Annual Financial Report
June 30, 2019

Simi Valley Unified School District

SimiValleySchools
SIMI VALLEY UNIFIED SCHOOL DISTRICT

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SIMI VALLEY UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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 the Simi Valley Unified School District (the District) as of and for the year ended June 30, 2019, 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; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

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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 the Simi Valley Unified School District, as of June 30, 2019, 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.

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 5 through 21, budgetary comparison schedule on page 83, schedule of changes in the District's total OPEB liability and related ratios on page 84, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 85, schedule of the District's proportionate share of net pension liability on page 86, and the schedule of District contributions on page 87, 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 the Simi Valley Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by 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 the other supplementary information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as referenced in the previous paragraph, is the responsibility of management and was derived from and relates 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 accompanying supplementary information is 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 our report dated December 9, 2019, on our consideration of the 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, and 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.

Eade Bailly LLP

Rancho Cucamonga, California
December 9, 2019

SIMI VALLEY UNIFIED SCHOOL DISTRICT

BUSINESS & FACILITIES
Ron Todo
Associate Superintendent

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, 2019, with comparative information for the year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the District (including land and buildings) as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

> The *Governmental 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.
>
> The *Fiduciary Funds* only report a balance sheet and do not have measurement focus.

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net 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 liabilities, 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.

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, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

In the *Statement of Net 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 TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in a separate *Statement of Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $43,554,578 for the fiscal year ended June 30, 2019. Of this amount, $(121,008,759) 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	
	2019	2018
Assets		
Current and other assets	$ 216,599,254	$ 161,088,614
Capital assets, net	308,388,157	299,368,253
Total Assets	524,987,411	460,456,867
Deferred Outflows of Resources	52,375,330	58,684,076
Liabilities		
Current liabilities	20,440,513	20,707,564
Long-term obligations	318,767,456	263,913,433
Aggregate net pension liability	181,374,869	178,448,258
Total Liabilities	520,582,838	463,069,255
Deferred Inflows of Resources	13,225,325	13,379,354
Net Position		
Net investment in capital assets	126,475,732	152,610,530
Restricted	38,087,605	31,890,013
Unrestricted (Deficit)	(121,008,759)	(141,808,209)
Total Net Position	$ 43,554,578	$ 42,692,334

The $(121,008,759) 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 23. 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	
	2019	2018
Revenues		
Program revenues:		
Charges for services	$ 4,548,530	$ 4,150,403
Operating grants and contributions	40,239,305	31,863,230
Capital grants and contributions	109,944	9,606,475
General revenues:		
State and Federal revenue limit sources - unrestricted	95,179,527	89,784,020
Property taxes	74,959,581	72,137,241
Other general revenues	10,042,109	10,635,478
Sale of surplus property	7,285,561	10,398,604
Total Revenues	232,364,557	228,575,451
Expenses		
Instruction related	161,187,039	145,656,680
Pupil services	23,018,678	20,658,938
Administration	11,867,249	10,512,161
Plant services	22,623,101	18,454,734
Other	12,806,246	12,479,827
Total Expenses	231,502,313	207,762,340
Change in Net Position	$ 862,244	$ 20,813,111

Governmental Activities

As reported in the *Statement of Activities* on page 23, the cost of all of our governmental activities this year was $231,502,313. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $74,959,581 because the cost was paid by those who benefited from the programs ($4,548,530) or by other governments and organizations who subsidized certain programs with grants and contributions ($40,349,249). We paid for the remaining "public benefit" portion of our governmental activities with $95,179,527 in taxes, $17,327,670 in State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's eight largest functions: instruction, school administration, pupil transportation, food services, other student support services, administration, plant services, and 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

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 142,944,417	$ 112,237,836	$ 129,219,007	$ 96,647,335
School administration	18,242,622	15,928,886	16,437,673	14,203,622
Pupil transportation	3,653,831	3,553,043	3,419,093	3,321,594
Food services	5,748,007	888,554	5,228,083	399,408
Other student support services	13,616,840	10,887,297	12,011,762	9,367,727
Administration	11,867,249	11,137,501	10,512,161	9,801,825
Plant services	22,623,101	22,148,703	18,454,734	18,023,227
All other services	12,806,246	9,822,714	12,479,827	10,377,494
Total	$ 231,502,313	$ 186,604,534	$ 207,762,340	$ 162,142,232

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $185,898,908, which is a increase of $54,888,036 from last year.

Table 4

	Balances and Activity			
	July 1, 2017	Revenues	Expenditures	June 30, 2019
General Fund	$ 35,513,143	$ 191,765,410	$ 188,213,171	$ 39,065,382
Building Fund	52,579,133	64,591,795	22,134,199	95,036,729
Bond Interest and Redemption Fund	19,300,176	22,695,749	19,393,828	22,602,097
Non-Major Governmental Funds	23,618,420	21,452,874	15,876,594	29,194,700
Total	$ 131,010,872	$ 300,505,828	$ 245,617,792	$ 185,898,908

The primary reasons for these changes are the following:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased from $35.5 million to $39.1 million from prior year. This recognized increase is mainly due to: The 2013-2014 fiscal year was the first year of the new Local Control Funding Formula for public education, a shift from the old Revenue Limit Formula. Overall, K-12 funding was cut by nearly 20 percent in 2008-2009, and funding for education has remained at or below that level through 2012-2013. The LCFF establishes the district base and supplemental grants in place of the myriad of previously existing K-12 funding streams, including revenue limits, general purpose block grants, and most of the 50-plus state categorical programs that existed at the time. The LCFF became fully funded in the 2018-2019 fiscal year. Even with the additional constraints due to declining enrollment and significant program decreases and cuts to revenues, the District was able to end the year without deficit spending. In 2018-2019: LCFF Funding increased by $6.7 million even with declining ADA below prior year of 295.91. The net change in fund balance was positive $3.6 million for the fiscal year. To help balance the budget and minimize deficit spending, the Board of Education implemented cost-cutting measures when possible. Position and program changes have been kept to a minimum over prior year, substitute costs were decreased as much as possible, unfilled vacant positions were released, HMO/PPO medical plan changes were implemented, employee co-pays were continued, site and department savings were realized. Significant tightening of the budget was required to meet the State standards and criteria multi-year projection certification. The District received additional one-time revenues in 2018-2019 in the amount of $2.4 Discretionary Block Grant Funding, and carried forward a beginning balance to 2019-2020 in the amount of $10.5 million.

2. The Adult Education Non-Major Governmental Special Revenue Fund generated a net increase to fund balance from the prior year of $805,803. The Adult Education Fund is now funded through a Block Grant in the amount of $4,733,678.

3. The Deferred Maintenance Non-Major Governmental Special Revenue Fund had a net increase to fund balance from the prior year of $1,912 and is funded by carryforward funds that were originally a transfer out from the General Fund.

4. The District is progressing with Bond Building Projects and Modernization, even though State Modernization Funding has been slow in coming due to the State's sluggish economic recovery. For the current year, the District received no modernization funding. General Obligation Bond projects at various school sites expended approximately $0.23 million of Measure C4 funding and $20.3 million of Measure X and $0.8 milling in Modernization funding.

5. Developer fees were used for various modernization projects, with expenditures of $0.8 million. Revenues did exceed expenditures, resulting in an increase in fund balance over the prior year of $0.5 million.

6. The Bond Interest and Redemption Fund ending balance increased over the prior year by $3.3 million due to property tax collections that offset the debt payment.

7. The Self-Insured Workers' Compensation Fund ending balance increased by $2.3 million over the prior year. The Self-Insured Medical Fund ending balance increased over prior year by $0.1 million.

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Blanket approval of final amendments to the budget were approved in May 7, 2019, 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 83.)

- Revenue revisions made to the 2018-20119 budget were mainly due to significant funding changes recognized after the budget adoption, including an increase to the Local Control Funding Formula mainly due to an increase in the State growth to target factor (less declining enrollment), Prop 30 increase to sales taxes and income taxes, and Discretionary Block Grant Funding.

- Federal revenues increased due to prior year unearned revenue and program carry-forwards in Title I, Title II, Title III, Medi-Cal and MAA.

- State revenues had increases in funding due to prior year unearned revenue and program carry-forwards for Lottery, Discretionary Block Grant funding, and other miscellaneous programs. Revenue decreases were posted 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, 2019, the District had a net of $308,388,157 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 $9,019,904, or 3.01 percent, from last year.

Table 5

	Governmental Activities	
	2019	2018
Land	$ 22,309,307	$ 22,332,501
Construction in progress	22,730,458	40,681,954
Buildings and improvements, site improvements, net	239,329,408	217,902,200
Furniture and equipment, net	24,018,984	18,451,598
Total	$ 308,388,157	$ 299,368,253

This year's net additions of $22,976,482 (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 Obligations

At the end of this year, the District had $318,767,456 in long-term obligations. Those obligations consisted of:

Table 6

	Governmental Activities	
	2019	2018
General obligation bonds	$ 258,303,055	$ 208,051,223
Premium on issuance	22,443,552	17,541,883
Discount on issuance	(17,875)	(21,450)
Certificates of participation	5,740,000	6,625,000
Capital leases	410,957	805,378
Compensated absences	675,368	686,112
Claims liabilities	8,250,339	9,673,432
Net other postemployment benefits (OPEB) liability	22,962,060	20,551,855
Total	$ 318,767,456	$ 263,913,433

The District's general obligation bond rating continues to "A+" (with insurance) from "AAA" (with insurance). The State limits the amount of general obligation debt that Districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $258,303,055 is below the statutorily - imposed limit.

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

Net Pension Liability (NPL)

The District had an aggregate net pension liability of $181,374,869 and $178,448,258 at June 30, 2019 and 2018, respectively, as a result of the implementation of GASB Statement No. 68 during the current fiscal year.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2018-2019 ARE NOTED BELOW:

In 2013-2014, the Board of Education approved a Technology Improvement Plan that was presented to them by the District Technology Committee. The plan includes three phases, the first of which was implemented in 2013-2014.

