



Financial Statements  
June 30, 2021

# Simi Valley Unified School District

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## Independent Auditor's Report

To the Governing Board  
Simi Valley Unified School District  
Simi Valley, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Simi Valley Unified School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **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 Simi Valley Unified School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter – Change in Accounting Principle**

As discussed in Notes 1 and 17 to the financial statements, Simi Valley Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, and other required supplementary information on pages 63 through 68, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Simi Valley Unified School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 11, 2022 on our consideration of Simi Valley Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of Simi Valley Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Simi Valley Unified School District's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
March 11, 2022

This section of Simi Valley Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021, with comparative information for the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

### **The Financial Statements**

The financial statements presented herein include all of the activities of the Simi Valley Unified School District.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. 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 two categories of activities: governmental and proprietary, and fiduciary.

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

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

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

## **REPORTING THE DISTRICT AS A WHOLE**

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

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities* we present the District activities as follows:

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

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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

**Governmental Funds** - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

**Proprietary Funds** - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.



**THE DISTRICT AS A WHOLE**

**Net Position**

The District's net position was \$35,015,365 for the fiscal year ended June 30, 2021. Of this amount, \$(176,055,707) was unrestricted deficit. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use the net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**Table 1**

	Governmental Activities	
	2021	2020 (as restated)
Assets		
Current and other assets	\$ 255,221,687	\$ 203,234,435
Capital assets	328,969,428	318,656,832
Total assets	584,191,115	521,891,267
Deferred outflows of resources	50,103,126	50,794,247
Liabilities		
Current liabilities	22,247,919	27,815,835
Long-term liabilities	565,939,168	495,982,122
Total liabilities	588,187,087	523,797,957
Deferred inflows of resources	11,091,789	15,390,925
Net Position		
Net investment in capital assets	169,520,794	164,054,554
Restricted	41,550,278	36,764,655
Unrestricted (Deficit)	(176,055,707)	(167,322,577)
Total net position	\$ 35,015,365	\$ 33,496,632

The \$(176,055,707) in unrestricted deficit of governmental activities represents the accumulated results of all past years' operations.

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 13. Table 2 takes the information from the statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

	Governmental Activities	
	2021	2020*
Revenues		
Program revenues		
Charges for services and sales	\$ 2,344,914	\$ 3,928,368
Operating grants and contributions	56,848,211	40,063,408
Capital grants and contributions	33,812	2,112,157
General revenues		
Federal and State aid not restricted	89,777,157	93,846,339
Property taxes	83,212,676	74,696,210
Other general revenues	6,995,691	8,737,004
Total revenues	239,212,461	223,383,486
Expenses		
Instruction-related	165,681,589	163,088,824
Pupil services	24,213,223	23,569,740
Administration	13,184,074	11,778,693
Plant services	20,484,089	22,343,827
All other services	14,130,753	14,197,159
Total expenses	237,693,728	234,978,243
Change in net position	\$ 1,518,733	\$ (11,594,757)

\*The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

**Governmental Activities**

As reported in the *Statement of Activities* on page 13, the cost of all of our governmental activities this year was \$237,693,728. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$83,212,676 because the cost was paid by those who benefited from the programs (\$2,344,914) or by other governments and organizations who subsidized certain programs with grants and contributions (\$56,882,023). We paid for the remaining "public benefit" portion of our governmental activities with \$89,777,157 in Federal and State aid, and with \$6,995,691 other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's eight largest functions: instruction-related, pupil services, administration, plant services, and all other services, as well as each program's net cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**Table 3**

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction-related	\$ 165,681,589	\$ 163,088,824	\$ (121,224,433)	\$ (129,987,178)
Pupil services	24,213,223	23,569,740	(14,928,134)	(15,791,760)
Administration	13,184,074	11,778,693	(11,416,106)	(10,888,899)
Plant services	20,484,089	22,343,827	(19,489,021)	(21,612,710)
All other services	14,130,753	14,197,159	(11,409,097)	(10,593,763)
Total	<u>\$ 237,693,728</u>	<u>\$ 234,978,243</u>	<u>\$ (178,466,791)</u>	<u>\$ (188,874,310)</u>

\* The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

### THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$218,858,367, which is an increase of \$55,635,521 from last year.

**Table 4**

Governmental Fund	Balances and Activity			
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General	\$ 34,055,222	\$ 202,369,530	\$ 195,083,454	\$ 41,341,298
Building	85,146,566	61,265,001	15,150,216	131,261,351
Non-Major Governmental	44,021,058	45,008,442	42,773,782	46,255,718
Total	<u>\$ 163,222,846</u>	<u>\$ 308,642,973</u>	<u>\$ 253,007,452</u>	<u>\$ 218,858,367</u>

### General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Blanket approval of final amendments to the budget were approved on June 14, 2021, upon year-end closing. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received has been provided in our annual report on page 63.)

- Revenue revisions made to the 2020-2021 budget were mainly due to significant funding changes recognized after the budget adoption.
- Federal revenues changes were due to prior year unearned revenue and program carry-forwards in Title I, Title II, Title III, Title IV, and additional Federal awards due to COVID-19.
- State revenues had changes in funding were due to prior year unearned revenue and program carry-forwards for Lottery, Discretionary Block Grant funding, and other miscellaneous programs. Revenue decreases were recognized due to enacted legislation.

Local revenues reflect adjustments mainly for changes in interest earnings rates, use of facilities receipts, school gift funds, field trip receipts, Education Foundation, and Special Education tuition bill-back for court ordered students in foster homes and licensed children's institutions.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2021, the District had a net of \$328,969,428 in a broad range of capital assets, including land, buildings, construction in progress, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$10,312,596, or 3.24%, from last year.

**Table 5**

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 55,874,532	\$ 46,930,683
Buildings and improvements	246,414,413	241,656,285
Equipment	26,680,483	30,069,864
Total	\$ 328,969,428	\$ 318,656,832

This year's net additions of \$10,312,596 (including depreciation) included bond and modernization projects at several sites, building improvements, seven new buses, asphalt paving, irrigation, carpeting, kitchen upgrades, storm drainage, plumbing, painting, re-roofing, copier equipment, telecommunication system, virtual classroom hardware and software, and network upgrades.

**Long-Term Liabilities**

At the end of this year, the District had \$565,939,168 in long-term liabilities. Those liabilities consisted of:

**Table 6**

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 300,709,302	\$ 251,227,610
Certificates of participation	3,130,000	4,470,000
Unamortized premiums	26,852,833	21,032,834
Unamortized discounts	(10,725)	(14,300)
Capital leases	331,571	268,414
Compensated absences	895,221	876,673
Claims liability	6,428,768	7,266,777
Net OPEB liability	26,998,519	24,115,273
Aggregate net pension liability	200,603,679	186,738,841
Total	\$ 565,939,168	\$ 495,982,122

**SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2020-2021 ARE NOTED BELOW:**

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

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

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

The key assumptions in our 2020-2021 Adopted Budget revenue forecast were:

1. The adopted budget included a Local Control Funding Formula (LCFF) amount equal to a 100 % Economic Recovery Target, with a 0% Cost of Living Adjustment (COLA) or approximately (\$432,574) less than prior year funding levels.
2. The LCFF Supplemental funding percentage three-year average calculated to be 36.01%.
3. The District is not eligible for LCFF Concentration funding.
4. K-3 and 9-12 Grade Span Funding is included for class size reduction. This assumes no class size penalties with the negotiated class size of 25:1 and 185:1, respectively. Title I program class size is 22:1.
5. Local Control and Accountability Plan (LCAP) Funded projects are approximately equal to \$22,222,737.

Expenditures are based on the following forecasts:

1. Board policy limiting capital outlay in the unrestricted General Fund remains in effect.
2. Salary negotiations are unsettled at this time. Step and column increases are included in the budget at an estimated \$1.3 million. The District has included attrition savings in the 1st Interim Budget Revision or as necessary.

	Staffing Ratio	Enrollment
Grades kindergarten through third*	24:1:1	4,717
Grades four through six	31:1:1	3,413
Grades seven through eight	32:1:1	2,602
Grades nine through twelve	32:1:1	5,529

\*The Districts four Title schools are staffed at 22:1

No additional ADA revenue will be realized in the budget year, due to overall declining enrollment. The District was funded on 2019-2020 prior year ADA in the amount of 15,784.66 which was greater than current year ADA.

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

In considering the District Budget for the 2021-22 year, the District Board of Education and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Local Control Funding Formula per Average Daily Attendance (ADA) will be held-harmless for the most part and there will be a 5.07% COLA or approximately \$7,202,000 over prior year funding levels.
2. Federal Income will be projected at the prior year 2020-21 level.
3. Other State Income (categorical projects) will be projected at prior year 2020-21 level unless there are known adjustments, less any one-time revenues.

Expenditures are based on the same Student to Teacher Ratio Forecast as 2020-21.

New items specifically addressed in the expenditure budget are:

1. Increases in spending as a result of salary step and column changes and decreases due to attrition savings.
2. Increases in employer contribution rates for CalPERS and Health & Welfare Premium increases will be included to the extent known or projected.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Associate Superintendent, Business and Facilities, Simi Valley Unified School District, 101 W. Cochran, Simi Valley, California, 93065, or e-mail at: [ron.todo@simivalleyusd.org](mailto:ron.todo@simivalleyusd.org).

