 AVERAGE DAILY ATTENDANCE AT P-2 ⁴	16,928	17,011	16,816	16,878

The General Fund balance has increased by \$1,478,118 over the past two years. The fiscal year 2008-2009 budget projects a decrease of \$1,543,917. For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in the past year, but anticipates incurring an operating deficit during the 2008-2009 fiscal year. Total long-term obligations have increased by \$7,781,597 over the past two years.

Average daily attendance has increased by 133 over the past two years. Decline of 83 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 \$3,344,622, \$3,204,400 and \$3,439,423 in the General Fund have been excluded from the calculation of available reserves percentage for fiscal years ending June 30, 2008, 2007, and 2006, respectively.

⁴ Excludes Adult Education and Charter Schools ADA.

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXCESS SICK LEAVE

JUNE 30, 2008

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

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

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Name of Charter School</u>	<u>Included in Audit Report</u>
Academic Vocational	Yes
Alianza Elementary	Yes
Linscott Elementary	Yes
Pacific Coast Charter School	Yes
Watsonville School of Arts	Yes

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**CHARTER SCHOOLS
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008**

	Linscott Elementary	Watsonville School of Arts	Pacific Coast Charter School	Alianza Elementary	Academic Vocational	Total
Fund balance, beginning	\$ 54,233	\$ (5,957)	\$ 288,082	\$ 767,331	\$ 1,045	\$ 1,104,734
Revenues ¹	1,495,472	1,849,225	1,882,477	4,067,027	538,443	9,832,644
Expenditures ¹	(1,358,362)	(1,872,820)	(1,566,243)	(3,708,312)	(538,892)	(9,044,629)
Fund balance, ending	\$ 191,343	\$ (29,552)	\$ 604,316	\$ 1,126,046	\$ 596	\$ 1,892,749

¹ On-behalf payments of \$178,727 have been excluded from the revenues and expenditures for fiscal year ending June 30, 2008.

See accompanying note to supplementary information.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**FIRST 5 MONTEREY GRANT
SCHEDULE OF GRANT REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Grantor/Program</u>	<u>Revenue</u>	<u>Expenditures</u>
First 5 Monterey	<u>\$ 127,429</u>	<u>\$ 127,429</u>

See accompanying note to supplementary information.

PAJARO 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 requirement, whichever is greater, as required by Education Code Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Excess Sick Leave

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2008

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the School District, and displays information for each Charter School on whether or not the Charter School is included in the School District audit.

Charter School Statement of Changes in Fund Balances

The charter school schedule of changes in fund balances provides information about the changes in fund balance in each of the five charter schools operated by the District.

First 5 Monterey Grant Schedule of Revenues and Expenditures

The First 5 Monterey grant schedule of revenues and expenditures provides information about the current year revenues and expenses of the grant program operated by the District.

SUPPLEMENTARY INFORMATION - UNAUDITED

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS					
Deposits and investments	\$ 1,017,513	\$ 1,010,874	\$ 435,616	\$ 294,858	\$ 4,800,544
Receivables	911,479	265,434	665,782	872,023	-
Due from other funds	-	83,067	-	-	-
Prepaid expenses	-	92,368	-	-	-
Stores inventories	-	-	-	210,333	-
Total Assets	\$ 1,928,992	\$ 1,451,743	\$ 1,101,398	\$1,377,214	\$ 4,800,544
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 36,243	\$ 165,554	\$ 442,739	\$ 139,472	\$ 27,090
Due to other funds	-	-	-	925,000	-
Deferred revenue	-	10,724	338,319	-	-
Total Liabilities	36,243	176,278	781,058	1,064,472	27,090
Fund Balances:					
Reserved for:					
Other reservations	-	92,368	-	210,333	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds	1,892,749	1,183,097	320,340	102,409	4,773,454
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total Fund Balance	1,892,749	1,275,465	320,340	312,742	4,773,454
Total Liabilities and Fund Balances	\$ 1,928,992	\$ 1,451,743	\$ 1,101,398	\$1,377,214	\$ 4,800,544

See accompanying note to supplementary information - unaudited.

Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Tax Override Fund	Total Non-Major Governmental Funds
\$ 1,215,433	\$ 535,507	\$ 2,565,466	\$ 31,045	\$ 11,906,856
-	-	-	-	2,714,718
-	-	-	-	83,067
-	-	-	-	92,368
-	-	-	-	210,333
<u>\$ 1,215,433</u>	<u>\$ 535,507</u>	<u>\$ 2,565,466</u>	<u>\$ 31,045</u>	<u>\$ 15,007,342</u>
\$ 44,163	\$ 5,294	\$ -	\$ -	\$ 860,555
15,000	-	-	-	940,000
-	-	-	-	349,043
<u>59,163</u>	<u>5,294</u>	<u>-</u>	<u>-</u>	<u>2,149,598</u>
-	-	-	-	302,701
-	-	-	-	8,272,049
-	-	2,565,466	31,045	2,596,511
1,156,270	530,213	-	-	1,686,483
<u>1,156,270</u>	<u>530,213</u>	<u>2,565,466</u>	<u>31,045</u>	<u>12,857,744</u>
<u>\$ 1,215,433</u>	<u>\$ 535,507</u>	<u>\$ 2,565,466</u>	<u>\$ 31,045</u>	<u>\$ 15,007,342</u>

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
REVENUES				
Revenue limit sources	\$ 7,736,091	\$ -	\$ -	\$ -
Federal sources	-	235,768	5,355,982	5,131,832
Other State sources	2,040,664	3,535,283	3,079,948	417,462
Other local sources	90,846	253,488	408,138	1,372,554
Total Revenues	<u>9,867,601</u>	<u>4,024,539</u>	<u>8,844,068</u>	<u>6,921,848</u>
EXPENDITURES				
Current				
Instruction	5,767,664	1,889,008	5,019,747	-
Instruction-related activities:				
Supervision of instruction	148,132	561,753	1,644,520	-
Instructional library, media, and technology	160,091	61,265	226,454	-
School site administration	2,825,279	489,420	69,235	-
Pupil services:				
Food services	-	-	24,797	6,866,243
All other pupil services	10,781	-	769,657	-
Administration:				
All other administration	-	130,548	362,418	80,001
Plant services	259,893	144,700	323,991	-
Facility acquisition and construction	-	15,386	108,856	-
Debt service				
Principal	47,832	122,280	-	-
Interest and other	3,683	92,458	-	-
Total Expenditures	<u>9,223,355</u>	<u>3,506,818</u>	<u>8,549,675</u>	<u>6,946,244</u>
Excess (Deficiency) of				
Revenues Over Expenditures	<u>644,246</u>	<u>517,721</u>	<u>294,393</u>	<u>(24,396)</u>
Other Financing Sources (Uses)				
Transfers in	143,769	101,160	-	-
Transfers out	-	(111,097)	-	-
Net Financing Sources (Uses)	<u>143,769</u>	<u>(9,937)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>788,015</u>	<u>507,784</u>	<u>294,393</u>	<u>(24,396)</u>
Fund Balance - Beginning	1,104,734	767,681	25,947	337,138
Fund Balance - Ending	<u>\$ 1,892,749</u>	<u>\$ 1,275,465</u>	<u>\$ 320,340</u>	<u>\$ 312,742</u>