In 2015-2016, Technology Improvement Plan projects included migration from Novel to Microsoft Active Directory services, Google For Education and Google Single Sign on integration with student applications, the completion of the installation of interactive Epson white board technology in all of the district's 900 classrooms, a network infrastructure upgrade that included new switching equipment, WIFI in every classroom, VOIP (Voice over IP telephone system) and battery backup for the network in case of an emergency. This network project was completed in the first quarter of 2017. In addition, teachers who signed up for DEI (Digital Educator Institute) training received a class set of Chromebooks and a charging cart. Approximately, 14,000 Chromebooks were deployed before the start of the school year. This represents a cultural shift from traditional style teaching strategies to individualized Google education initiatives. The funding for this phase of implementation came from C-4 Bond funds, not from the District's General Fund.

In 2016-2017, Technology projects included phase three teacher training and Chrome cart installation in 60 more classrooms. An engineering firm was hired to project manage updating internal local area network fiber optics at each school site, the installation of security cameras, and a digital emergency radio system. Additional projects for the 2017-2018 school year include network security upgrades, business system, student system, and activate directory synchronization, and one third replacement of teacher laptops. In 2018-2019, Technology projects included teacher training and installation of Chrome carts in 40 additional classrooms. IT has installed and is maintaining Chromebook management software for teachers that enables teachers to drive all students to the same website, a group of websites, or lock the Chromebooks in order to center attention on the instructor. In this school year, five Bond X projects are underway:

1. Replacement of elementary teacher laptops
2. School site building fiber optics replacement
3. Site phone conversion to Voice Over Internet Protocol (VOIP) and new phones
4. Security camera and ONSSI based control software at all 30 sites
5. Replacement of all site, bus, vehicle, and emergency radios with a Digital Mobil Radio (DMR) system

The District continues to support and monitor student achievement, as measured by State and federally mandated assessments.

In 2018-2019, students in grades 3-8 and grade 11 participated in the California Assessment of Student Performance and Progress (CAASPP) in English Language Arts (ELA), and mathematics. Students in grades 5, 8, 11 and 12 also participated in the California Science Test (CAST), as part of CAASPP. The California High School Exit Exam (CAHSEE) has been discontinued, and no students took it the last two years. The state reformatted the state accountability matrix, and that data will be available via the State Dashboard on the CDE web-site. Based on the eight state priorities, Local Education Agencies will have measurable outcomes as measured by local and state indicators. Currently, the 2018-2019 data is under embargo.

In 2019-20, all Secondary teacher laptop computers are scheduled to be replaced. A student and staff account onboarding project is scheduled to be completed and utilized at the beginning of 2020. A data center hardware refresh is scheduled for the summer of 2020. An additional project under consideration is replacement of site bell systems, clock systems and PA systems.

Program Improvement

On March 7, 2014, The US Department of Education approved California's waiver for certain statutory requirements of Title I, Part A of the ESEA. Specifically, a one-time waiver was granted that allows flexibility in making AYP determinations for schools and LEAs participating in the Smarter Balanced Field Test. The CDE did not produce a 2014 AYP Report for elementary and middle schools and elementary and unified school districts. Therefore, the PI status for these schools and districts will not change, nor will schools enter or exit PI status.

The District will remain in Year 4+ of Program Improvement, and with this we will be a Year 4 corrective action. Four of the Districts Title I schools have Program Improvement status. Santa Susana will be in Year 4, and Berylwood and Park View will be in Year 7 Program Improvement.

The disclaimer to Program Improvement is that the state is transitioning to a new accountability system that is scheduled to be fully developed and available in the spring of 2018. The new accountability system will be aligned to the federal guidelines as prescribed by the Every Student Succeeds Act (ESSA). The district is still in transition and hopes to have a better understanding of the entire process. CASSPP data for the 2018 spring reporting period is still under embargo, at this time.

Annual Measurable Achievement Objectives

The District did not meet the Annual Measurable Achievement Objectives (AMAOs) as measured by the Title III program accountability report standards as follows:

AMAO 1 - The percent of students making annual progress in learning English: The target for AMAO 1 was 62 percent of the students progressing one or more levels. District students met this objective at 62.3 percent, missing the Federal target by only three percent.

AMAO 2 - The standardized assessment tool has transitioned from CELDT and is now the ELPAC. The target for Cohort 1 (students attending U.S. schools for less than five years) attaining English proficiency was 25.4 percent, District students exceeded this target at 26.9 percent. Cohort 2 (students attending U.S. schools for more than five years) had an English proficiency target goal of 52.8 percent; District students did not exceed the Federal target with 49.3 percent. By missing the target in Cohort 2, the District is considered to not have met target for AMAO 2.

AMAO 3- The District did not produce an AMAO 3.

The disclaimer to Annual Measurable Achievement Objectives is that the state is transitioning to a new accountability system in the spring of 2018. The new accountability system will be aligned to the federal guidelines as prescribed by the Every Student Succeeds Act (ESSA). Our district has been identified for Differentiated Assistance based on the new measures of accountability.

On March 2, 2004, the voters passed Measure C4 authorizing the District to issue general obligation bonds totaling $145,000,000 for the purpose of funding the design, construction, and modernization of District facilities. The District has issued all of these general obligation bonds. Approved project spending is closely monitored by an Independent Citizens' Oversight Committee.

The C4 Bond funded program has been completed and all funds have been expended.

On November 8, 2016, the voters passed Measure X authorizing the District to issue general obligation bonds totaling $239,000,000, these bonds will fund the construction, repair and modernization of District facilities. This money will be used to upgrade outdated classrooms, science labs, restrooms and school facilities; repair and replace leaky roofs; upgrade or renovate inadequate electrical and deteriorating plumbing and sewer systems; improve student access to computers and modern technology; and make health, safety and handicapped accessibility improvements. The district issued the initial phase of funding in the amount of $70,000,000 of these bonds on June 29, 2017 for funding of these upgrade projects. In June of 2019, $60,000,000 of additional bonds were issued in the second phase of projects that will be carried out from 2020 through 2023.

The following projects have been scheduled and in various stages of completion:

1. Renovations - New HVAC units, Exterior and Interior Painting, Roofing and Building Repairs and Improvements plus, classroom renovations at several schools were completed.

   Total expenses and encumbered to date is equal to $9,095,763.
   Total expensed in 2018-2019 is equal to $3,824,212.

2. Modernizations - State approved projects for new construction, Building expansions or Code Compliance Modifications which include the modernization of the Royal High School Girls Locker Room.

   Total expensed and encumbered to date is equal to $5,187,152.
   Total expensed in 2018-2019 is equal to $773,827.

3. Site Improvements - Asphalt maintenance, New Parking Lots, Security Fencing, Landscaping Improvements, Play Structure Improvements and Concrete Paving

   Total expensed and encumbered to date is equal to $11,870,793.
   Total expensed in 2018-2019 is equal to $5,132,601.

4. New Construction - Construction of permanent shade structures, monuments, electronic marquees and covered entry ways. Shade structure projects are completed at Valley View, Sinaloa Middle School, Royal High School and Justin Early Learners Academy. A covered entryway is completed at Simi Valley High School and Hillside Middle School.

   Total expensed and encumbered to date is equal to $9,366,601.
   Total expensed in 2018-19 is equal to $2,514,328.

5. Technology - Chrome Books and carts and accessories, MDF and WIFI Upgrades, New Data Server Center at Santa Susana High School and miscellaneous data server technology at various sites.

   Total expensed and encumbered to date is equal to $10,912,150.
   Total expensed in 2018-2019 is equal to $6,628,035.

The Maintenance and Operations Department completed 6,203 work orders at various school sites with 19 maintenance technicians and 15 grounds workers on staff.

The Maintenance and Operations Department completed 6,203 work orders at various school sites with 19 maintenance technicians and 15 grounds workers on staff.

Under the recommendation of the Surplus Property Committee, six properties have been declared surplus by the Board of Education. All six properties have been offered to public agencies and subsequently offered to the public in accordance with *Education Code* Section 17464. One property, Wood Ranch Conference Center, was sold May, 2015. Belwood Elementary School was sold October, 2017 and 709-775 E. Cochran Street was sold November, 2017. Parcels One and Two at 875 E. Cochran Street were sold April-May, 2019, with Parcel Three currently in escrow and expected to sell very soon.

The Purchasing Department reviewed, modified as necessary, and processed 5,967 requisitions with a combined total of 20,114 individual line items. Warehouse staff received and shipped to District sites the majority of all physical products ordered on these requisitions.

Replenishment orders were placed maintaining a constant inventory of 323 items actively used by District sites, commonly referred to as “Stores Warehouse”. Major Stores categories include custodial, first aid, and paper. Warehouse staff picked from Stores inventory and delivered 2,123 warehouse requisitioned items with a combined total of 6,655 line items.

For 2018-19, the Food Services department continues to be self – supporting even during these economically trying times.

Daily average lunches served 5,965.

Daily average breakfast served 945.

Free and reduced approximately 36 to 37 percent, increased by approximately 4 percent

The Food Services Department participated in the summer in the Park program for the eighth year. Free meals and drinks were served to children 18 years and under; this year we collaborated with the Simi Library, Simi Valley Parks and Recreation and Ventura County Food Share encouraging children to make healthy food choices, read, play in the park, and do arts and crafts. Ventura County Food Share brought food and local resources for families in need.

A total of 8,814 meals were served this summer. This program is subsidized with Federal funds and has become a great resource for our community.

Due to the 2013-2014 implementation of the Local Control Funding Formula, (which rolled all prior year Adult Education Block Grant Funding into the Unrestricted General Fund) the Adult Education program has continued to re-adjust school programs and operating expenses. In 2014-2015, the Unrestricted General fund transferred to the Adult Education fund $3.9 million to match previous Adult Education Block Grant funding levels. The Adult Education program continued to modify their program, in conjunction with the newly established county-wide consortium, beginning with the 2015-2016 fiscal year. Future consortium funding is expected to be in addition to the "old" Adult Education Block Grant funding. For the 2018-2019 fiscal year the Adult Education Block Grant funding was $5,042,310.

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.

In considering the District Budget for the 2019-2020 year, the District Board and management used the following criteria:

The key assumptions in our 2018-2019 Adopted Budget revenue forecast are:

1. The adopted budget included a Local Control Funding Formula (LCFF) amount equal to a 100 percent Economic Recovery Target, with a 3.0 percent COLA or approximately $3,878,923 over prior year funding levels. These assumptions were subsequently increased at 1st Interim Budget Revision equal to a 100 percent Economic Recovery Target, with a 3.70 percent COLA for a net increase over prior year of $6,455,588.