Simi Valley Unified School District  
Statement of Net Position  
June 30, 2021

	Governmental Activities
<b>Assets</b>	
Deposits and investments	\$ 221,644,901
Receivables	32,829,273
Prepaid expense	21,367
Stores inventories	726,146
Capital assets not depreciated	55,874,532
Capital assets, net of accumulated depreciation	273,094,896
Total assets	584,191,115
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding	2,325,932
Deferred outflows of resources related to OPEB	1,350,862
Deferred outflows of resources related to pensions	46,426,332
Total deferred outflows of resources	50,103,126
<b>Liabilities</b>	
Accounts payable	17,408,684
Interest payable	3,285,423
Unearned revenue	1,553,812
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	14,586,388
Long-term liabilities other than OPEB and pensions due in more than one year	323,750,582
Net other postemployment benefits (OPEB) liability	26,998,519
Aggregate net pension liability	200,603,679
Total liabilities	588,187,087
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources related to OPEB	153,774
Deferred inflows of resources related to pensions	10,938,015
Total deferred inflows of resources	11,091,789
<b>Net Position</b>	
Net investment in capital assets	169,520,794
Restricted for	
Debt service	20,054,767
Capital projects	10,563,056
Educational programs	7,994,196
Other restrictions	2,938,259
Unrestricted (Deficit)	(176,055,707)
Total net position	\$ 35,015,365

Simi Valley Unified School District  
Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction	\$ 139,561,940	\$ 471,141	\$ 39,039,528	\$ 33,812	\$ (100,017,459)
Instruction-related activities					
Supervision of instruction	6,806,311	33,493	1,910,637	-	(4,862,181)
Instructional library, media, and technology	1,025,276	1,679	31,910	-	(991,687)
School site administration	18,288,062	55,361	2,879,595	-	(15,353,106)
Pupil services					
Home-to-school transportation	4,033,225	1,707	877,698	-	(3,153,820)
Food services	4,877,722	2,708	4,498,616	-	(376,398)
All other pupil services	15,302,276	136,666	3,767,694	-	(11,397,916)
Administration					
Data processing	3,184,198	-	424,689	-	(2,759,509)
All other administration	9,999,876	38,203	1,305,076	-	(8,656,597)
Plant services	20,484,089	13,254	981,814	-	(19,489,021)
Ancillary services	2,534,235	87,956	322,003	-	(2,124,276)
Community services	303,894	4,758	3,143	-	(295,993)
Enterprise services	125,611	31	15	-	(125,565)
Interest on long-term liabilities	10,829,570	-	-	-	(10,829,570)
Other outgo	337,443	1,497,957	805,793	-	1,966,307
<b>Total governmental activities</b>	<b>\$ 237,693,728</b>	<b>\$ 2,344,914</b>	<b>\$ 56,848,211</b>	<b>\$ 33,812</b>	<b>(178,466,791)</b>
<b>General Revenues and Subventions</b>					
Property taxes, levied for general purposes					\$ 62,491,510
Property taxes, levied for debt service					19,603,933
Taxes levied for other specific purposes					1,117,233
Federal and State aid not restricted to specific purposes					89,777,157
Interest and investment earnings					295,047
Interagency revenues					154,932
Miscellaneous					6,545,712
<b>Subtotal, general revenues and subventions</b>					<b>179,985,524</b>
<b>Change in Net Position</b>					<b>1,518,733</b>
<b>Net Position - Beginning, as restated</b>					<b>33,496,632</b>
<b>Net Position - Ending</b>					<b>\$ 35,015,365</b>



Simi Valley Unified School District

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Deposits and investments	\$ 22,944,289	\$ 134,060,931	\$ 47,036,322	\$ 204,041,542
Receivables	32,199,501	114,935	498,552	32,812,988
Due from other funds	706,368	1,444	136,347	844,159
Prepaid expenditures	4,044	-	17,323	21,367
Stores inventories	236,299	-	489,847	726,146
	<u>56,090,501</u>	<u>134,177,310</u>	<u>48,178,391</u>	<u>238,446,202</u>
<b>Total assets</b>				
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 12,846,308	\$ 2,524,796	\$ 1,678,459	\$ 17,049,563
Due to other funds	349,083	391,163	244,214	984,460
Unearned revenue	1,553,812	-	-	1,553,812
	<u>14,749,203</u>	<u>2,915,959</u>	<u>1,922,673</u>	<u>19,587,835</u>
<b>Total liabilities</b>				
<b>Fund Balances</b>				
Nonspendable	322,891	-	507,970	830,861
Restricted	7,994,196	131,261,351	45,381,454	184,637,001
Committed	-	-	6,208	6,208
Assigned	-	-	360,086	360,086
Unassigned	33,024,211	-	-	33,024,211
	<u>41,341,298</u>	<u>131,261,351</u>	<u>46,255,718</u>	<u>218,858,367</u>
<b>Total fund balances</b>				
<b>Total liabilities and fund balances</b>				
	<u>\$ 56,090,501</u>	<u>\$ 134,177,310</u>	<u>\$ 48,178,391</u>	<u>\$ 238,446,202</u>

Simi Valley Unified School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2021

Total Fund Balance - Governmental Funds		\$ 218,858,367
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 555,935,151	
Accumulated depreciation is	<u>(226,965,723)</u>	
Net capital assets		328,969,428
<p>In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.</p>		
		(3,285,423)
<p>An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.</p>		
		10,972,056
<p>Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to</p>		
Deferred refundings (deferred charge on refunding)	2,325,932	
Net other postemployment benefits (OPEB)	1,350,862	
Aggregate net pension liability	<u>46,426,332</u>	
Total deferred outflows of resources		50,103,126
<p>Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to</p>		
Net other postemployment benefits (OPEB)	(153,774)	
Aggregate net pension liability	<u>(10,938,015)</u>	
Total deferred inflows of resources		(11,091,789)
<p>Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(200,603,679)
<p>The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(26,998,519)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
<p>Long-term liabilities at year-end consist of</p>		
General obligation bonds	(267,225,588)	
Certificates of participation	(3,130,000)	
Premium on issuance of general obligation bonds and certificates of participation	(26,852,833)	
Discount on issuance of general obligation bonds and certificates of participation	10,725	
Capital leases payable	(331,571)	
Compensated absences (vacations)	(895,221)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(33,483,714)</u>	
Total long-term liabilities		<u>(331,908,202)</u>
Total net position - governmental activities		<u>\$ 35,015,365</u>

Simi Valley Unified School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2021

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local Control Funding Formula	\$ 148,444,627	\$ -	\$ -	\$ 148,444,627
Federal sources	13,562,132	-	4,214,008	17,776,140
Other State sources	23,960,806	-	6,036,433	29,997,239
Other local sources	16,155,132	1,465,001	23,559,804	41,179,937
Total revenues	<u>202,122,697</u>	<u>1,465,001</u>	<u>33,810,245</u>	<u>237,397,943</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	120,733,157	-	3,036,824	123,769,981
Instruction-related activities				
Supervision of instruction	6,073,663	-	5,379	6,079,042
Instructional library, media, and technology	905,867	-	-	905,867
School site administration	13,904,311	-	2,079,003	15,983,314
Pupil services				
Home-to-school transportation	3,613,158	-	-	3,613,158
Food services	395,424	-	4,027,700	4,423,124
All other pupil services	13,452,128	-	464,775	13,916,903
Administration				
Data processing	3,086,059	-	-	3,086,059
All other administration	8,640,088	-	437,614	9,077,702
Plant services	19,717,193	-	470,438	20,187,631
Ancillary services	2,021,507	-	336,433	2,357,940
Community services	175,005	-	82,681	257,686
Other outgo	337,443	-	-	337,443
Enterprise services	54,619	-	-	54,619
Facility acquisition and construction	798,140	14,119,344	6,101,621	21,019,105
Debt service				
Principal	51,157	132,519	15,110,000	15,293,676
Interest and other	7,302	-	9,087,067	9,094,369
Total expenditures	<u>193,966,221</u>	<u>14,251,863</u>	<u>41,239,535</u>	<u>249,457,619</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,156,476</u>	<u>(12,786,862)</u>	<u>(7,429,290)</u>	<u>(12,059,676)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	3,549,833	3,549,833
Other sources - proceeds from capital lease	246,833	-	-	246,833
Other sources - proceeds and premium on general obligation bond issuances	-	59,800,000	7,648,364	67,448,364
Transfers out	(1,117,233)	(898,353)	(1,534,247)	(3,549,833)
Net Financing Sources (Uses)	<u>(870,400)</u>	<u>58,901,647</u>	<u>9,663,950</u>	<u>67,695,197</u>
Net Change in Fund Balances	7,286,076	46,114,785	2,234,660	55,635,521
Fund Balance - Beginning, as restated	34,055,222	85,146,566	44,021,058	163,222,846
Fund Balance - Ending	<u>\$ 41,341,298</u>	<u>\$ 131,261,351</u>	<u>\$ 46,255,718</u>	<u>\$ 218,858,367</u>

## Simi Valley Unified School District

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

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Total Net Change in Fund Balances - Governmental Funds		\$ 55,635,521
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
<p>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 Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the difference between capital outlays and depreciation expense.</p>		
Capital outlays	\$ 22,911,683	
Depreciation expense	<u>(12,550,068)</u>	
Net expense adjustment		10,361,615
<p>The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was</p>		
		(3,251,692)
<p>Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.</p>		
		(49,019)
<p>Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.</p>		
		(246,833)
<p>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). This amount is the difference between vacation earned and used.</p>		
		(18,548)
<p>In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net aggregate pension liability during the year.</p>		
		(10,612,610)
<p>In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the net OPEB liability during the year.</p>		
		(2,195,183)
<p>Proceeds received from general obligation bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>		
		(60,000,000)

Simi Valley Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2021

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Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium on issuance recognized	\$ (7,448,364)
Premium amortization	1,628,365
Discount amortization	(3,575)
Deferred charge on refunding amortization	(332,276)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	13,770,000
Certificates of participation	1,340,000
Capital leases	183,676

Interest on long-term liabilities 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.