See accompanying note to supplementary information - unaudited

Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Tax Override Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,736,091
-	-	-	-	-	10,723,582
712,339	-	722,944	26,139	-	10,534,779
173,532	1,018,907	151,900	3,203,718	-	6,673,083
885,871	1,018,907	874,844	3,229,857	-	35,667,535
-	-	-	-	-	12,676,419
-	-	-	-	-	2,354,405
-	-	-	-	-	447,810
-	-	-	-	-	3,383,934
-	-	-	-	-	6,891,040
-	-	-	-	-	780,438
-	-	-	-	-	572,967
445,914	469,673	-	-	-	1,644,171
340,722	497,158	4,522,696	-	-	5,484,818
-	35,462	-	1,050,000	-	1,255,574
-	3,249	-	2,134,475	-	2,233,865
786,636	1,005,542	4,522,696	3,184,475	-	37,725,441
99,235	13,365	(3,647,852)	45,382	-	(2,057,906)
650,000	111,097	-	-	-	1,006,026
-	-	-	-	-	(111,097)
650,000	111,097	-	-	-	894,929
749,235	124,462	(3,647,852)	45,382	-	(1,162,977)
4,024,219	1,031,808	4,178,065	2,520,084	31,045	14,020,721
\$ 4,773,454	\$ 1,156,270	\$ 530,213	\$ 2,565,466	\$ 31,045	\$ 12,857,744

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2008**

NOTE 1 - PURPOSE OF SCHEDULES

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

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

INDEPENDENT AUDITORS' REPORTS

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

Governing Board
Pajaro Valley Unified School District
Watsonville, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pajaro Valley Unified School District as of and for the year ended June 30, 2008, which collectively comprise Pajaro Valley Unified School District's basic financial statements and have issued our report thereon dated December 15, 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 Pajaro 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 Pajaro Valley Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pajaro Valley Unified School District's internal control over financial reporting.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pajaro 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, Time Day & Co. LLP

Palo Alto, California
December 15, 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
Pajaro Valley Unified School District
Watsonville, California

Compliance

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

In our opinion, Pajaro Valley Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Pajaro 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 Pajaro 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 Pajaro 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.

Vavreck, Time, Day & Co. LLP

Palo Alto, California
December 15, 2008



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
 Pajaro Valley Unified School District
 Watsonville, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pajaro Valley Unified School District as of and for the year ended June 30, 2008, and have issued our report thereon dated December 15, 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 Pajaro Valley Unified School District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Pajaro 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	Not Applicable
Independent study	23	Yes
Continuation education	10	Yes
Adult education	9	Yes
Regional occupational centers and programs	6	Not Applicable
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not Applicable
Community day schools	9	No
Morgan-Hart Class Size Reduction	7	Yes
Instructional Materials:		
General requirements	12	Yes
K-8 only	1	Yes
9-12 only	1	Yes
Ratios of Administrative Employees to Teachers	1	Yes

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Classroom Teacher Salaries	1	Yes
Early retirement incentive	4	Not Applicable
Gann limit calculation	1	Yes
School Construction Funds:		
School District bonds	3	Yes
State school facilities funds	1	Yes
Excess sick leave	2	Yes
Notice of right to elect California State Teachers Retirement System (CalSTRS) membership	1	Yes
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-SAFE) Program	3	Yes
School Accountability Report Card	3	Yes
Mathematics and Reading Professional Development	4	Yes
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	Yes
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	Yes
Mode of instruction	1	Not Applicable
Non classroom-based instruction/independent study	15	Yes
Determination of funding for non classroom-based instruction	3	Yes
Annual instruction minutes classroom based	3	Yes

We did not perform testing for Community Day School because the amount of ADA generated was not significant enough for testing.

Based on our audit, we found that for the items tested, the Pajaro Valley Unified School District complied with the State laws and regulations referred to above, except as described in the Schedule of State Award Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Pajaro Valley Unified School District had not complied with the laws and regulations, except as described in the Schedule of State Award Findings and Questioned Costs included in this report. Our audit does not provide a legal determination on Pajaro 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.

Vavreck, Trim, Day & Co. LLP

Palo Alto, California
December 15, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>84.287</u>	<u>Title IV-21st Century Community Centers Learning</u>
<u>93.600</u>	<u>Head Start</u>
<u>10.555</u>	<u>Child Nutrition Clusters</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,123,546</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

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

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
30000	Internal Control

2008-1 Code

Criteria or Specific Requirements

Management is responsible for establishing and maintaining internal controls, including those related to the prevention and detection of fraud, and monitoring activities of those controls. This responsibility extends to the activities of the associated student body accounts (ASB).