2. The LCFF Supplemental funding percentage is expected to be 33.97 percent.

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. LCFF Categorical Funded projects remain equal to $20,635,926.

Negotiations are ongoing in recognition of potential General Fund structural operating deficits in future multi-year projections.

1. Employee co-pay contributions for those eligible for Health and Welfare benefits continue, as in prior year, at approximately ten percent of total Health and Welfare premium costs. In addition, co-pay for spouses were included at $125 per month.

2. Student enrollment to decrease from prior year by approximately 263 students, due to the state of the economy, unemployment and housing market. (Actual LCFF funding based on prior year average daily attendance per grade level; however, multi-year projections are negatively affected.)

3. Due to new LCFF funding formula, the Adult Education Block Grant funds and Deferred Maintenance apportionments will be apportioned to the Unrestricted General Fund. Necessary, deferred maintenance expenses have been budgeted in the Unrestricted General Fund, under Resource code 8150, to meet maintenance of effort (MOE) compliance.

4. Estimated lottery receipts at $204 per annual ADA $151 unrestricted; $43 restricted. At 1st Interim budget revision, the amounts will be changed to $207 per annual ADA $153 unrestricted; $54 restricted following a revision in the Governor's budget.

5. CalPERS school employer rate of 20.733 percent is included in the adopted budget (per new LCFF funding formula, revenue limit CalPERS reduction rate was eliminated in 2013-2014). At 1st Interim budget revision, the rate will be adjusted to 19.721 percent following a revision to the Governor's budget.

6. Interest earnings are estimated at approximately 2.85 percent and California CPI is estimated at 3.38 percent. At 1st Interim budget revision, the rate will be adjusted to 2.35 percent for the interest rate and 3.33 percent for the California CPI following a revision to the Governor's budget.

7. Interest earnings are estimated at approximately 0.5 percent and California CPI is estimated at 3.15 percent.

8. Developer fee collections are based on significantly lower estimated new housing units to be constructed due to the declining economy, current housing market, and lower building permit trends.

9. Special Education is budgeted with a 3.26 percent COLA or $17.59 per K-12 ADA with negative growth due to the continuing decline in total ADA which results in a decrease to funding of approximately $517.65 per Special Education ADA equal to $85,179. District level funding for Special Education is expected to decline by approximately $466,411 below prior year levels due to relatively net flat funding adjustments (COLA, declining enrollment, deficit, etc.). A County-wide agreement was reached to retain mental health services funding at the SELPA level, for this fiscal year. The District will be required to directly pay for these services in full.

10. Federal funds are expected to remain fairly consistent with the population of qualified students remaining stable.

11. MAA Administrative Services Program (Medicaid-eligible students with disabilities) was implemented in 2007. This Special Education reimbursement billing process generated cash receipts of $82,701 in 2013-2014 and $240,319 in 2014-2015 and $180,381 in 2015-2016 and $461,740 in 2016-2017, $580,134 in 2017-2018, and $467,354 in 2018-2019. Funding has been slow to trickle in due to both Federal and State audits of the entire program which froze apportionments until late in the fiscal year. As funding permits, the program will be expanded to include additional practitioner staff and transportation services. Currently, this revenue source is funded by the Department of Health Care Services.

12. Routine restricted maintenance set-aside requirements were included at three percent of total General Fund expenditures.

13. Deferred Maintenance local match requirements are no longer required in a separate fund.

14. Instructional materials adoption requirements were implemented.

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.

	Staffing Ratio	Enrollment
Grades kindergarten through third*	24:1:1	4,815
Grades four through six	31:1:1	3,446
Grades seven through eight	32:1:1	2,588
Grades nine through twelve	32:1:1	5,598

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

In 2012-2013, the District implemented a new Transitional Kindergarten program which will be integrated with traditional kindergarten classes. Additional ADA realized from this program will help future year revenue.

No additional ADA revenue will be realized in the budget year, due to overall declining enrollment. The District was funded on 2017-2018 prior year ADA which was greater than current year ADA.

Items to be addressed in the budget are:

California public education has been on a rollercoaster funding cycle for the last several years. In the early 1990s, California's recession led to almost no increase per ADA funding for four years. In 2000-2001, the State Budget provided, per ADA increases of close to 11 percent, but then, for the next three years education funding rollbacks re-emerged. The volatility of funding has plagued school district planning for almost a generation and has continued to worsen. Since 2007, State funding has continued a downward slide due to a severe economic recession. In the past, State funding deficits were up to 22.272 percent of what is owed to school districts. In addition, the State has deferred apportionment payments, which continued to plague districts in meeting their financial obligations until 2014-2015. In 2014-2015, the State fully paid all apportionment payments with no cash deferrals.

Approximately 90 percent of the District's revenue is determined by the State of California and, in turn, State revenues are determined by the growth in the economy. The Governor's Office for 2012-2013 continued to acknowledge the growing State budget crisis, identifying a June 2013 deficit of approximately $15.7 billion, if left unaddressed. As a result, the Governor's 2012-2013 mid-year budget proposed Proposition 30 which passed in the November election. The Great Recession of 2008 resulted in cuts to general purpose funding of 14 percent and cuts to Categorical programs of 20 percent. Currently, State Local Control Funding Formula has produced increases in the 2013-2014 through 2018-2019 fiscal years based on economic recovery targeted amounts up to 100 percent. The 2013-2014 Budget Act, Assembly Bill (AB) 97 enacted the most sweeping revision to California's school finance system since SB 90 more than 40 years ago. The Local Control Funding Formula attempts to balance the needs of students defined by their characteristics with subsequent resources. The district realized additional economic recovery funding to reach the funding target in the amount of $1,548,919 in 2013-2014; $6,576,722 in 2014-2015; $8,501,482 in 2015-2016; $2,452,712 in 2016-2017; $1,479,400 in 2017-2018; $6,730,804 in 2018-2019; $2,396,823 projected for 2019-2020. For 2019-2020, the total funding target amount was reached up to 100 percent at $146,095,990.

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.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	$ 207,077,188
Receivables	9,111,469
Stores inventories	350,474
Prepaid expenditures	60,123
Capital assets	
Land and construction in progress	45,039,765
Other capital assets	466,868,313
Less: accumulated depreciation	(203,519,921)
Capital assets, net of accumulated depreciation	308,388,157
Total Assets	524,987,411
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	2,990,484
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	333,761
Deferred outflows of resources related to pensions	49,051,085
Total Deferred Outflows of Resources	52,375,330
LIABILITIES	
Accounts payable	17,009,097
Interest payable	2,947,711
Unearned revenue	483,705
Long-term obligations	
Current portion of long-term obligations other than pensions	13,001,543
Noncurrent portion of long-term obligations other than pensions	305,765,913
Total Long-Term Obligations	318,767,456
Aggregate net pension liability	181,374,869
Total Liabilities	520,582,838
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	13,225,325
NET POSITION	
Net investment in capital assets	126,475,732
Restricted for:	
Debt service	19,654,386
Capital projects	13,985,818
Educational programs	2,782,350
Other activities	1,665,051
Unrestricted (Deficit)	(121,008,759)
Total Net Position	$ 43,554,578

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF ACTIVITIES
JUNE 30, 2019

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental Activities				
Instruction	$ 134,787,012	$ 927,334	$ 27,715,626	$ 109,944
Instruction related activities:				
Supervision of instruction	6,985,099	58,836	1,876,478	-
Instructional library, media, and technology	1,172,306	2,816	15,547	-
School site administration	18,242,622	1,396	2,312,340	-
Pupil services:				
Home-to-school transportation	3,653,831	11,636	89,152	-
Food services	5,748,007	2,009,732	2,849,721	-
All other pupil services	13,616,840	174,975	2,554,568	-
Administration:				
Data processing	3,274,380	52	10,767	-
All other administration	8,592,869	102,830	616,099	-
Plant services	22,623,101	19,924	454,474	-
Ancillary services	2,846,686	35,082	157,107	-
Community services	429,500	7,789	10,760	-
Enterprise services	53,924	60	75	-
Interest on long-term obligations	9,000,938	-	-	-
Other outgo	475,198	1,196,068	1,576,591	-
Total Governmental Activities	$ 231,502,313	$ 4,548,530	$ 40,239,305	$ 109,944

General Revenues and Subventions:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Taxes levied for other specific purposes

Federal and State aid not restricted to specific purposes

Interest and investment earnings

Miscellaneous

Special and extraordinary items - sale of land

Subtotal, General Revenues

Changes in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expenses) Revenues and Changes in Net Position
Governmental Activities
$ (106,034,108)
(5,049,785)
(1,153,943)
(15,928,886)
(3,553,043)
(888,554)
(10,887,297)
(3,263,561)
(7,873,940)
(22,148,703)
(2,654,497)
(410,951)
(53,789)
(9,000,938)
2,297,461
(186,604,534)
57,840,930
16,117,498
1,001,153
95,179,527
1,120,198
8,921,911
7,285,561
187,466,778
862,244
42,692,334
$ 43,554,578

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	$ 45,128,930	$ 96,963,300	$ 22,468,721
Accounts receivable	7,007,203	436,243	133,376
Due from other funds	339,043	-	-
Stores inventories	247,286	-	-
Prepaid expenditures	60,123	-	-
Total Assets	$ 52,782,585	$ 97,399,543	$ 22,602,097
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 13,126,282	$ 2,152,308	$ -
Due to other funds	107,216	210,506	-
Unearned revenue	483,705	-	-
Total Liabilities	13,717,203	2,362,814	-
Fund Balances:			
Nonspendable	390,157	-	-
Restricted	2,782,350	95,036,729	22,602,097
Committed	-	-	-
Assigned	-	-	-
Unassigned	35,892,875	-	-
Total Fund Balances	39,065,382	95,036,729	22,602,097
Total Liabilities and Fund Balances	$ 52,782,585	$ 97,399,543	$ 22,602,097

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

Non-Major Governmental Funds	Total Governmental Funds
$ 28,568,648	$ 193,129,599
1,386,484	8,963,306
100,328	439,371
103,188	350,474
-	60,123
$ 30,158,648	$ 202,942,873
$ 875,225	$ 16,153,815
88,723	406,445
-	483,705
963,948	17,043,965
103,988	494,145
19,090,880	139,512,056
24,947	24,947
9,974,885	9,974,885
-	35,892,875
29,194,700	185,898,908
$ 30,158,648	$ 202,942,873