223,977

An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

2,533,679

Change in net position of governmental activities

\$ 1,518,733

Simi Valley Unified School District  
Statement of Net Position – Proprietary Funds  
June 30, 2021

	Governmental Activities - Internal Service Funds		Total
	Workers' Compensation	Medical	
<b>Assets</b>			
Current assets			
Deposits and investments	\$ 15,307,993	\$ 2,295,366	\$ 17,603,359
Receivables	12,736	3,549	16,285
Due from other funds	211,292	-	211,292
Total assets	<u>15,532,021</u>	<u>2,298,915</u>	<u>17,830,936</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	338,868	20,253	359,121
Due to other funds	70,991	-	70,991
Current portion of claims liability	1,040,494	-	1,040,494
Total current liabilities	<u>1,450,353</u>	<u>20,253</u>	<u>1,470,606</u>
Noncurrent liabilities			
Claims liability	5,388,274	-	5,388,274
Total liabilities	<u>6,838,627</u>	<u>20,253</u>	<u>6,858,880</u>
<b>Net Position</b>			
Restricted for self-insurance	<u>\$ 8,693,394</u>	<u>\$ 2,278,662</u>	<u>\$ 10,972,056</u>

Simi Valley Unified School District  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
Year Ended June 30, 2021

	Governmental Activities - Internal Service Funds		Total
	Workers' Compensation	Medical	
Operating Revenues			
Charges for services	\$ -	\$ 22,136	\$ 22,136
Charges to other funds and miscellaneous revenues	3,265,649	2,619,270	5,884,919
Total operating revenues	<u>3,265,649</u>	<u>2,641,406</u>	<u>5,907,055</u>
Operating Expenses			
Payroll costs	146,637	-	146,637
Professional and contract services	1,115,683	2,191,089	3,306,772
Supplies and materials	1,093	-	1,093
Total operating expenses	<u>1,263,413</u>	<u>2,191,089</u>	<u>3,454,502</u>
Operating Income	<u>2,002,236</u>	<u>450,317</u>	<u>2,452,553</u>
Nonoperating Revenues			
Fair market value adjustments	(8,635)	(1,301)	(9,936)
Interest income	80,681	10,381	91,062
Total nonoperating revenues	<u>72,046</u>	<u>9,080</u>	<u>81,126</u>
Change in Net Position	2,074,282	459,397	2,533,679
Total Net Position - Beginning	<u>6,619,112</u>	<u>1,819,265</u>	<u>8,438,377</u>
Total Net Position - Ending	<u>\$ 8,693,394</u>	<u>\$ 2,278,662</u>	<u>\$ 10,972,056</u>

Simi Valley Unified School District  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2021

	Governmental Activities - Internal Service Funds		Total
	Workers' Compensation	Medical	
Operating Activities			
Cash receipts from customers	\$ 3,050,940	\$ 2,640,105	\$ 5,691,045
Other operating cash payments	(365)	-	(365)
Cash payments to other suppliers of goods or services	(1,723,530)	(2,170,343)	(3,893,873)
Net Cash From Operating Activities	<u>1,327,045</u>	<u>469,762</u>	<u>1,796,807</u>
Investing Activities			
Interest on investments	<u>72,046</u>	<u>9,080</u>	<u>81,126</u>
Net Change in Cash and Cash Equivalents	1,399,091	478,842	1,877,933
Cash and Cash Equivalents, Beginning	<u>13,908,902</u>	<u>1,816,524</u>	<u>15,725,426</u>
Cash and Cash Equivalents, Ending	<u>\$ 15,307,993</u>	<u>\$ 2,295,366</u>	<u>\$ 17,603,359</u>
Reconciliation of Operating Income to Net Cash From Operating Activities			
Operating income	\$ 2,002,236	\$ 450,317	\$ 2,452,553
Changes in assets and liabilities			
Receivables	68,341	7,665	76,006
Due from other fund	(206,074)	-	(206,074)
Accounts payable	301,577	11,780	313,357
Due to other fund	(1,026)	-	(1,026)
Claims liability	(838,009)	-	(838,009)
Net Cash From Operating Activities	<u>\$ 1,327,045</u>	<u>\$ 469,762</u>	<u>\$ 1,796,807</u>



## **Note 1 - Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

The Simi Valley Unified School District (the District) was formed in 1936, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and Federal agencies. The District operates twenty-one elementary schools, three middle schools, three high schools, an alternative education program, one adult education school, and one continuation high school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

### **Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt, or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 80, Blending Requirements For Certain Component Units and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Simi Valley Unified School District School certificates of participation financial activity is presented in the financial statements as the Capital Project Fund for Blended Component Units. The certificates of participation issued by the District are included as long-term liabilities in the government-wide financial statements.

### **Other Related Entities**

**Public Entity Risk Pools and Joint Powers Authorities** The District is associated with one risk pool and two joint powers authorities. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 16 to the financial statements. These organizations are:

- Ventura County Schools Self-Funding Authority (VCSSFA)
- Ventura County Fast Action School Transit Authority (VCFAST)

### **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 two broad fund categories: governmental and proprietary.

**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 the District. All transactions except those accounted for 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 used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes. (Education Code Section 17582)

**Capital Project Funds** The Capital Project funds are used to account for and report financial resources to be used for the acquisition or construction of capital facilities and other capital assets (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 approval (*Education Code* Sections 17620-17626 and Government Code Section 65995 et seq.). 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 IA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).
- **Capital Projects Fund for Blended Component Units** The Capital Projects Fund for Blended Component Units is used to account for the ongoing redevelopment agency deposits and district contributions for debt retirement and expenditures of approved projects of school stadiums, gymnasiums, tennis courts, MPR and Quad upgrade, and stadium restructuring.

**Debt Service Funds** The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term liabilities.

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

**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

- **Internal Service Fund** Internal service funds may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates two internal service funds, medical benefits and workers' compensation.

### **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 segment of the District and 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. 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 position should be reported as restricted when constraints placed on net position 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 position restricted for other activities result from special revenue funds and internal service fund and the restrictions on their 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 governmental funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **Governmental Funds** All governmental funds are accounted for using 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 balances 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 position. The statement of changes in fund net position 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.

**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. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

**Unearned Revenue** Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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

### **Cash and Cash Equivalents**

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

### **Investments**

Investments 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.

### **Prepaid Expenditures (Expenses)**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### **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 when consumed rather than when purchased.

### **Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$15,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

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

### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

### **Compensated Absences**

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. 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 Liabilities**

All payables, accrued liabilities, and long-term liabilities 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 liabilities of the funds.

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

### **Debt Issuance Costs, Premiums, and Discounts**

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

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

### **Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

### **Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

### **Fund Balances - Governmental Funds**

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.



**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

### **Spending Order Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

### **Minimum Fund Balance Policy**

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets 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 position is 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 position is available. The government-wide financial statements report \$41,550,278 of restricted net position restricted by enabling legislation.

### **Operating Revenues and Expenses**

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

### **Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities column of the statement of activities.

### **Estimates**

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

### **Property Tax**

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

### **Change in Accounting Principles**

#### **Implementation of GASB Statement No. 84**

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 17.

**Note 2 - Deposits and Investments**

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 204,041,542
Proprietary funds	<u>17,603,359</u>
Total deposits and investments	<u><u>\$ 221,644,901</u></u>

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 3,090,252
Cash in revolving	83,348
Investments	<u>218,471,301</u>
Total deposits and investments	<u><u>\$ 221,644,901</u></u>

**Policies and Practices**

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

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

**General Authorizations**

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

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

#### Authorized Under Debt Agreements

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

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the Ventura County Investment Pool to provide the cash flow and liquidity needed for operations.

#### Weighted Average Maturity

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

Investment Type	Reported Amount	Weighted Average Maturity in Days
Governmental Funds		
First American Treasury Obligations	\$ 1,498,093	13
Ventura County Investment Pool	<u>199,444,849</u>	322
Subtotal	<u>200,942,942</u>	
Proprietary Funds		
Ventura County Investment Pool	<u>17,528,359</u>	322
Total	<u><u>\$ 218,471,301</u></u>	

**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. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and actual rating as of the year-end for each investment type.