Condition

During our visit at Watsonville High School, we noted that no revenue potentials/sales analysis was prepared. Revenue potential and sales analysis enables the ASB to track cash collections for all items sold. It is a simple calculation that compares the amounts that should have been collected to the cash deposited in the bank.

Questioned costs

None.

Context

Through inquiry and testwork of ASB, we noticed that revenue potential/sales analysis was not prepared for dance events.

Effect

Revenue potentials enable the ASB to control their cash collections insuring that all items sold have been collected in cash or returned back to the ASB's inventory. If those calculations were not performed, sales and related cash collections could be misstated.

Recommendation

We recommend that the ASB prepare revenue potential/sale analysis for fund raising events.

District Response

An outline has been provided to every school site that has an ASB. This outline informs the ASB staff and Advisors of the proper procedures to follow. Also sample forms have been provided to make compliance easier. The District will meet with all sites to verify that the sites are in compliance.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

None reported.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
40000	State Compliance

2008-2 Code 40000 – State Compliance

Criteria or Specific Requirements

The California Department of Education requires the District to comply with its early release policy for the After School Education and Safety (ASES) program (the program). ASES requires districts to operate programs a minimum of 15 hours per week and until 6:00 p.m., beginning immediately upon conclusion of the regular school day.

Condition

We were unable to confirm students' release from the sites because the District did not maintain records showing early release from the program. The District indicated that the records have been shredded and therefore we were unable to conclude as to whether certain students were released before 6:00 PM in accordance with the early release policy were in compliance with that policy.

Questioned Costs

The District received \$5,723,730 in funding from the State for this program.

Context

Although the District had adopted an early release policy, we found no evidence indicating that the guardians of the students authorized their early release.

Effect

Failure to comply with its own early release policy could cause the District to lose funding for the After School Education and Safety program.

Cause

The district did not administer their ASES program as required by State.

Recommendation

We recommend the district to review requirements for ASES to ensure that they are in compliance with such requirements.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

District Response

All ASES sites have signed early release forms on file for every student authorizing early release and all sites are in operation until 6:00 p.m. The department destroys the forms prior to starting the new year. In the future, the District will save previous year's signed early release forms and site schedules for the recommended retention period.

2008-3 Code 40000 – State Compliance

Criteria or Specific Requirements

District must offer the minimum number of minutes as set for by the Education Code. The required amount of instructional minutes offered for each grade level pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5 and subdivision (a)(3) of Education Code Section 46201, are as set forth below:

Kindergarten	36,000 minutes
Grades 1 through 3	50,400 minutes
Grades 4 through 8	54,000 minutes
Grades 9 through 12	64,800 minutes

Condition

During our testing of specific requirements related to instructional minutes, we noticed that Watsonville High School did not meet the minimum required instructional minutes. We recalculated 64,746 instructional minutes for the site, which is short of the minimum requirement by 54 minutes.

Questioned Costs

The Watsonville High School grade 9 through 12 regular education classes generated 1,902 ADA. The 54 minutes shortage in minutes amounts to 1.6 ADA penalty as set forth by Education Code 46201 (d). However, as stated below and as set forth with in Education Code 46206, the District is in the process of filing for a waiver with the California Department of Education.

Effect

The District could potentially lose funding for the amount set forth above.

Cause

The appropriate level of monitoring was not administered by the proper departments to detect the school's non compliance with instructional minutes requirements.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

Recommendation

We recommend that administrators become familiar with the instructional minutes requirements for each grade level and insure that schools meet the minimum requirement before school is initiated.

District Response

Per Ed Code 46206, the District can and will submit a request for a waiver to allow WHS to make up the minutes they were short in each of the 2 preceding years. The District has reviewed the instructional minutes for WHS for the 08/09 school year and they have in excess of the 64,800 required plus the additional 54 minutes. The request for waiver will be submitted upon receipt of the final audit report.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT

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

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

Financial Statement Findings

None reported.

Federal Award Findings

None reported.