SIMI VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2019

Total Fund Balance - Governmental Funds		**$ 185,898,908**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is:	$ 511,908,078	
Accumulated depreciation is:	(203,519,921)	
Net Capital Assets		308,388,157
Expenditures relating to deferred amount on refunding of next fiscal year were recognized on the modified accrual basis, but are not recognized on the accrual basis.		2,990,484
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest in long-term obligations is recognized when it is incurred.		(2,947,711)
An internal service fund is used by the District's management to charge the costs of the workers' compensation and medical benefits insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities.		4,957,205
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year end consist of:		
Pension contributions subsequent to measurement date	16,399,453	
Net change in proportionate share of net pension liability	3,080,083	
Differences between projected and actual earnings on pension plan investments	450,452	
Differences between expected and actual experience in the measurement of the total pension liability	3,992,372	
Changes of assumptions	25,128,725	
Total Deferred Outflows of Resources Related to Pensions		49,051,085

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2019

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year end consist of:		
Net change in proportionate share of net pension liability	$ (6,519,091)	
Difference between projected and actual earnings on pension plan investments	(4,869,380)	
Differences between expected and actual experience in the measurement of the total pension liability	(1,836,854)	
Total Deferred Inflows of Resources Related to Pensions		$ (13,225,325)
Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year end consist of changes in assumptions.		333,761
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(181,374,869)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
Bonds payable	(231,165,587)	
Premium on bonds issued	(22,443,552)	
Discount on bonds issued	17,875	
Certificates of participation payable	(5,740,000)	
Compensated absences (vacations)	(675,368)	
Capital leases payable	(410,957)	
Net other postemployment benefits (OPEB) liability	(22,962,060)	
In addition, the District has issued 'capital appreciation' general obligations bonds. The accretion of interest unmatured on the general obligation bonds to date is:	(27,137,468)	
Total Long-Term Obligations		(310,517,117)
Total Net Position - Governmental Activities		**$ 43,554,578**

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Local Control Funding Formula	$ 146,386,543	$ -	$ -
Federal sources	6,425,293	-	-
Other State sources	23,501,317	-	132,172
Other local sources	15,249,420	1,935,156	16,251,199
Total Revenues	191,562,573	1,935,156	16,383,371
EXPENDITURES			
Current			
Instruction	115,846,164	-	-
Instruction related activities:			
Supervision of instruction	6,285,713	-	-
Instructional library, media, and technology	1,026,524	-	-
School site administration	13,995,790	-	-
Pupil services:			
Home-to-school transportation	3,193,719	-	-
Food services	236,360	-	-
All other pupil services	12,074,894	-	-
Administration:			
Data processing	2,572,308	-	-
All other administration	7,892,359	-	-
Plant services	19,569,659	144,664	-
Ancillary services	2,659,426	-	-
Community services	283,886	-	-
Other outgo	475,198	-	-
Enterprise services	41,817	-	-
Facility acquisition and construction	1,044,849	20,837,046	-
Debt service			
Principal	-	394,421	12,720,000
Interest and other	13,353	-	6,673,828
Total Expenditures	187,212,019	21,376,131	19,393,828
Excess (Deficiency) of Revenues Over Expenditures	4,350,554	(19,440,975)	(3,010,457)
OTHER FINANCING SOURCES (USES)			
Transfers in	202,837	59,896	-
Other sources - proceeds from bond issuance	-	60,000,000	-
Other sources - proceeds from premiums	-	-	5,933,369
Other sources - proceeds from cost of issuance	-	-	379,009
Other sources - proceeds from land sale	-	2,596,743	-
Transfers out	(1,001,152)	(758,068)	-
Other uses	-	-	-
Net Financing Sources (Uses)	(798,315)	61,898,571	6,312,378
NET CHANGE IN FUND BALANCES	3,552,239	42,457,596	3,301,921
Fund Balances - Beginning	35,513,143	52,579,133	19,300,176
Fund Balances - Ending	$ 39,065,382	$ 95,036,729	$ 22,602,097

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

Non-Major Governmental Funds	Total Governmental Funds
$ -	$ 146,386,543
3,028,112	9,453,405
5,458,186	29,091,675
5,317,869	38,753,644
13,804,167	223,685,267
3,144,277	118,990,441
28,929	6,314,642
-	1,026,524
2,005,741	16,001,531
-	3,193,719
5,086,938	5,323,298
416,830	12,491,724
-	2,572,308
572,439	8,464,798
509,219	20,223,542
-	2,659,426
94,737	378,623
-	475,198
9	41,826
1,344,492	23,226,387
885,000	13,999,421
324,581	7,011,762
14,413,192	242,395,170
(609,025)	(18,709,903)
2,959,889	3,222,622
-	60,000,000
-	5,933,369
-	379,009
4,688,818	7,285,561
(1,463,402)	(3,222,622)
-	-
6,185,305	73,597,939
5,576,280	54,888,036
23,618,420	131,010,872
$ 29,194,700	$ 185,898,908

SIMI VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds		**$ 54,888,036**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlay 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 amount by which capital outlay exceeds depreciation expense in the period.		
Capital outlay	$ 22,976,482	
Depreciation expense	(13,955,828)	
Net Expense Adjustment		9,020,654
An internal service fund is used by the District's management to charge the costs of the unemployment compensation insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		2,404,959
Loss on disposal of capital assets is reported in the government-wide financial Statement of Net Position, but is not recorded in the governmental funds.		(750)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was more than the amounts earned by $10,744.		10,744
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 pension liability during the year.		(9,207,336)
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 deferred inflows, and net OPEB liability during the year.		(1,951,921)

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Proceeds received from issuance of general obligation bonds and capital leases is a revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Assets and does not affect the Statement of Activities.		
Sale of general obligation bonds	(60,000,000)	
Premium on sale of general obligation bonds	(6,312,387)	
Combined adjustment		(66,312,387)
Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.		
Amortization of premium on issuance for general obligation bonds	$ 1,410,718	
Amortization of discount on issuance for general obligation bonds	(3,575)	
Amortization of deferred amount on refunding	(332,276)	
Combined adjustment		$ 1,074,867
Repayment of long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.		
General obligation bonds	12,720,000	
Certificates of participation	885,000	
Capital leases	394,421	
Combined adjustment		13,999,421
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds, increased by 92,211, and second, $2,971,832 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(3,064,043)
Change in Net Position of Governmental Activities		**$ 862,244**

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities		
	Internal Service Fund		
	Workers' Compensation	Medical	Total
ASSETS			
Current Assets			
Deposits and investments	$ 12,462,424	$ 1,485,165	$ 13,947,589
Receivables	134,958	13,205	148,163
Due from other funds	6,888	-	6,888
Total Assets	12,604,270	1,498,370	14,102,640
LIABILITIES			
Current Liabilities			
Accounts payable	828,215	27,067	855,282
Due to other funds	39,814	-	39,814
Total Current Liabilities	868,029	27,067	895,096
Noncurrent Liabilities			
Current portion of long-term claims liability	1,419,000	-	1,419,000
Long term claims liability	6,831,339	-	6,831,339
Total Noncurrent Liabilities	8,250,339	-	8,250,339
Total Liabilities	9,118,368	27,067	9,145,435
NET POSITION			
Unrestricted	$ 3,485,902	$ 1,471,303	$ 4,957,205

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities		
	Internal Service Fund		
	Workers' Compensation	Medical	Total
OPERATING REVENUES			
Local and intermediate sources	$ 3,740,001	$ 2,335,706	$ 6,075,707
OPERATING EXPENSES			
Payroll costs	128,906	-	128,906
Professional and contract services	1,539,445	2,281,075	3,820,520
Supplies and materials	2,288	-	2,288
Total Operating Expenses	1,670,639	2,281,075	3,951,714
Operating Income	2,069,362	54,631	2,123,993
NONOPERATING REVENUES			
Interest income	253,507	27,459	280,966
Change in Net Position	2,322,869	82,090	2,404,959
Total Net Position - Beginning	1,163,033	1,389,213	2,552,246
Total Net Position - Ending	$ 3,485,902	$ 1,471,303	$ 4,957,205

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities		
	Internal Service Fund		
	Workers' Compensation	Medical	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from assessments made to other funds	$ 3,740,001	$ 2,335,706	$ 6,075,707
Cash payments to employees for services	(128,906)	-	(128,906)
Cash payments to suppliers for goods and services	(1,539,445)	(2,281,075)	(3,820,520)
Cash payments for administrative expense	(2,288)	-	(2,288)
Cash payments for other operating expenses	(666,828)	(4,683)	(671,511)
Net Cash Provided by Operating Activities	1,402,534	49,948	1,452,482
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	253,507	27,459	280,966
Net Increase in Cash and Cash Equivalents	1,656,041	77,407	1,733,448
Cash and Cash Equivalents - Beginning	10,806,383	1,407,758	12,214,141
Cash and Cash Equivalents - Ending	$ 12,462,424	$ 1,485,165	$ 13,947,589
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	$ 2,069,362	$ 54,631	$ 2,123,993
Changes in assets and liabilities:			
Receivables	(51,967)	-	(51,967)
Due from other funds	1,243	(6,305)	(5,062)
Accounts payable	811,323	1,622	812,945
Claims liability	(1,423,093)	-	(1,423,093)
Due to other funds	(4,334)	-	(4,334)
Net Cash Provided by Operating Activities	$ 1,402,534	$ 49,948	$ 1,452,482

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Agency Funds		
	Associated Student Body	**Warrant Pass-through Fund**	**Total**
ASSETS			
Deposits and investments	$ 1,104,545	$ 80,079	$ 1,184,624
Receivables	7,797	759	8,556
Stores inventories	287,814	-	287,814
Other current assets	19,045	-	19,045
Total Assets	$ 1,419,201	$ 80,838	$ 1,500,039
LIABILITIES			
Accounts payable	$ 8,228	$ 80,838	$ 89,066
Due to student groups	1,410,973	-	1,410,973
Total Liabilities	$ 1,419,201	$ 80,838	$ 1,500,039

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For 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 has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

Other Related Entities

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

- Ventura County Schools Self-Funding Authority (VCSSFA)
- York Risk Services Group (YRSA)
- 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 three broad fund categories: governmental, proprietary, and fiduciary.

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of 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.

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

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.

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).

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.