Investment Type	Reported Amount	Minimum Legal Rating	Rating as of Year End Aaa-mf
Governmental Funds			
First American Treasury Obligations	\$ 1,498,093	N/A	\$ 1,498,093
Ventura County Investment Pool	<u>199,444,849</u>	N/A	<u>199,444,849</u>
Subtotal	<u>200,942,942</u>		<u>200,942,942</u>
Proprietary Funds			
Ventura County Investment Pool	<u>17,528,359</u>	N/A	<u>17,528,359</u>
Total	<u><u>\$ 218,471,301</u></u>		<u><u>\$ 218,471,301</u></u>

N/A - Not applicable

**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% 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% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the District's bank balance of \$2,079,282 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.

**Note 3 - Fair Value Measurements**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Reported Amount	Fair Value Measurements Using Level 1 Inputs
Governmental Funds		
First American Treasury Obligations	\$ 1,498,093	\$ 1,498,093

**Note 4 - Receivables**

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

Simi Valley Unified School District

Notes to Financial Statements

June 30, 2021

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total
Federal Government					
Categorical aid	\$ 4,064,282	\$ -	\$ 238,015	\$ -	\$ 4,302,297
State Government					
LCFF apportionment	21,864,525	-	-	-	21,864,525
Categorical aid	4,247,408	-	-	-	4,247,408
Lottery	1,086,871	-	-	-	1,086,871
Local Government					
Other local sources	936,415	114,935	260,537	16,285	1,328,172
<b>Total</b>	<b>\$ 32,199,501</b>	<b>\$ 114,935</b>	<b>\$ 498,552</b>	<b>\$ 16,285</b>	<b>\$ 32,829,273</b>

**Note 5 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 22,309,308	\$ -	\$ -	\$ 22,309,308
Construction in progress	24,621,375	17,114,087	(8,170,238)	33,565,224
Total capital assets not being depreciated	46,930,683	17,114,087	(8,170,238)	55,874,532
Capital assets being depreciated				
Land improvements	55,751,612	1,338,802	(15,065)	57,075,349
Buildings and improvements	363,930,127	9,551,933	(20,439)	373,461,621
Furniture and equipment	66,917,116	3,077,099	(470,566)	69,523,649
Total capital assets being depreciated	486,598,855	13,967,834	(506,070)	500,060,619
Total capital assets	533,529,538	31,081,921	(8,676,308)	555,935,151
Accumulated depreciation				
Land improvements	(22,461,744)	(2,006,777)	1,381	(24,467,140)
Buildings and improvements	(155,563,710)	(4,092,865)	1,158	(159,655,417)
Furniture and equipment	(36,847,252)	(6,450,426)	454,512	(42,843,166)
Total accumulated depreciation	(214,872,706)	(12,550,068)	457,051	(226,965,723)
Governmental activities capital assets, net	\$ 318,656,832	\$ 18,531,853	\$ (8,219,257)	\$ 328,969,428

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

Governmental Activities	
Instruction	\$ 8,293,085
Supervision of instruction	299,946
Instructional library, media, and technology	90,361
School site administration	993,966
Home-to-school transportation	220,882
Food services	330,067
All other pupil services	465,607
Data processing	110,441
All other administration	293,671
Plant services	1,319,011
Ancillary services	95,380
Community services	37,651
Total depreciation expenses governmental activities	\$ 12,550,068

**Note 6 - Interfund Transactions**

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

Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds and the internal service fund are as follows:

Due To	Due From				Total
	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	
General Fund	\$ -	\$ 391,163	\$ 244,214	\$ 70,991	\$ 706,368
Building Fund	1,444	-	-	-	1,444
Non-Major Governmental Funds	136,347	-	-	-	136,347
Internal Service Fund	211,292	-	-	-	211,292
Total	\$ 349,083	\$ 391,163	\$ 244,214	\$ 70,991	\$ 1,055,451

The balance of \$391,163 is due to the General Fund from the Building Fund for reimbursement of costs.

A balance of \$48,312 is due to the General Fund from the Capital Facilities Non-Major Governmental Fund for reimbursement of costs.

The balance of \$211,292 is due to the Internal Service Fund from the General Fund for premium costs.

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



**Interfund Transfers**

Interfund transfers for the year ended June 30, 2021, consisted of the following:

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of equipment purchases for a new building.	\$ 1,117,233
The Building Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of costs.	898,353
The Special Reserve Non-Major Governmental Fund Fund for Capital Outlay Projects transferred to the Capital Projects Non-Major Governmental Fund for Blended Component Units for debt service payments	<u>1,534,247</u>
Total	<u><u>\$ 3,549,833</u></u>

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

**Note 7 - Accounts Payable**

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total
Vendor payables	\$ 961,938	\$ 61,035	\$ 791,902	\$ 359,121	\$ 2,173,996
LCFF apportionment	6,434,098	-	-	-	6,434,098
Salaries and benefits	5,450,272	-	177,491	-	5,627,763
Capital outlay	-	2,463,761	709,066	-	3,172,827
Total	<u>\$ 12,846,308</u>	<u>\$ 2,524,796</u>	<u>\$ 1,678,459</u>	<u>\$ 359,121</u>	<u>\$ 17,408,684</u>

**Note 8 - Unearned Revenue**

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund
Federal financial assistance	\$ 968,068
State categorical aid	113,530
Other local	472,214
Total	<u>\$ 1,553,812</u>

**Note 9 - Long-Term Liabilities Other than OPEB and Pensions**

**Summary**

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
<b>Long-Term Liabilities</b>					
General obligation bonds	\$ 251,227,610	63,251,692	(13,770,000)	\$ 300,709,302	\$ 11,990,000
Certificates of participation	4,470,000	-	(1,340,000)	3,130,000	1,420,000
Unamortized debt premiums	21,032,834	7,448,364	(1,628,365)	26,852,833	-
Unamortized debt discounts	(14,300)	-	3,575	(10,725)	-
Capital leases	268,414	246,833	(183,676)	331,571	135,894
Compensated absences	876,673	18,548	-	895,221	-
Claims liability	7,266,777	494,005	(1,332,014)	6,428,768	1,040,494
<b>Total</b>	<b>\$ 285,128,008</b>	<b>\$ 71,459,442</b>	<b>\$ (18,250,480)</b>	<b>\$ 338,336,970</b>	<b>\$ 14,586,388</b>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Payments for the certificates of participation are made by the Capital Projects Fund for Blended Component Units. Payments for the capital leases are made by the Building Fund and the General Fund. The accrued vacation will be paid by the fund for which the employee worked. The claims liability will be paid by the Internal Service Fund.

**General Obligation Bonds**

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds		Bonds		Bonds Outstanding June 30, 2021
				Outstanding July 1, 2020	Issued	Interest Accreted	Redeemed	
06/03/04	06/01/29	5.92%	\$ 944,969	\$ 3,257,277	\$ -	\$ 260,582	\$ -	\$ 3,517,859
10/18/07	08/01/32	4.63%-4.79%	34,080,619	62,000,333	-	2,991,110	-	64,991,443
05/21/13	08/01/24	2.00%-5.00%	8,740,000	6,930,000	-	-	(1,050,000)	5,880,000
05/04/17	08/01/27	2.00%-4.00%	4,565,000	3,920,000	-	-	(355,000)	3,565,000
05/04/17	08/01/27	5.00%	65,515,000	56,790,000	-	-	(4,900,000)	51,890,000
06/29/17	08/01/46	2.00%-5.00%	70,000,000	58,330,000	-	-	-	58,330,000
06/13/19	08/01/48	3.00%-5.00%	60,000,000	60,000,000	-	-	(4,150,000)	55,850,000
11/03/20	08/01/50	0.25%-4.00%	60,000,000	-	60,000,000	-	(3,315,000)	56,685,000
				<b>\$ 251,227,610</b>	<b>\$ 60,000,000</b>	<b>\$ 3,251,692</b>	<b>\$ (13,770,000)</b>	<b>\$ 300,709,302</b>

### Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2022	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	934,793	803,510	1,738,303	371,697	2,110,000
2027-2031	21,305,934	20,575,904	41,881,838	20,128,162	62,010,000
2032-2036	12,784,861	12,104,300	24,889,161	17,415,839	42,305,000
<b>Total</b>	<b>\$ 35,025,588</b>	<b>\$ 33,483,714</b>	<b>\$ 68,509,302</b>	<b>\$ 37,915,698</b>	<b>\$ 106,425,000</b>

The current interest bonds mature as follows:

Fiscal Year	General Obligation Bonds		Total
	Principal	Interest to Maturity	
2022	\$ 11,990,000	\$ 9,432,228	\$ 21,422,228
2023	11,725,000	9,188,888	20,913,888
2024	9,995,000	8,682,563	18,677,563
2025	9,945,000	8,196,288	18,141,288
2026	9,110,000	7,728,313	16,838,313
2027-2031	26,100,000	33,085,263	59,185,263
2032-2036	16,840,000	29,808,600	46,648,600
2037-2041	29,900,000	25,318,313	55,218,313
2042-2046	48,365,000	17,048,731	65,413,731
2047-2049	58,230,000	5,673,200	63,903,200
<b>Total</b>	<b>\$ 232,200,000</b>	<b>\$ 154,162,387</b>	<b>\$ 386,362,387</b>

### Certificates of Participation

The outstanding certificates of participation debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Certificates of Participation Outstanding July 1, 2020	Issued	Redeemed	Certificates of Participation Outstanding June 30, 2021
08/01/92	08/01/22	3.75% - 5.15%	\$ 15,310,000	\$ 4,470,000	\$ -	\$ (1,340,000)	\$ 3,130,000

The current interest certificates of participation mature as follows:

Fiscal Year	Certificates of Participation		Total
	Principal	Interest to Maturity	
2022	\$ 1,420,000	\$ 127,050	\$ 1,547,050
2023	1,710,000	44,888	1,754,888
Total	\$ 3,130,000	\$ 171,938	\$ 3,301,938

### Capital Leases

The District has entered into agreements to lease equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

	School Buses
Balance, July 1, 2020	\$ 278,728
Additions	258,070
Payments	(190,978)
Balance, June 30, 2021	\$ 345,820

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2022	\$ 190,978
2023	51,614
2024	51,614
2025	51,614
Total	345,820
Less amount representing interest	(14,249)
Present value of minimum lease payments	\$ 331,571

Equipment under capital leases in capital assets at June 30, 2021, include the following:

Equipment	\$ 1,507,984
Less accumulated depreciation	(1,152,874)
Total	\$ 355,110

Amortization of equipment under capital assets is included with depreciation expense.