State Award Findings

None reported.

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 14.4

Date: January 28, 2009

Item: **Report, discussion and possible action on Brown Act and Public Records Act Training Session/s.**

Overview: The Board must determine a date or dates to have trainings on the Brown Act and Public Records Act. The training can take place either in one full day or it can be broken up into two separate training sessions.

Lozano Smith's attorney, Bob Henry, will be providing these trainings. He's available to conduct the training any day between February 13 through February 21, 2009. He is in trial from February 1-11, 2009, and starts a new hearing on February 23, 2009 that could conceivably last through the end of February. An all day Saturday session can also be considered.

Recommendation: To select a date or dates for Mr. Henry to conduct the training within the mentioned timeframes.

Prepared By: Dorma Baker, Superintendent

Superintendent's Signature: _____

Dorma Baker

PAJARO VALLEY UNIFIED SCHOOL DISTRICT



Board Agenda Backup

Item No: 14.5

Date: January 28, 2009

Item: Appoint Members to Board Standing Committees and Organizations

Overview: Attached for your information is the list of the current members attending each standing committee.

The following committees are in place:

1. *Community Advisory Committee – SELPA*
2. *District English Learners Advisory Committee (DELAC)*
3. *Fringe Benefits*
4. *GATE Advisory Committee*
5. *Governmental Relations*
6. *Mello Center JPA*
7. *Migrant Head Start Policy Advisory*
8. *Pajaro Valley Prevention and Student Assistance (PVPSA)*
9. *Safety Committee*
10. *SPECTRA*

Recommendation: Appoint members to Board standing committees.

Prepared By: Dorma Baker, Superintendent

Superintendent's Signature:

Dorma Baker



BOARD STANDING COMMITTEE APPOINTMENTS 2008

COMMITTEE	NAMES	Dates/Times
Board Agenda Committee (Elected Officers) Superintendent's Office	Kim Turley - President Leslie De Rose VP/Clerk Alternates: Karen Osmundson (first half of year) Willie Yahiro (second half of year)	Mondays of week prior to Board meeting, 9:00 am, Superintendent's Office
Community Advisory Committee SELPA (CAC) (Debbie Wexler, SELPA, 688-7327)	Sandra Nichols Karen Osmundson	Once/Month Days Vary 6:30 pm
District English Learner Advisory Committee (ELAC) (Ruby Vasquez 786-2100 x2614)	Doug Keegan Kim Turley	Once/Month Tuesday 7:00 pm
Fringe Benefits (Maria Burnett 786-2100 x217)	Kim Turley Willie Yahiro	See calendar for time and place
GATE Advisory Committee (Lynn Olson, Coordinator 786-2100 x 2580)	Libby Wilson Kim Turley	Three meetings per year Tuesday, 7:00 pm
Governmental Relations (City Council Chambers, 250 Main Street, One-Stop Conference Room A, Community Development Dept. 768-3010)	Willie Yahiro Sandra Nichols	Once Month First Monday 4:30 pm
Mello Center JPA (250 Main Street, One-Stop Conference Room A, Elizabeth 768-3010 City of Watsonville)	Doug Keegan Willie Yahiro	Once/Quarter Third Monday 5:30 pm
Migrant Head Start Policy Advisory (Carole Clarke 786-2186)	Karen Osmundson Sandra Nichols	See calendar for time and place
Pajaro Valley Prevention Student Assistance (PVPSA) (Alison Liszewski - 728-6300 x 302)	Doug Keegan Libby Wilson (Alternate)	Once/Month 3 rd Tuesday @ 4 pm
Safety (Peggy Bumatay - 786-2100 x2532)	Leslie De Rose Willie Yahiro	Once/Month 4 th Tuesday 3:30 - 5:30 pm
Arts Education Advisory Committee - SPECTRA (Cultural Council of SCZ County, Sonia Deetz, 475-9600 x20 e-mail: artsedcoord@ccscc.org)	Leslie De Rose Libby Wilson	Quarterly 4:30 pm