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), 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).

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.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student body activities (ASB) and warrant pass-through activities.

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 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 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.

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2019, 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)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds and expenses in the proprietary type funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $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 estimated fair market value on the date donated.

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

Interfund Balances

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

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

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

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.

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 pension 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.

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.

Fund Balances - Governmental Funds

As of June 30, 2019, 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 liabilities. 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 are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $38,087,605 of restricted net position.

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

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement did not have a significant impact on the District's financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The District has implemented the provisions of this Statement as of June 30, 2019.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Management is currently evaluating the impact of this Statement.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Management is currently evaluating the impact of this Statement.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

Management is currently evaluating the impact of this Statement.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

Management is currently evaluating the impact of this Statement.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor’s debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers’ conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

Management is currently evaluating the impact of this Statement.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	$ 207,077,188
Fiduciary funds	1,184,624
Total Deposits and Investments	$ 208,261,812

Deposits and investments as of June 30, 2019, consist of the following:

Cash on hand and in banks	$ 2,365,432
Cash in revolving	83,548
Investments	205,812,832
Total Deposits and Investments	$ 208,261,812

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing 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 Days to Maturity
Money Market Mutual Funds	1,513,440	26
Ventura County Investment Pool	204,299,392	192
Total	$ 205,812,832	

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	Minimum Legal Rating	Standard & Poor's Rating June 30, 2018	Reported Amount
Money Market Mutual Funds	Not Required	AAAm	1,513,440
Ventura County Investment Pool	Not Required	AAAf	204,299,392
Total			$ 205,812,832

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance of $3,221,784 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.

Uncategorized - Investments in the Ventura County Investment Pool is not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2019:

Investment Type	Reported Amount	Uncategorized
Ventura County Investment Pool	$ 204,299,392	$ 204,299,392

NOTE 4 - RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds
Federal Government				
Categorical aid	$ 3,403,832	$ -	$ -	$ 520,834
State Government				
LCFF apportionment	-	-	-	-
Categorical aid	1,312,479	-	-	512,648
Lottery	562,782	-	-	-
Local Government				
Interest	466,282	436,243	133,376	216,645
Other local sources	1,261,828	-	-	136,357
Total	$ 7,007,203	$ 436,243	$ 133,376	$ 1,386,484

	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal Government			
Categorical aid	$ -	$ 3,924,666	$ -
State Government			
LCFF apportionment	-	-	-
Categorical aid	-	1,825,127	-
Lottery	-	562,782	-
Local Government			
Interest	121,794	1,374,340	-
Other local sources	26,369	1,424,554	8,556
Total	$ 148,163	$ 9,111,469	$ 8,556

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 22,332,501	$ -	$ 23,194	$ 22,309,307
Construction in progress	40,681,954	16,197,967	34,149,463	22,730,458
Total Capital Assets Not Being Depreciated	63,014,455	16,197,967	34,172,657	45,039,765
Capital Assets Being Depreciated				
Land improvements	33,483,600	16,573,862	-	50,057,462
Buildings and improvements	345,799,999	13,069,732	-	358,869,731
Furniture and equipment	46,666,851	11,307,578	33,309	57,941,120
Total Capital Assets Being Depreciated	425,950,450	40,951,172	33,309	466,868,313
Less Accumulated Depreciation				
Land improvements	19,572,374	1,279,634	-	20,852,008
Buildings and improvements	141,809,025	6,936,752	-	148,745,777
Furniture and equipment	28,215,253	5,739,442	32,559	33,922,136
Total Accumulated Depreciation	189,596,652	13,955,828	32,559	203,519,921
Governmental Activities Capital Assets, Net	$299,368,253	$ 43,193,311	$ 34,173,407	$308,388,157

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

Governmental Activities	
Instruction	$ 9,222,011
Supervision of instruction	333,544
Instructional library, media, and technology	100,482
School site administration	1,105,302
Home-to-school transportation	245,623
Food services	367,038
All other pupil services	517,761
Data processing	122,812
All other administration	326,566
Plant services	1,466,757
Ancillary services	106,064
Community services	41,868
Total Depreciation Expenses All Activities	$ 13,955,828

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

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2019, between major and non-major governmental funds and internal service fund are as follows:

	Due From				
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total
General Fund	$ -	$ 210,506	$ 88,723	$ 39,814	$ 339,043
Non-Major Governmental Funds	100,328	-	-	-	100,328
Internal Service Funds	6,888	-	-	-	6,888
Total	$ 107,216	$ 210,506	$ 88,723	$ 39,814	$ 446,259

The balance of $210,506 is due to the General Fund from the Buidling Fund for reimbursement of costs.

A balance of $88,192 is due to the General Fund from the Capital Facilities Non-Major Governmental Fund for reimbursement of 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.

Operating Transfers

Interfund transfers for the year ended June 30, 2019, consisted of the following:

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects to reimburse equipment purchases for new building.	$ 1,001,152
The Building Fund Transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for building improvements	645,155
The Building Fund transferred to the General Fund for reimbursement of costs.	112,913
The Special Reserve Non-Major Governmental Fund Fund for Capital Outlay Projects transferred to the General Fund for reimbursement of costs.	89,924
The Special Reserve Non-Major Governmental Fund Fund for Capital Outlay Projects transferred to the Building Fund to reimburse deposit for new building	59,896
The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects transferred to the Capital Facilities Non-Major Governmental Fund for reimbursement of costs.	115,896
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	1,197,686
Total	$ 3,222,622

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, 2019, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Funds
Vendor payables	$ 2,367,690	$ -	$ 739,581	$ 855,282	$ 3,962,553
LCFF apportionment	3,419,059	-	-		3,419,059
Salaries and benefits	7,339,533	-	135,644	-	7,475,177
Construction	-	2,152,308	-	-	2,152,308
Total	$ 13,126,282	$ 2,152,308	$ 875,225	$ 855,282	$ 17,009,097

	Fiduciary Funds
Vendor payables	$ 89,066
LCFF apportionment	-
Salaries and benefits	-
Construction	-
Total	$ 89,066

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consisted of the following:

	General Fund
Federal financial assistance	$ 99,997
State categorical aid	383,708
Total	$ 483,705

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

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General obligation bonds	$ 208,051,223	$ 62,971,832	$ 12,720,000	$ 258,303,055	$ 10,170,000
Premium on issuance	17,541,883	6,312,387	1,410,718	22,443,552	-
Discount on issuance	(21,450)	-	(3,575)	(17,875)	-
Certificates of participation	6,625,000	-	885,000	5,740,000	1,270,000
Capital leases	805,378	-	394,421	410,957	142,543
Compensated absences	686,112	-	10,744	675,368	-
Claims liabilities	9,673,432	-	1,423,093	8,250,339	1,419,000
Net other postemployment benefits (OPEB) liability	20,551,855	2,518,880	108,675	22,962,060	-
Total	$ 263,913,433	$ 71,803,099	$ 16,949,076	$ 318,767,456	$ 13,001,543

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. Payments for net other postemployment benefits (OPEB) liability are made by the General Fund.

The District’s outstanding general obligations bonds of $258,303,055 contain a provision that in an event of default outstanding amounts become immediately due if the District is unable to make payment.

The District's outstanding certificates of participation of $5,740,000 are secured with collateral of an undeveloped lot zoned for commercial use.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Additions/ Accreted Interest	Redeemed and Refunded	Bonds Outstanding June 30, 2019
06/03/04	06/01/29	5.92%	$ 944,969	$ 2,792,590	$ 223,407	$ -	$ 3,015,997
10/18/07	08/01/32	4.63% - 4.79%	34,080,619	56,425,260	2,721,798	-	59,147,058
05/21/13	08/01/24	2.00% - 5.00%	8,740,000	8,605,000	-	770,000	7,835,000
05/04/17	08/01/27	2.00% - 4.00%	4,565,000	4,485,000	-	245,000	4,240,000
05/04/17	08/01/27	5.00%	65,515,000	64,385,000	-	3,220,000	61,165,000
06/29/17	08/01/46	2.00% - 5.00%	70,000,000	70,000,000	-	7,100,000	62,900,000
06/13/19	08/01/48	3.00% - 5.00%	60,000,000	-	60,000,000	-	60,000,000
				$ 206,692,850	$ 62,945,205	$ 11,335,000	$ 258,303,055

Debt Service Requirements to Maturity

The bonds mature through 2049 as follows:

Year Ending June 30,	Principal Including Accreted Interest to Date	Current Interest to Maturity	Accreted Interest to Maturity	Total
2020	$ 10,170,000	$ 7,480,521	$ -	$ 17,650,521
2021	10,455,000	7,954,288	-	18,409,288
2022	11,990,000	7,453,538	-	19,443,538
2023	8,665,000	6,982,688	-	15,647,688
2024	8,905,000	6,559,363	-	15,464,363
2025-2029	62,163,956	27,808,913	12,176,044	102,148,913
2030-2034	52,364,099	24,623,125	3,208,901	80,196,125
2035-2039	19,990,000	25,207,063	-	45,197,063
2040-2044	32,525,000	24,383,931	-	56,908,931
2045-2049	41,075,000	28,115,575	-	69,190,575
Total	$ 258,303,055	$ 166,569,005	$ 15,384,945	$ 440,257,005