**Compensated Absences**

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$895,221. Accumulated vacation will be paid by the fund for which the employee worked.

**Claims Liability**

The District has an outstanding long-term liability for claims for the District's Workers' Compensation Insurance Program in the amount of \$6,428,768.

**Note 10 - Net Other Postemployment Benefits (OPEB) Liability**

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 25,918,950	\$ 1,350,862	\$ 153,774	\$ 2,740,320
Medicare Premium Payment (MPP) Program	1,079,569	-	-	142,926
Total	<u>\$ 26,998,519</u>	<u>\$ 1,350,862</u>	<u>\$ 153,774</u>	<u>\$ 2,883,246</u>

The details of each plan are as follows:

**District Plan**

**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Plan Membership**

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	95
Active employees	<u>1,879</u>
Total	<u><u>1,974</u></u>

### **Benefits Provided**

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Simi Educators Association (SEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, SEA, CSEA, and the unrepresented groups. For fiscal year 2020-2021, the District paid \$718,858 in benefits.

### **Total OPEB Liability of the District**

The District's total OPEB liability of \$25,918,950 was measured as of June 30, 2021, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

### **Actuarial Assumptions**

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2.19 percent
Healthcare cost trend rates	4.50 percent for 2021

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Mortality rates were based on the 2015 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance, June 30, 2020	\$ 23,178,630
Service cost	1,911,967
Interest	657,912
Differences between expected and actual experience	61,065
Changes of assumptions	828,234
Benefit payments	(718,858)
Net change in total OPEB liability	2,740,320
Balance, June 30, 2021	\$ 25,918,950

No changes to benefits noted from the prior evaluation.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.66% in 2020 to 2.19% in 2021.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (1.19%)	\$ 27,752,292
Current discount rate (2.19%)	25,918,950
1% increase (3.19%)	24,202,663

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.50%)	\$ 23,677,237
Current healthcare cost trend rate (4.50%)	25,918,950
1% increase (5.50%)	28,525,452

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB**

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,740,320. At June 30, 2021, District reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 53,432	\$ 91,513
Changes of assumptions	1,297,430	62,261
Total	\$ 1,350,862	\$ 153,774

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 201,236
2023	201,236
2024	201,236
2025	221,988
2026	149,064
Thereafter	222,328
Total	\$ 1,197,088

**Medicare Premium Payment (MPP) Program**

**Plan Description**

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.



**Benefits Provided**

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California Education Code Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

**Net OPEB Liability and OPEB Expense**

At June 30, 2021, the District reported a liability of \$1,079,569 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, was 0.2547% and 0.2515%, respectively, resulting in a net increase in the proportionate share of 0.0032%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$142,926.

**Actuarial Methods and Assumptions**

The total OPEB liability for the MPP Program as of June 30, 2020, was determined based on a financial reporting actuarial valuation that used the June 30, 2019 assumptions presented in the table below. The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2020
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	June 30, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP 2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

**Discount Rate**

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (1.21%)	\$ 1,193,764
Current discount rate (2.21%)	1,079,569
1% increase (3.21%)	982,397

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Cost Trend Rates**

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare cost trend rate, as well as what the net OPEB liability would be if it were calculated using Medicare cost trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 978,882
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,079,569
1% increase (5.50% Part A and 6.40% Part B)	1,195,478

**Note 11 - Fund Balances**

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>				
Revolving cash	\$ 82,548	\$ -	\$ 800	\$ 83,348
Stores inventories	236,299	-	489,847	726,146
Prepaid expenditures	4,044	-	17,323	21,367
Total nonspendable	322,891	-	507,970	830,861
<b>Restricted</b>				
Legally restricted programs	7,994,196	-	11,098,208	19,092,404
Capital projects	-	131,261,351	10,943,056	142,204,407
Debt services	-	-	23,340,190	23,340,190
Total restricted	7,994,196	131,261,351	45,381,454	184,637,001
<b>Committed</b>				
Deferred maintenance program	-	-	6,208	6,208
<b>Assigned</b>				
Capital projects	-	-	360,086	360,086
<b>Unassigned</b>	33,024,211	-	-	33,024,211
Total	\$ 41,341,298	\$ 131,261,351	\$ 46,255,718	\$ 218,858,367

**Note 12 - Lease Revenues**

Lease agreements have been entered into with various lessors for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The lease payments received under these agreements totaled \$871,596 for the year ended June 30, 2021.

Year Ending June 30,	Lease Payment
2022	\$ 761,570
2023	761,570
2024	761,570
2025	761,570
2026	234,000
Thereafter	3,274,000
Total	\$ 6,554,280

**Note 13 - Risk Management**

**Description**

The District's risk management activities are recorded in the General and Self-Insurance Funds. Employee life, health, vision, dental, disability, and workers' compensation programs are administered by the District. The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial insurance for property damage with coverage up to a maximum of \$300 million, subject to various policy sublimits generally ranging from \$1 million to \$50 million and deductibles ranging from \$25,000 to \$300,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to \$1 million per occurrence and \$2 million aggregate, with excess liability coverage over \$25 million, all subject to various deductibles up to \$20,000 per occurrence and per employee policy limit, subject to a deductible of \$100,000 per occurrence per claim, up to a maximum of \$1.5 million for 2009. Employee health benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees electing to participate in the plan by paying a monthly premium based on the number of District employees participating in the plan.

**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, 2020, the District contracted with Ventura County Schools Self-Funding Authority (VCSSFA) 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.

### **Medical**

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

All funds with payroll costs participate in the program and make payments to the Medical Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve. Changes in the fund's claims liability, including incurred but not reported amounts in fiscal years 2021 and 2020 are reported in this note.

### **Workers' Compensation**

The District is exposed to various risks of loss related to injuries to employees. During fiscal year June 30, 2021, the District operated a Workers' Compensation Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. The District purchases excess insurance coverage self-insured workers' compensation program with a \$500,000 Self-Insured Retention (SIR) and a statutory limit per occurrence for employer's liability. Settled claims have not exceeded coverage provided by the Southern California Schools Risk Management JPAs in any of the past three fiscal years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. The claims liability of \$6,428,768 reported in the fund at June 30, 2021, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

### **Claims Liabilities**

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

### **Unpaid Claims Liabilities**

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

The following represents the changes in approximate liability for the District from July 1, 2019 to June 30, 2021:

	Workers' Compensation
Liability Balance, July 1, 2019	\$ 8,250,339
Claims and changes in estimates	435,438
Claims payments	(1,419,000)
Liability Balance, June 30, 2020	7,266,777
Claims and changes in estimates	494,005
Claims payments	(1,332,014)
Liability Balance, June 30, 2021	\$ 6,428,768
Assets available to pay claims at June 30, 2021	\$ 15,532,021

#### **Note 14 - Employee Retirement Systems**

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

For the fiscal year ended June 30, 2021, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 141,679,471	\$ 36,399,325	\$ 6,952,130	\$ 19,412,390
CalPERS	58,924,208	10,027,007	3,985,885	10,194,992
Total	\$ 200,603,679	\$ 46,426,332	\$ 10,938,015	\$ 29,607,382

The details of each plan are as follows:

#### **California State Teachers' Retirement System (CalSTRS)**

##### **Plan Description**

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

**Contributions**

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$13,332,917.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 141,679,471
State's proportionate share of the net pension liability	<u>73,035,784</u>
Total	<u><u>\$ 214,715,255</u></u>

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, was 0.1462% and 0.1422%, respectively, resulting in a net increase in the proportionate share of 0.0040%.