2004 General Obligation Bonds, Series 2004A		
On June 3, 2004, the District issued $944.969 in capital appreciation the Election 2004, General Obligation Bonds, Series 2004A. The capital appreciation bonds accrete interest to a maturity value of $6,460,000. The bonds mature on June 1, 2029, an interest rate of 5.92 percent. The proceeds from the sale of the bonds were used to finance the construction, addition and modernization of school facilities.	$	3,015,997
2004 General Obligation Bonds, Series 2007C		
On October 18, 2007, the District issued $34,080,619 in capital appreciation the Election2004, General Obligation Bonds, Series 2007C. The capital appreciation bonds accrete interest to a maturity value of $99,965,000. The bonds mature on August 1, 2032, with interest rates ranging from 4.63 to 4.79 percent. The proceeds from the sale of the bonds were used to finance the construction, addition and modernization of school facilities.		59,147,058
2012 General Obligation Refunding Bonds		
On May 21, 2013, the District issued $8,740,000 of the 2013 Series General Obligation Refunding Bonds. The bonds mature on August 1, 2024 with interest rates ranging from 2.00 to 5.00 percent. The proceeds from the sale of the bonds were used to refund the portion of the current interest bonds related to the Election 2004 General Obligation Bonds, Series 2007C.		7,835,000
2016 General Obligation Refunding Bonds		
On March 7, 2012, the District issued $4,565,000 of the 2016 Series General Obligation Refunding Bonds. The bonds mature on August 1, 2027, with interest rates ranging from 2.00 to 4.00 percent. The proceeds from the sale of the bonds were used to refund a portion of the Simi Valley School Financing Authority 2007 General Obligation Refunding Bonds.	$	4,240,000
2008 General Obligation Bonds, Series C		
On March 7, 2012, the District issued $4,565,000 of the 2016 Series General Obligation Refunding Bonds. The bonds mature on August 1, 2027, with an interest rate of 5.00 percent. The proceeds from the sale of the bonds were used to refund a portion of the Simi Valley School Financing Authority 2007 General Obligation Refunding Bonds.		61,165,000
2016 General Obligation Bonds, Series A		
On June 29, 2017 the District issued $70,000,000 in current interest bonds of the Election 2016 General Obligation Bonds, Series A. The bonds mature on August 1, 2046, with interest rates ranging from 2.00 to 5.00 percent. The proceeds from the sale of the bonds were used to finance the construction, addition and modernization of school facilities.		62,900,000

2016 General Obligation Bonds, Series B	
On June 13, 2019 the District issued $60,000,000 in current interest bonds of the Election 2016 General Obligation Bonds, Series B. The bonds mature on August 1, 2048, with interest rates ranging from 3.00 to 5.00 percent. The proceeds from the sale of the bonds were used to finance the construction, addition and modernization of school facilities.	$ 60,000,000
Subtotal bonds outstanding	258,303,055
2004 General Obligation Bonds, Series C	679,419
2016 General Obligation Refunding Bonds	656,289
2017 General Obligation Refunding Bonds	10,041,813
2016 General Obligation, Series A (2017)	4,753,644
2016 General Obligation, Series B (2019)	6,312,387
Subtotal premium on bonds	22,443,552
Discount on 2013 General Obligation Refunding Bonds	(17,875)
Deferred amount on 2017 General Obligation Refunding Bonds	(2,990,484)
	$ 277,756,123

Certificates of Participation

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

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

Lease payments are required to be made by the District under the lease on or before the 25th of the month preceding each lease payment date for use and possession of the facilities for the period commencing on February 1, 1998, and terminating August 1, 2022. Interest rates vary from 3.75 to 5.15 percent. The certificates of participation will be paid by the COP Facilities Fund using local revenues.

The certificates mature through 2023 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2020	$ 1,270,000	$ 268,013	$ 1,538,013
2021	1,340,000	199,500	1,539,500
2022	1,420,000	127,050	1,547,050
2023	1,710,000	44,888	1,754,888
Total	$ 5,740,000	$ 639,451	$ 6,379,451

Capital Leases

The District has entered into agreements to lease various facilities and 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:

	Copier Equipment Lease	School Bus Equipment Lease	Total
Balance, July 1, 2018	$ 281,729	$ 557,456	$ 839,185
Payments and adjustments	(268,410)	(139,364)	(407,774)
Balance, June 30, 2019	$ 13,319	$ 418,092	$ 431,411

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Total
2020	$ 152,683
2021	139,364
2022	139,364
Total	$ 431,411
Less: Amount Representing Interest	(20,454)
Present Value of Minimum Lease Payments	$ 410,957

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to $675,368. 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 $8,250,339.

Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported net OPEB liability, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	OPEB Expense
District Plan	$ 22,016,761	$ 333,761	$ 2,518,880
Medicare Premium Payment (MPP) Program	945,299	-	(108,675)
Total	$ 22,962,060	$ 333,761	$ 2,410,205

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, 2019, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	125
Active employees	1,513
	1,638

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 2018-2019, the District paid $892,262 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $22,016,761 was measured as of June 30, 2019, 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, 2019 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	3.15
Healthcare cost trend rates	6.00 percent for 2019

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, and Fidelity GO AA 20 Year Bond Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 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 actual assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	$ 19,497,881
Service cost	1,241,650
Interest	710,269
Changes of assumptions or other inputs	1,459,223
Benefit payments	(892,262)
Net change in total OPEB liability	2,518,880
Balance at June 30, 2019	$ 22,016,761

Changes of assumptions and other inputs reflect a change in the discount rate from 3.5 percent in 2018 to 3.15 percent in 2019.

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 (2.15%)	$ 23,552,629
Current discount rate (3.15%)	22,016,761
1% increase (4.15%)	20,594,888

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 (5.00% HMO/5.50% PPO decreasing to 4.00% HMO/4.50% PPO)	$ 20,344,015
Current heathcare cost trent rate (6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.50% PPO)	22,016,761
1% increase (7.00% HMO/7.50% PPO decreasing to 6.00% HMO/6.50% PPO)	23,958,895

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of $2,518,880. At June 30, 2019, the District reported deferred inflows of resources for changes of assumptions was $333,761.
Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2020	$ 52,168
2021	52,168
2022	52,168
2023	52,168
2024	52,169
Thereafter	72,920
	$ 333,761

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

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, 2017 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, benefit payments 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, 2019, the District reported a liability of $1,053,974 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. 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, 2018 and June 30, 2017, was 0.2470 percent and 0.2505, respectively, resulting in a net decrease in the proportionate share of 0.0035 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of $(108,675).

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2017, was determined based on a financial reporting actuarial valuation that used the June 30, 2017 assumptions presented in the table below. The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2017, 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 459 or an average of 0.27 percent of the potentially eligible population (171,593).

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, 2018, 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, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

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:

Discount Rate	Net OPEB Liability
1% decrease (2.87%)	$ 1,045,548
Current discount rate (3.87%)	945,299
1% increase (4.87%)	854,782

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 Cost Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 862,018
Current medicare cost trend rate (3.7% Part A and 4.1% Part B)	945,299
1% increase (4.7% Part A and 5.1% Part B)	1,034,867

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	$ 82,748	$ -	$ -	$ 800	$ 83,548
Stores inventories	247,286	-	-	103,188	350,474
Prepaid expenditures	60,123	-	-	-	60,123
Total Nonspendable	390,157	-	-	103,988	494,145
Restricted					
Legally restricted programs	2,782,350	-	-	1,665,051	4,447,401
Capital projects	-	95,036,729	-	17,425,829	112,462,558
Debt services	-	-	22,602,097	-	22,602,097
Total Restricted	2,782,350	95,036,729	22,602,097	19,090,880	139,512,056
Committed					
Deferred maintenance program	-	-	-	24,947	24,947
Assigned					
Capital projects	-	-	-	5,312,024	5,312,024
Other assignments	-	-	-	4,662,861	4,662,861
Total Assigned	-	-	-	9,974,885	9,974,885
Unassigned					
Remaining unassigned	35,892,875	-	-	-	35,892,875
Total	$ 39,065,382	$ 95,036,729	$ 22,602,097	$ 29,194,700	$ 185,898,908

NOTE 11 - 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 $1,085,057.

Year Ending June 30,	Lease Revenue
2020	$ 1,059,954
2021	761,570
2022	761,570
2023	761,570
2024	761,570
Thereafter	3,508,000
Total	$ 7,614,234

NOTE 12 - RISK MANAGEMENT

Medical

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

All funds with payroll costs participate in the program and make payments to the Medical Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve. Changes in the fund's claims liability, including incurred but not reported amounts in fiscal years 2019 and 2018 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, 2019, 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 $9,673,432 reported in the fund at June 30, 2019, 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 aggregate liabilities for the District from July 1, 2017 to June 30, 2019:

	Workers' Compensation	Medical	Total
Liability Balance, July 1, 2017	$ 8,373,605	$ -	$ 8,373,605
Claims and changes in estimates	5,050,615	2,351,320	7,401,935
Claims payments	(3,750,788)	(2,351,320)	(6,102,108)
Liability Balance, June 30, 2018	9,673,432	-	9,673,432
Claims and changes in estimates	157,667	2,281,075	2,438,742
Claims payments	(1,580,760)	(2,281,075)	(3,861,835)
Liability Balance, June 30, 2019	$ 8,250,339	$ -	$ 8,250,339
Assets available to pay claims at June 30, 2019	$ 12,604,270	$ 1,498,370	$ 14,102,640

NOTE 13 - 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, 2019, 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	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 126,456,689	$ 34,797,404	$ 12,030,258	$ 15,696,591
CalPERS	54,918,180	14,253,681	1,195,067	9,910,198
Total	$ 181,374,869	$ 49,051,085	$ 13,225,325	$ 25,606,789

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, 2017, 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 percent 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, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
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	16.28%	16.28%
Required State contribution rate	9.828%	9.828%

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 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were $11,726,522.

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

At June 30, 2019, 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:	
District's proportionate share of net pension liability	$ 126,456,689
State's proportionate share of the net pension liability associated with the District	72,402,369
Total	$ 198,859,058

The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, was 0.1376 percent and 0.1384 percent, respectively, resulting in a net decrease in the proportionate share of 0.0008 percent.

For the year ended June 30, 2019, the District recognized pension expense of $15,696,591. In addition, the District recognized pension expense and revenue of $8,505,646 for support provided by the State. At June 30, 2019, 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	$ 11,726,522	$ -
Net change in proportionate share of net pension liability	3,033,358	5,324,024
Difference between projected and actual earnings on pension plan investments	-	4,869,380
Difference between expected and actual experiences in the measurement of the total pension liability	392,137	1,836,854
Changes of assumptions	19,645,387	-
Total	$ 34,797,404	$ 12,030,258

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
2020	$ 1,057,280
2021	(767,191)
2022	(4,085,221)
2023	(1,074,248)
Total	$ (4,869,380)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, 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 7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 3,320,281
2021	3,320,281
2022	3,320,279
2023	2,567,832
2024	3,488,743
Thereafter	(107,412)
Total	$ 15,910,004

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, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 February 2017 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, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. 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 percent) 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%)	$ 185,244,251
Current discount rate (7.10%)	126,456,689
1% increase (8.10%)	77,716,095

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, 2017 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, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
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	18.062%	18.062%

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, 2019, are presented above and the total District contributions were $4,672,931.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $54,918,180. The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, was 0.2060 percent and 0.2114 percent, respectively, resulting in a net decrease in the proportionate share of 0.0055 percent.

For the year ended June 30, 2019, the District recognized pension expense of $9,910,198. At June 30, 2019, 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	$ 4,672,931	$ -
Net change in proportionate share of net pension liability	46,725	1,195,067
Difference between projected and actual earnings on pension plan investments	450,452	-
Difference between expected and actual experiences in the measurement of the total pension liability	3,600,235	-
Changes of assumptions	5,483,338	-
Total	$ 14,253,681	$ 1,195,067

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
2020	$ 1,638,394
2021	391,807
2022	(1,255,599)
2023	(324,150)
Total	$ 450,452

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2019	$ 3,622,911
2020	3,386,008
2021	926,312
Total	$ 7,935,231

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, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
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 percent 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%
Private equity	0%	1.81%
Real estate	8%	7.23%
Inflation sensitive	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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%)	$ 79,958,243
Current discount rate (7.15%)	54,918,180
1% increase (8.15%)	34,143,862

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 and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $11,543,030 (9.828 percent of annual payroll) and CalPERS in the amount of $1,861,972. 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.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018–2019 contribution on-behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contribution has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule.*

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

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, 2019.

Construction Commitments

As of June 30, 2019, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECTS	Remaining Construction Commitment	Expected Date of Completion
Elementary Schools:		
Arroyo Elementary School	$ 18,660	December 31, 2019
Atherwood Elementary School	284,802	October 31, 2020
Berylwood Elementary School	6,015	February 28, 2020
Big Springs Elementary School	19,015	October 31, 2020
Crestview Elementary School	5,017	September 30, 2020
Garden Grove Elementary School	4,764,657	October 31, 2020
Hollow Hills Elementary School	26,710	August 15, 2020
Justin Elementary School	24,957	December 31, 2019
Katherine Elementary School	23,184	September 30, 2020
Knolls Elementary School	57,240	September 30, 2019
Madera Elementary School	5,614	October 31, 2020
Mountain View Elementary School	4,137	December 31, 2019
Park View Elementary School	30,327	October 31, 2019
Santa Susana Elementary School	69,215	October 31, 2019
Sycamore Elementary School	21,325	February 28, 2020
Township Elementary School	25,457	October 31, 2019
Vista Elementary School	9,221	October 31, 2020
White Oak Elementary School	14,848	September 30, 2020
Wood Ranch Elementary School	21,175	October 31, 2019
Middle Schools:		
Hillside Middle School	9,348	September 30, 2020
Sinaloa Middle School	18,118	October 31, 2019
Valley View Middle School	357,456	October 31, 2019
High Schools:		
Royal High School	494,147	December 31, 2019
Santa Susana High School	163,223	October 31, 2019
Simi Valley High School	436,855	February 28, 2020
Apollo Continuation School	9,509	Septebmer 30, 2019
Others:		
Adult Education	634,483	October 31, 2019
Monte Vista Independent Study	4,160	October 31, 2019
Transportation	15,139	October 31, 2019
Information Services	162,335	October 31, 2019
Student Support Services	65,662	August 31, 2020
Undesignated	33,794	December 31, 2025
Total	$ 7,835,805	

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

The District is a member of the Ventura County Schools Self-Funding Authority (VCSSFA) public entity risk pool. The District pays an annual premium to the VCSSFA for property liability coverage. The District also belongs to the York Risk Services Group (YRSG) and 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, 2019, the District made payments of $1,046,947, $241,423, and $4,441 to VCSSFA, YRSG, and VCFAST, respectively, for services received.

REQUIRED SUPPLEMENTARY INFORMATION

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local Control Funding Formula	$ 144,388,438	$ 146,476,457	$ 146,386,543	$ (89,914)
Federal sources	5,432,203	6,725,758	6,425,293	(300,465)
Other State sources	17,600,966	17,572,947	23,501,317	5,928,370
Other local sources	8,980,532	13,478,168	15,249,420	1,771,252
Total Revenues [1]	176,402,139	184,253,330	191,562,573	7,309,243
EXPENDITURES				
Current				
Certificated salaries	75,243,416	76,418,458	76,802,937	(384,479)
Classified salaries	28,426,845	29,056,611	27,978,444	1,078,167
Employee benefits	51,332,017	51,464,215	55,938,307	(4,474,092)
Books and supplies	9,618,219	9,636,149	6,531,480	3,104,669
Services and operating expenditures	16,032,627	18,191,388	16,695,910	1,495,478
Other outgo	(325,892)	146,324	1,866,276	(1,719,952)
Capital outlay	531,786	1,156,645	1,385,312	(228,667)
Debt service - interest	-	13,353	13,353	-
Total Expenditures [1]	180,859,018	186,083,143	187,212,019	(1,128,876)
Excess (Deficiency) of Revenues Over Expenditures	(4,456,879)	(1,829,813)	4,350,554	6,180,367
Other Financing Sources (Uses)				
Transfers in	50,824	112,914	202,837	89,923
Transfers out	(850,000)	(1,001,152)	(1,001,152)	-
Net Financing Sources (Uses)	(799,176)	(888,238)	(798,315)	89,923
NET CHANGE IN FUND BALANCE	(5,256,055)	(2,718,051)	3,552,239	6,270,290
Fund Balance - Beginning	35,513,143	35,513,143	35,513,143	-
Fund Balance - Ending	$ 30,257,088	$ 32,795,092	$ 39,065,382	$ 6,270,290

[1] On behalf payments of $7,368,930 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts. On behalf payments of $6,036,072 (relating to Senate Bill 90) are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	$ 1,241,650	$ 1,227,595
Interest	710,269	652,752
Changes of benefit terms	948,771	-
Changes of assumptions	510,452	(145,277)
Benefit payments	(892,262)	(708,279)
Net change in total OPEB liability	2,518,880	1,026,791
Total OPEB liability - beginning	19,497,881	18,471,090
Total OPEB liability - ending	$ 22,016,761	$ 19,497,881
Covered payroll	N/A[1]	N/A[1]
District's total OPEB liability as a percentage of covered payroll	N/A[1]	N/A[1]

[1] The District's 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.

See accompanying note to required supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30,	2019	2018
District's proportion of the net OPEB liability	0.2470%	0.2505%
District's proportionate share of the net OPEB liability	$ 945,299	$ 1,053,974
District's covered payroll	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%	0.01%

[1] 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.

See accompanying note to required supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017
CalSTRS			
District's proportion of the net pension liability	0.1376%	0.1384%	0.1421%
District's proportionate share of the net pension liability	$ 126,456,689	$ 127,972,293	$ 114,969,377
State's proportionate share of the net pension liability associated with the District	72,402,369	75,707,328	65,450,016
Total	$ 198,859,058	$ 203,679,621	$ 180,419,393
District's covered payroll	$ 80,056,538	$ 71,907,878	$ 70,728,602
District's proportionate share of the net pension liability as a percentage of its covered payroll	157.96%	177.97%	162.55%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%
CalPERS			
District's proportion of the net pension liability	0.2060%	0.2114%	0.2166%
District's proportionate share of the net pension liability	$ 54,918,180	$ 50,475,965	$ 42,769,086
District's covered payroll	$ 29,337,100	$ 26,987,198	$ 25,960,218
District's proportionate share of the net pension liability as a percentage of its covered payroll	187.20%	187.04%	164.75%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%

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

See accompanying note to required supplementary information.

2016	2015
0.1486%	0.1389%
$ 100,055,525	$ 81,168,535
52,918,343	49,013,066
$ 152,973,868	$ 130,181,601
$ 66,992,946	$ 72,108,776
149.35%	112.56%
74%	77%
0.2152%	0.2327%
$ 31,724,966	$ 28,938,222
$ 23,774,853	$ 24,456,389
133.44%	118.33%
79%	83%

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017
CalSTRS			
Contractually required contribution	$ 11,726,522	$ 11,552,959	$ 9,046,011
Contributions in relation to the contractually required contribution	11,726,522	11,552,959	9,046,011
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 72,030,233	$ 80,056,538	$ 71,907,878
Contributions as a percentage of covered payroll	16.28%	14.43%	12.58%
CalPERS			
Contractually required contribution	$ 4,672,931	$ 4,556,345	$ 3,747,982
Contributions in relation to the contractually required contribution	4,672,931	4,556,345	3,747,982
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 25,871,614	$ 29,337,100	$ 26,987,198
Contributions as a percentage of covered payroll	18.06%	15.53%	13.89%

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

See accompanying note to required supplementary information.

2016		2015	
$	7,589,179	$	5,948,974
	7,589,179		5,948,974
$	-	$	-
$	70,728,602	$	66,992,946
	10.73%		8.88%
$	3,075,507	$	2,798,300
	3,075,507		2,798,300
$	-	$	-
$	25,960,218	$	23,774,853
	11.85%		11.77%

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 State 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2019, the District major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
Fund	Budget	Actual	Excess
General Fund	$ 187,084,295	$ 188,213,171	$ 1,128,876

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.