For the year ended June 30, 2021, the District recognized pension expense of \$19,412,390. In addition, the District recognized pension expense and revenue of \$10,231,597 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 13,332,917	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,635,166	2,956,526
Differences between projected and actual earnings on pension plan investments	3,365,489	-
Differences between expected and actual experience in the measurement of the total pension liability	249,999	3,995,604
Changes of assumptions	<u>13,815,754</u>	<u>-</u>
Total	<u><u>\$ 36,399,325</u></u>	<u><u>\$ 6,952,130</u></u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:



Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (2,053,601)
2023	1,146,683
2024	2,287,762
2025	1,984,645
Total	\$ 3,365,489

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District’s proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 4,008,459
2023	3,275,117
2024	4,210,137
2025	362,730
2026	471,673
Thereafter	420,673
Total	\$ 12,748,789

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 214,057,945
Current discount rate (7.10%)	141,679,471
1% increase (8.10%)	81,920,848

### California Public Employees Retirement System (CalPERS)

#### Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

#### Benefits Provided

CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.700%	20.700%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$5,661,855.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$58,924,208. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, was 0.1920% and 0.2001%, respectively, resulting in a net decrease in the proportionate share of 0.0081%.

For the year ended June 30, 2021, the District recognized pension expense of \$10,194,992. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,661,855	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	3,985,885
Differences between projected and actual earnings on pension plan investments	1,226,615	-
Differences between expected and actual experience in the measurement of the total pension liability	2,922,460	-
Changes of assumptions	216,077	-
	\$ 10,027,007	\$ 3,985,885
Total		

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (459,024)
2023	409,435
2024	711,663
2025	564,541
Total	\$ 1,226,615

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ 383,758
2023	(462,360)
2024	(696,494)
2025	(72,252)
Total	-\$ 847,348

**Actuarial Methods and Assumptions**

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 84,714,294
Current discount rate (7.15%)	58,924,208
1% increase (8.15%)	37,519,731

**Social Security**

As established by Federal law, all public sector employees who are not members of their employers' existing system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. Part-time employees hired prior to November 1, 1997; buy an alternative retirement plan with Zahoric Company, Inc. New employees hired subsequent to that date are enrolled in social security.

### **On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$8,459,122 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

### **Note 15 - 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, 2021.

#### **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, 2021.

**Construction Commitments**

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Modernization, Health & Safety, Technology, Building and Land Improvement projects at various sites:		
Elementary Schools:		
Arroyo Elementary School	\$ 10,876	October 31, 2021
Atherwood Elementary School	11,888	October 31, 2021
Berylwood Elementary School	6,113	October 31, 2021
Crestview Elementary School	205	October 31, 2021
Garden Grove Elementary School	745,883	October 31, 2021
Hollow Hills Elementary School	44,035	June 30, 2024
Knolls Elementary School	2,543	October 31, 2021
Mountain View Elementary School	132,816	December 31, 2021
Park View Elementary School	31,642	October 31, 2021
Santa Susana Elementary School	304,316	March 31, 2022
Vista Elementary School	47,000	February 28, 2022
White Oak Elementary School	18,185	June 30, 2024
Middle Schools:		
Hillside Middle School	289,186	October 31, 2021
Sinaloa Middle School	333,886	October 31, 2021
Valley View Middle School	140,968	October 31, 2021
High Schools:		
Royal High School	7,830,947	March 31, 2022
Santa Susana High School	221,654	December 31, 2023
Simi Valley High School	8,424,161	June 30, 2024
Apollo Continuation School	450	October 31, 2021
Others:		
Adult Education	1,152	October 31, 2021
Monte Vista Independent Study	18,121	October 31, 2021
Transportation	26,413	December 31, 2021
Arroyo West Studios	2,560	October 31, 2021
Information Services	316,781	April 30, 2022
Undesignated	18,013	June 30, 2025
	<u>\$ 18,642,439</u>	

**Note 16 - Participation in Public Entity Risk Pools and Joint Powers Authorities**

The District is a member of the Ventura County Schools Self-Funding Authority (VCSSFA) public entity risk pool. The District pays an annual premium to the VCSSFA for property liability coverage. The District also belongs to the Ventura County Fast Action School Transit Authority (VCFAST) joint powers authorities (JPAs). The relationship between the District, the pool, and the JPAs is such that they are not component units of the District for financial reporting purposes.



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

During the year ended June 30, 2021, the District made payments of \$2,138,538 and \$1,349,208 to VCSSFA and VCFast, respectively, for services received.

**Note 17 - Restatement of Prior Year Net Position and Fund Balance**

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning fund balance previously reported at June 30, 2020	\$ 42,484,247	\$ 161,686,035
Reclassification of student activity funds from agency funds to a special revenue fund	1,536,811	1,536,811
Fund balance restated at July 1, 2020	\$ 44,021,058	\$ 163,222,846

The restatement of net position is identified as follows:

**Governmental Activities**

Beginning net position government-wide as previously reported at June 30, 2020	\$ 31,959,821
Reclassification of student activity funds from agency funds to a special revenue fund	1,536,811
Net position restated at July 1, 2020	\$ 33,496,632

**Note 18 - Subsequent Events**

On November 20, 2021, the District entered into an agreement with Fine Hospitality group for the purchase of land and securing a note for \$1,000,000 at the rate of 6% per annum. The payments will begin starting December 20, 2021 and ending May 20, 2022 at which time the entire remaining principal balance together with interest due shall become due and payable.



Required Supplementary Information  
June 30, 2021

**Simi Valley Unified School District**

Simi Valley Unified School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>Revenues</b>				
Local Control Funding Formula	\$ 136,420,872	\$ 148,190,179	\$ 148,444,627	\$ 254,448
Federal sources	6,053,438	16,082,490	13,562,132	(2,520,358)
Other State sources	12,497,134	28,561,769	23,960,806	(4,600,963)
Other local sources	13,770,358	14,004,812	16,155,132	2,150,320
Total revenues <sup>1</sup>	<u>168,741,802</u>	<u>206,839,250</u>	<u>202,122,697</u>	<u>(4,716,553)</u>
<b>Expenditures</b>				
<b>Current</b>				
Certificated salaries	76,340,118	82,893,054	83,221,239	(328,185)
Classified salaries	29,504,935	29,711,018	28,823,466	887,552
Employee benefits	53,024,651	55,859,820	55,030,980	828,840
Books and supplies	5,237,419	7,722,102	5,225,156	2,496,946
Services and operating expenditures	16,508,260	20,032,450	18,530,713	1,501,737
Other outgo	479,358	(127,171)	(166,040)	38,869
Capital outlay	816,527	3,300,124	3,242,248	57,876
Debt service				
Debt service - interest and other	-	-	7,302	(7,302)
Total expenditures <sup>1</sup>	<u>181,911,268</u>	<u>199,391,397</u>	<u>193,966,221</u>	<u>5,425,176</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(13,169,466)</u>	<u>7,447,853</u>	<u>8,156,476</u>	<u>708,623</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	446,583	511,338	-	(511,338)
Other sources	-	-	246,833	246,833
Transfers out	(1,010,000)	(1,000,000)	(1,117,233)	(117,233)
Net financing sources (uses)	<u>(563,417)</u>	<u>(488,662)</u>	<u>(870,400)</u>	<u>(381,738)</u>
Net Change in Fund Balances	(13,732,883)	6,959,191	7,286,076	326,885
Fund Balance - Beginning	34,055,222	34,055,222	34,055,222	-
Fund Balance - Ending	<u>\$ 20,322,339</u>	<u>\$ 41,014,413</u>	<u>\$ 41,341,298</u>	<u>\$ 326,885</u>

Simi Valley Unified School District  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 1,911,967	\$ 1,385,140	\$ 1,241,650	\$ 1,227,595
Interest	657,912	718,298	710,269	652,752
Changes of benefit terms	-	-	948,771	-
Difference between expected and actual experience	61,065	(128,117)	-	-
Changes of assumptions	828,234	393,455	510,452	(145,277)
Benefit payments	<u>(718,858)</u>	<u>(1,206,907)</u>	<u>(892,262)</u>	<u>(708,279)</u>
Net change in total OPEB liability	2,740,320	1,161,869	2,518,880	1,026,791
Total OPEB Liability - Beginning	<u>23,178,630</u>	<u>22,016,761</u>	<u>19,497,881</u>	<u>18,471,090</u>
Total OPEB Liability - Ending	<u>\$ 25,918,950</u>	<u>\$ 23,178,630</u>	<u>\$ 22,016,761</u>	<u>\$ 19,497,881</u>
Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

<sup>1</sup> The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

*Note:* In the future, as data becomes available, ten years of information will be presented.

Simi Valley Unified School District  
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.2547%	0.2515%	0.2470%	0.2505%
Proportionate share of the net OPEB liability	\$ 1,079,569	\$ 936,643	\$ 945,299	\$ 1,053,974
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

<sup>1</sup> As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

*Note* : In the future, as data becomes available, ten years of information will be presented.

Simi Valley Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
<b>CalSTRS</b>							
Proportion of the net pension liability	0.1462%	0.1422%	0.1376%	0.1384%	0.1421%	0.1486%	0.1389%
Proportionate share of the net pension liability	\$ 141,679,471	\$ 128,410,827	\$ 126,456,689	\$ 127,972,293	\$ 114,969,377	\$ 100,055,525	\$ 81,168,535
State's proportionate share of the net pension liability	73,035,784	70,056,679	72,402,369	75,707,328	65,450,016	52,918,343	49,013,066
Total	<u>\$ 214,715,255</u>	<u>\$ 198,467,506</u>	<u>\$ 198,859,058</u>	<u>\$ 203,679,621</u>	<u>\$ 180,419,393</u>	<u>\$ 152,973,868</u>	<u>\$ 130,181,601</u>
Covered payroll	<u>\$ 80,442,135</u>	<u>\$ 72,030,233</u>	<u>\$ 80,062,086</u>	<u>\$ 71,907,878</u>	<u>\$ 70,728,602</u>	<u>\$ 66,992,950</u>	<u>\$ 72,108,776</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>176.13%</u>	<u>178.27%</u>	<u>157.95%</u>	<u>177.97%</u>	<u>162.55%</u>	<u>149.35%</u>	<u>112.56%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>							
Proportion of the net pension liability	0.1920%	0.2001%	0.2060%	0.2114%	0.2166%	0.2152%	0.2327%
Proportionate share of the net pension liability	\$ 58,924,208	\$ 58,328,014	\$ 54,918,180	\$ 50,475,965	\$ 42,769,086	\$ 31,724,966	\$ 28,938,222
Covered payroll	<u>\$ 27,673,252</u>	<u>\$ 25,871,614</u>	<u>\$ 29,337,100</u>	<u>\$ 26,987,198</u>	<u>\$ 25,960,218</u>	<u>\$ 23,772,832</u>	<u>\$ 24,456,389</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>212.93%</u>	<u>225.45%</u>	<u>187.20%</u>	<u>187.04%</u>	<u>164.75%</u>	<u>133.45%</u>	<u>118.33%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

Simi Valley Unified School District  
Schedule of the District Contributions  
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
<b>CalSTRS</b>							
Contractually required contribution	\$ 13,332,917	\$ 13,755,605	\$ 11,726,522	\$ 11,552,959	\$ 9,046,011	\$ 7,589,179	\$ 5,948,974
Less contributions in relation to the contractually required contribution	13,332,917	13,755,605	11,726,522	11,552,959	9,046,011	7,589,179	5,948,974
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 82,556,762	\$ 80,442,135	\$ 72,030,233	\$ 80,062,086	\$ 71,907,878	\$ 70,728,602	\$ 66,992,950
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
<b>CalPERS</b>							
Contractually required contribution	\$ 5,661,855	\$ 5,457,442	\$ 4,672,931	\$ 4,556,345	\$ 3,747,982	\$ 3,075,507	\$ 2,798,300
Less contributions in relation to the contractually required contribution	5,661,855	5,457,442	4,672,931	4,556,345	3,747,982	3,075,507	2,798,300
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,351,957	\$ 27,673,252	\$ 25,871,614	\$ 29,337,100	\$ 26,987,198	\$ 25,960,218	\$ 23,772,832
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

Note : In the future, as data becomes available, ten years of information will be presented.

## **Note 1 - Purpose of Schedules**

### **Budgetary Comparison Schedule**

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California Education Code. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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.

### **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working life. The discount rate assumption changed from 2.66% to 2.19% since the previous valuation.

### **Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program**

This schedule presents information on the District's proportionate share of the net OPEB Liability - MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50% to 2.21% since the previous valuation.



### **Schedule of the District's Proportionate Share of the Net Pension Liability**

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

### **Schedule of District Contributions**

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information  
June 30, 2021

**Simi Valley Unified School District**

Simi Valley Unified School District  
Schedule of Expenditures of Federal Awards  
June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education (CDE)			
Child Nutrition Cluster			
National School Breakfast	10.553	13525	\$ 173,894
School Breakfast Needy	10.553	13526	1,170,283
National School Lunch	10.555	13523	2,192,304
Food Distribution	10.555	13524	388,570
Total Child Nutrition Cluster			<u>3,925,051</u>
Total U.S. Department of Agriculture			<u>3,925,051</u>
U.S. Department of Treasury			
Passed Through CDE			
COVID-19 Coronavirus Relief Fund (CRF)	21.019	25516	<u>7,180,909</u>
U.S. Department of Education			
Passed Through CDE			
Adult Basic Education & ELA	84.002A	14508	144,074
Adult Secondary Education	84.002	13978	79,790
Adult Education - Basic Grants to States	84.002	14109	58,436
Subtotal			<u>282,300</u>
Title I, Part A, Basic Grants Low-Income and Neglected School Improvement Funding for LEAs	84.010	14329	1,605,290
	84.010	15438	95,795
Subtotal			<u>1,701,085</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	321,766
Title III, Immigrant Student Program	84.365	15146	34,995
Title III, English Learner Student Program	84.365	14346	248,682
Subtotal			<u>283,677</u>
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	153,073
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	143,036
COVID-19 Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D	15536	559,630
COVID-19 CARES Act Supplemental Meal Reimbursement	84.425D	15535	6,656
Subtotal			<u>709,322</u>
Passed Through Ventura County Special Education Local Plan Area			
Special Education Cluster			
Basic Local Assistance	84.027	13379	3,086,441
Special Education Grants to States - Private Schools ISPs	84.027	10115	47,981
Preschool Grants	84.173	13430	84,535
Total Special Education Cluster			<u>3,218,957</u>
Total U.S. Department of Education			<u>6,670,180</u>
Total Expenditures of Federal Awards			<u>\$ 17,776,140</u>

**ORGANIZATION**

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

**GOVERNING BOARD**

MEMBER	OFFICE	TERM EXPIRES
Scott Blough	President	2022
Sofya Bagdasaryan	Clerk	2024
Kareem Jubran	Member	2022
Bob LaBelle	Member	2024
Dawn Smollen	Member	2022

**ADMINISTRATION**

NAME	TITLE
Dr. Jason Peplinski, Ed.D.	Superintendent
Ron Todo	Associate Superintendent, Business and Facilities
Daniel Houghton	Assistant Superintendent, Personnel Services
Dr. Hani Youssef	Assistant Superintendent, Educational Services

Simi Valley Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	-	-	180	Complied
Grades 1 - 3					
Grade 1	180	-	-	180	Complied
Grade 2	180	-	-	180	Complied
Grade 3	180	-	-	180	Complied
Grades 4 - 8					
Grade 4	180	-	-	180	Complied
Grade 5	180	-	-	180	Complied
Grade 6	180	-	-	180	Complied
Grade 7	180	-	-	180	Complied
Grade 8	180	-	-	180	Complied
Grades 9 - 12					
Grade 9	180	-	-	180	Complied
Grade 10	180	-	-	180	Complied
Grade 11	180	-	-	180	Complied
Grade 12	180	-	-	180	Complied

Simi Valley Unified School District  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
Year Ended June 30, 2021

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There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

Simi Valley Unified School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2021

	(Budget) 2022 <sup>1</sup>	2021	2020	2019
General Fund				
Revenues	\$ 196,424,262	\$ 202,122,697	\$ 187,077,157	\$ 191,562,573
Other sources	585,000	246,833	1,101,475	202,837
<b>Total Revenues and Other Sources</b>	<b>197,009,262</b>	<b>202,369,530</b>	<b>188,178,632</b>	<b>191,765,410</b>
Expenditures	208,837,630	193,966,221	191,459,318	187,212,019
Other uses and transfers out	1,000,000	1,117,233	1,729,474	1,001,152
<b>Total Expenditures and Other Uses</b>	<b>209,837,630</b>	<b>195,083,454</b>	<b>193,188,792</b>	<b>188,213,171</b>
Increase/(Decrease) in Fund Balance	(12,828,368)	7,286,076	(5,010,160)	3,552,239
Ending Fund Balance	\$ 28,512,930	\$ 41,341,298	\$ 34,055,222	\$ 39,065,382
Available Reserves <sup>2</sup>	\$ 8,852,290	\$ 33,024,211	\$ 29,392,117	\$ 35,892,875
Available Reserves as a Percentage of Total Outgo	4.22%	16.93%	15.21%	19.07%
Long-Term Liabilities	N/A	\$ 565,939,168	\$ 495,982,122	\$ 500,142,325
K-12 Average Daily Attendance at P-2	15,719	15,719	15,719	15,772

The General Fund balance has increased by \$2,275,916 over the past two years. The fiscal year 2020-2021 budget projects a decrease of \$12,828,368 (31.03%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$65,601,167 over the past two years.

Average daily attendance has decreased by 53 over the past two years. No change in ADA is anticipated during fiscal year 2020-2021.

<sup>1</sup> Budget 2022 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

Simi Valley Unified School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
<b>Assets</b>					
Deposits and investments	\$ 1,239,501	\$ 6,846,095	\$ 2,289,793	\$ 6,204	\$ 5,850,989
Receivables	2,866	270,869	99,897	4	103,032
Due from other funds	-	11,869	5,320	-	1,925
Prepaid expenditures	-	17,323	-	-	-
Stores inventories	347,692	-	142,155	-	-
<b>Total assets</b>	<b>\$ 1,590,059</b>	<b>\$ 7,146,156</b>	<b>\$ 2,537,165</b>	<b>\$ 6,208</b>	<b>\$ 5,955,946</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 126,945	\$ 370,079	\$ 472,369	\$ -	\$ 608,808
Due to other funds	-	2,048	193,854	-	48,312
<b>Total liabilities</b>	<b>126,945</b>	<b>372,127</b>	<b>666,223</b>	<b>-</b>	<b>657,120</b>
<b>Fund Balances</b>					
Nonspendable	347,692	18,123	142,155	-	-
Restricted	1,115,422	6,755,906	1,728,787	-	5,298,826
Committed	-	-	-	6,208	-
Assigned	-	-	-	-	-
<b>Total fund balances</b>	<b>1,463,114</b>	<b>6,774,029</b>	<b>1,870,942</b>	<b>6,208</b>	<b>5,298,826</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,590,059</b>	<b>\$ 7,146,156</b>	<b>\$ 2,537,165</b>	<b>\$ 6,208</b>	<b>\$ 5,955,946</b>



Simi Valley Unified School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
<b>Assets</b>					
Deposits and investments	\$ 5,739,663	\$ 242,657	\$ 1,498,093	\$ 23,323,327	\$ 47,036,322
Receivables	4,825	196	-	16,863	498,552
Due from other funds	-	117,233	-	-	136,347
Prepaid expenditures	-	-	-	-	17,323
Stores inventories	-	-	-	-	489,847
<b>Total assets</b>	<b>\$ 5,744,488</b>	<b>\$ 360,086</b>	<b>\$ 1,498,093</b>	<b>\$ 23,340,190</b>	<b>\$ 48,178,391</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 100,258	\$ -	\$ -	\$ -	\$ 1,678,459
Due to other funds	-	-	-	-	244,214
<b>Total liabilities</b>	<b>100,258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,922,673</b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	507,970
Restricted	5,644,230	-	1,498,093	23,340,190	45,381,454
Committed	-	-	-	-	6,208
Assigned	-	360,086	-	-	360,086
<b>Total fund balances</b>	<b>5,644,230</b>	<b>360,086</b>	<b>1,498,093</b>	<b>23,340,190</b>	<b>46,255,718</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,744,488</b>	<b>\$ 360,086</b>	<b>\$ 1,498,093</b>	<b>\$ 23,340,190</b>	<b>\$ 48,178,391</b>

Simi Valley Unified School District  
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental  
Funds  
Year Ended June 30, 2021

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
<b>Revenues</b>					
Federal sources	\$ -	\$ 282,300	\$ 3,931,708	\$ -	\$ -
Other State sources	-	5,373,405	520,448	-	-
Other local sources	262,736	2,066,184	4,868	30	1,653,317
<b>Total revenues</b>	<b>262,736</b>	<b>7,721,889</b>	<b>4,457,024</b>	<b>30</b>	<b>1,653,317</b>
<b>Expenditures</b>					
<b>Current</b>					
Instruction	-	3,036,824	-	-	-
Instruction-related activities					
Supervision of instruction	-	5,379	-	-	-
School site administration	-	2,079,003	-	-	-
Pupil services					
Food services	-	-	4,027,700	-	-
All other pupil services	-	464,775	-	-	-
Administration					
All other administration	-	278,147	111,155	-	48,312
Plant services	-	439,185	31,253	-	-
Ancillary services	336,433	-	-	-	-
Community services	-	82,681	-	-	-
Facility acquisition and construction	-	-	-	2	4,885,434
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
<b>Total expenditures</b>	<b>336,433</b>	<b>6,385,994</b>	<b>4,170,108</b>	<b>2</b>	<b>4,933,746</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(73,697)</b>	<b>1,335,895</b>	<b>286,916</b>	<b>28</b>	<b>(3,280,429)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	-	-
Other sources - proceeds and premium on general obligation bond issuances	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(73,697)</b>	<b>1,335,895</b>	<b>286,916</b>	<b>28</b>	<b>(3,280,429)</b>
Fund Balance - Beginning	1,536,811	5,438,134	1,584,026	6,180	8,579,255
<b>Fund Balance - Ending</b>	<b>\$ 1,463,114</b>	<b>\$ 6,774,029</b>	<b>\$ 1,870,942</b>	<b>\$ 6,208</b>	<b>\$ 5,298,826</b>

Simi Valley Unified School District  
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental  
Funds  
Year Ended June 30, 2021

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
<b>Revenues</b>					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 4,214,008
Other State sources	-	-	-	142,580	6,036,433
Other local sources	33,812	1,859	102	19,536,896	23,559,804
<b>Total revenues</b>	<b>33,812</b>	<b>1,859</b>	<b>102</b>	<b>19,679,476</b>	<b>33,810,245</b>
<b>Expenditures</b>					
<b>Current</b>					
Instruction	-	-	-	-	3,036,824
Instruction-related activities					
Supervision of instruction	-	-	-	-	5,379
School site administration	-	-	-	-	2,079,003
Pupil services					
Food services	-	-	-	-	4,027,700
All other pupil services	-	-	-	-	464,775
Administration					
All other administration	-	-	-	-	437,614
Plant services	-	-	-	-	470,438
Ancillary services	-	-	-	-	336,433
Community services	-	-	-	-	82,681
Facility acquisition and construction	814,565	401,620	-	-	6,101,621
Debt service					
Principal	-	-	1,340,000	13,770,000	15,110,000
Interest and other	-	-	199,500	8,887,567	9,087,067
<b>Total expenditures</b>	<b>814,565</b>	<b>401,620</b>	<b>1,539,500</b>	<b>22,657,567</b>	<b>41,239,535</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(780,753)</b>	<b>(399,761)</b>	<b>(1,539,398)</b>	<b>(2,978,091)</b>	<b>(7,429,290)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	2,015,586	1,534,247	-	3,549,833
Other sources - proceeds and premium on general obligation bond issuances	-	-	-	7,648,364	7,648,364
Transfers out	-	(1,534,247)	-	-	(1,534,247)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>481,339</b>	<b>1,534,247</b>	<b>7,648,364</b>	<b>9,663,950</b>
<b>Net Change in Fund Balances</b>	<b>(780,753)</b>	<b>81,578</b>	<b>(5,151)</b>	<b>4,670,273</b>	<b>2,234,660</b>
<b>Fund Balance - Beginning</b>	<b>6,424,983</b>	<b>278,508</b>	<b>1,503,244</b>	<b>18,669,917</b>	<b>44,021,058</b>
<b>Fund Balance - Ending</b>	<b>\$ 5,644,230</b>	<b>\$ 360,086</b>	<b>\$ 1,498,093</b>	<b>\$ 23,340,190</b>	<b>\$ 46,255,718</b>

## **Note 1 - Purpose of Schedules**

### **Schedule of Expenditures of Federal Awards**

#### Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in fund balance of the District.

#### Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

#### Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

#### Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District had no food commodities in inventory.

### **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 Instructional Time**

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of Education Code Sections 43504.

### **Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

### **Schedule of Financial Trends and Analysis**

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

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

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



Independent Auditor's Reports  
June 30, 2021

**Simi Valley Unified School District**



**Independent Auditor’s 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***

To the Board of Directors  
Simi Valley Unified School District  
Simi Valley, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Simi Valley Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Simi Valley Unified School District’s basic financial statements and have issued our report thereon dated March 11, 2022.

**Emphasis of Matter – Change in Accounting Principle**

As discussed in Notes 1 and 17 to the financial statements, Simi Valley Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Simi Valley Unified School District’s internal control over financial reporting (internal control) as a basis for determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Simi Valley Unified School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Simi Valley Unified School District’s internal control.

*A deficiency in internal control* 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Simi Valley Unified School District’s financial statements are free from 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
March 11, 2022





## **Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Simi Valley Unified School District  
Simi Valley, California

### **Report on Compliance for Each Major Federal Program**

We have audited Simi Valley Unified School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Simi Valley Unified School District’s major federal program for the year ended June 30, 2021. Simi Valley Unified School District’s major federal program are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

### **Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of Simi Valley Unified School District’s major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Simi Valley Unified School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Simi Valley Unified School District’s compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Simi Valley Unified School District’s complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2021.

## Report on Internal Control over Compliance

Management of Simi Valley Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Simi Valley Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Simi Valley Unified School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Rancho Cucamonga, California  
March 11, 2022



## Independent Auditor's Report on State Compliance

To the Board of Directors  
Simi Valley Unified School District  
Simi Valley, California

We have audited Simi Valley Unified School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

### ***Management's Responsibility***

Management is responsible for compliance with the state laws and regulations as identified in the table below.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. 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 audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the 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 on state compliance. However, our audit does not provide a legal determination of the District's compliance.

**Compliance Requirements Tested**

In connection with the audit referred to above, we selected and tested transactions and records to determine the District’s compliance with laws and regulations applicable to the following items:

	<u>Procedures Performed</u>
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
<b>CHARTER SCHOOLS</b>	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

***Unmodified Opinion***

In our opinion, Simi Valley Unified School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
March 11, 2022



Schedule of Findings and Questioned Costs  
June 30, 2021

# Simi Valley Unified School District

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program: Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
Child Nutrition Cluster	10.553, 10.555
COVID-19 Coronavirus Relief Fund (CRF)	21.019
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**STATE COMPLIANCE**

Type of auditor's report issued on compliance for programs:	Unmodified
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None reported.



None reported.

None reported.

**Financial Statement Findings**

None reported

**Federal Awards Findings**

None reported

***State Compliance Findings***

None reported