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 3.58 percent to 3.87 percent 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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	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			
School Breakfast Basic	10.553	13390	$ 4,080
School Breakfast Needy	10.553	13526	285,983
National School Lunch (NSLP)	10.555	13523	2,121,132
Summer Food Service	10.555	13396	28,797
Food Distribution	10.555	13524	376,271
Total U.S. Department of Agriculture			2,816,263
U.S. DEPARTMENT OF EDUCATION			
Passed through CDE:			
Adult Education - Basic Grants to States			
Adult Basic Education and ELA	84.002A	14508	118,315
Adult Secondary Education	84.002	13978	53,900
English Literacy and Civics Education	84.002A	14109	39,634
Elementary and Secondary Education Act			
Title I, Part A	84.010	14329	1,899,579
Title II, Part A	84.367	14341	370,574
Title III			
Immigrant Student Program	84.365	15146	34,511
English Learner Student Program	84.365	14346	223,914
Passed through Ventura County Special Education Local Plan Area:			
Special Education Cluster			
Local Assistance - Basic	84.027	13379	2,999,984
Local Assistance - Private Schools ISPs	84.027	10115	50,792
Preschool Grants	84.173	13430	90,886
Total Special Education Cluster			3,141,662
Total U.S. Department of Education			5,882,089
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)			
Passed through California HHS:			
Medical Assistance Program			
Medi-Cal Billing Option	93.778	10013	287,699
Medical Administrative Activities	93.778	10060	467,354
Total U.S. Department of Health and Human Services			755,053
Total Expenditures of Federal Awards			$ 9,453,405

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019

ORGANIZATION

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

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Bob LaBelle	President	2020
Dawn Smollen	Clerk	2022
Scott Blough	Member	2022
Kareem Jubran	Member	2022
Dan White	Member	2020

ADMINISTRATION

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

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,550.03	4,562.50
Fourth through sixth	3,391.59	3,394.54
Seventh and eighth	2,503.55	2,494.66
Ninth through twelfth	5,273.89	5,229.52
Total Regular ADA	15,719.06	15,681.22
Extended Year Special Education		
Transitional kindergarten through third	8.86	8.86
Fourth through sixth	6.52	6.52
Seventh and eighth	4.46	4.46
Ninth through twelfth	6.85	6.85
Total Extended Year Special Education	26.69	26.69
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.64	1.72
Fourth through sixth	3.59	3.66
Seventh and eighth	1.31	1.41
Ninth through twelfth	16.50	17.03
Total Special Education, Nonpublic, Nonsectarian Schools	23.04	23.82
Extended Year Program, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.16	0.16
Fourth through sixth	0.41	0.41
Seventh and eighth	0.18	0.18
Ninth through twelfth	2.23	2.23
Total Extended Year Program, Nonpublic, Nonsectarian Schools	2.98	2.98
Total ADA	15,771.77	15,734.71

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019

	1986-87	2018-19	Number of Days		
Grade Level	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	Status
Kindergarten	36,000	54,615	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,615	180	N/A	Complied
Grade 2		54,615	180	N/A	Complied
Grade 3		54,615	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,615	180	N/A	Complied
Grade 5		54,615	180	N/A	Complied
Grade 6		54,615	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		59,415	180	N/A	Complied
Grade 8		59,415	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,908	180	N/A	Complied
Grade 10		64,908	180	N/A	Complied
Grade 11		64,908	180	N/A	Complied
Grade 12		64,908	180	N/A	Complied

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

	(Budget) 2020 [1]	2019	2018	2017
GENERAL FUND [3]				
Revenues	$ 177,017,153	$ 191,562,573	$ 175,423,204	$ 172,448,668
Other sources and transfers in	400,908	202,837	83,782	144,133
Total Revenues and Other Sources	177,418,061	191,765,410	175,506,986	172,592,801
Expenditures	185,294,114	187,212,019	171,357,691	168,529,100
Other uses and transfers out	850,000	1,001,152	954,379	892,694
Total Expenditures and Other Uses	186,144,114	188,213,171	172,312,070	169,421,794
INCREASE (DECREASE) IN FUND BALANCE	$ (8,726,053)	$ 3,552,239	$ 3,194,916	$ 3,171,007
ENDING FUND BALANCE	$ 33,510,336	$ 42,236,389	$ 38,684,150	$ 32,318,227
AVAILABLE RESERVES [2]	$ 16,206,203	$ 35,892,875	$ 23,294,201	$ 15,486,677
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	8.71%	19.70%	13.52%	9.14%
LONG-TERM OBLIGATIONS	N/A	$ 318,767,456	$ 263,913,433	$ 268,622,585
K-12 AVERAGE DAILY ATTENDANCE AT P-2	15,775	15,772	16,037	16,340

The General Fund balance has increased by $9,918,162 over the past two years. However, the fiscal year 2019-2020 budget projects a decrease of $8,726,053 (20.66 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years but anticipates incurring an operating deficit during the 2019-2020 fiscal year. Total long-term obligations have increased by $50,144,871 over the past two years.

Average daily attendance has decreased by 568 over the past two years. An increase of 3 ADA is anticipated during fiscal year 2019-2020.

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1 Budget 2020 is included for analytical purposes only and has not been subjected to audit.

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

3. On behalf payments of $6,036,072 (relating to Senate Bill 90) have been excluded from the calculation of available reserves for the fiscal year(s) ending June 30, 2019.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS			
Deposits and investments	$ 4,119,218	$ 1,622,056	$ 24,718
Receivables	758,554	393,463	229
Due from other funds	57,820	42,508	-
Stores inventories	-	103,188	-
Total Assets	$ 4,935,592	$ 2,161,215	$ 24,947
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 201,383	$ 462,993	$ -
Due to other funds	531	-	-
Total Liabilities	201,914	462,993	-
Fund Balances:			
Nonspendable	800	103,188	-
Restricted	70,017	1,595,034	-
Committed	-	-	24,947
Assigned	4,662,861	-	-
Total Fund Balances	4,733,678	1,698,222	24,947
Total Liabilities and Fund Balances	$ 4,935,592	$ 2,161,215	$ 24,947

See accompanying note to supplementary information.

Capital Facilities Fund	Capital Projects Fund for Blended Component Units	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
$ 11,132,738	$ 1,513,440	$ 4,802,898	$ 5,353,580	$ 28,568,648
157,721	-	45,400	31,117	1,386,484
-	-	-	-	100,328
-	-	-	-	103,188
$ 11,290,459	$ 1,513,440	$ 4,848,298	$ 5,384,697	$ 30,158,648
$ 138,176	$ -	$ -	$ 72,673	$ 875,225
88,192	-	-	-	88,723
226,368	-	-	72,673	963,948
-	-	-	-	103,988
11,064,091	1,513,440	4,848,298	-	19,090,880
-	-	-	-	24,947
-	-	-	5,312,024	9,974,885
11,064,091	1,513,440	4,848,298	5,312,024	29,194,700
$ 11,290,459	$ 1,513,440	$ 4,848,298	$ 5,384,697	$ 30,158,648

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES			
Federal sources	$ 211,849	$ 2,816,263	$ -
Other State sources	5,287,795	170,391	-
Other local sources	1,730,857	2,119,692	1,916
Total Revenues	7,230,501	5,106,346	1,916
EXPENDITURES			
Current			
Instruction	3,144,277	-	-
Instruction-related activities:			
Supervision of instruction	28,929	-	-
School site administration	2,005,741	-	-
Pupil services:			
Food services	-	5,086,938	-
All other pupil services	416,830	-	-
Administration:			
All other administration	253,079	231,168	-
Plant services	481,816	27,403	-
Community services	94,737	-	-
Enterprise services	9	-	-
Facility acquisition and construction	-	-	4
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	6,425,418	5,345,509	4
Excess (Deficiency) of Revenues Over Expenditures	805,083	(239,163)	1,912
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Other sources - proceeds from land sale	-	-	-
Transfers out	-	-	-
Net Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	805,083	(239,163)	1,912
Fund Balances - Beginning	3,928,595	1,937,385	23,035
Fund Balances - Ending	$ 4,733,678	$ 1,698,222	$ 24,947

See accompanying note to supplementary information.

Capital Facilities Fund	Capital Projects Fund for Blended Component Units	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
$ -	$ -	$ -	$ -	$ 3,028,112
-	-	-	-	5,458,186
1,174,235	81,575	109,944	99,650	5,317,869
1,174,235	81,575	109,944	99,650	13,804,167
-	-	-	-	3,144,277
-	-	-	-	28,929
-	-	-	-	2,005,741
-	-	-	-	5,086,938
-	-	-	-	416,830
88,192	-	-	-	572,439
-	-	-	-	509,219
-	-	-	-	94,737
-	-	-	-	9
708,750	-	832	634,906	1,344,492
-	885,000	-	-	885,000
-	324,581	-	-	324,581
796,942	1,209,581	832	634,906	14,413,192
377,293	(1,128,006)	109,112	(535,256)	(609,025)
115,896	1,197,686	-	1,646,307	2,959,889
-	-	-	4,688,818	4,688,818
-	-	-	(1,463,402)	(1,463,402)
115,896	1,197,686	-	4,871,723	6,185,305
493,189	69,680	109,112	4,336,467	5,576,280
10,570,902	1,443,760	4,739,186	975,557	23,618,420
$ 11,064,091	$ 1,513,440	$ 4,848,298	$ 5,312,024	$ 29,194,700

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Districts must maintain their instructional minutes at the 1986-1987 requirements, as required by Education Code Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

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

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*

Governing Board
Simi Valley Unified School District
Simi Valley, California

We have audited, in accordance with the 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 (the District) as of and for the year ended June 30, 2019, 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 December 9, 2019.

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) to determine 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 District'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.

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Compliance and Other Matters

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

We noted certain matters that we reported to management of Simi Valley Unified School District in a separate letter dated December 9, 2019.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 9, 2019

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
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 (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Simi Valley Unified School District's major Federal programs for the year ended June 30, 2019. Simi Valley Unified School District's major Federal programs 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 the 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.

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Opinion on Each Major Federal Program

In our opinion, Simi Valley Unified School District 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 programs for the year ended June 30, 2019.

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 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.

Eide Bailly LLP

Rancho Cucamonga, California
December 9, 2019

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Simi Valley Unified School District
Simi Valley, California

Report on State Compliance

We have audited Simi Valley Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Simi Valley Unified School District's State government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Simi Valley Unified School District's State programs based on our audit of the types of compliance requirements referred to above. 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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. 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 opinions. Our audit does not provide a legal determination of Simi Valley Unified School District's compliance with those requirements.

Basis for Qualified Opinion on After School Education and Safety Program and Unduplicated Local Control Funding Formula Pupil Counts

As described in the accompanying schedule of findings and questioned costs, Simi Valley Unified School District did not comply with requirements regarding After School Education and Safety Program and Unduplicated Local Control Funding Formula Pupil Counts, as identified in finding 2019-001 and 2019-002. Compliance with such requirements is necessary, in our opinion, for Simi Valley Unified School District to comply with the requirements applicable to that program.

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Qualified Opinion After School Education and Safety Program and Unduplicated Local Control Funding Formula Pupil Counts

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Simi Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Programs

In our opinion, Simi Valley Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs..

In connection with the audit referred to above, we selected and tested transactions and records to determine the Simi Valley Unified School District's compliance with the State laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio 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
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below

	Procedures Performed
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	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.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform any procedures related to Middle or Early College High Schools.

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a District of Choice Program; therefore, we did not perform any procedures for the District of Choice Program.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform any procedures related to the Before School Education and Safety Program.

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 have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

Eide Bailly LLP

Rancho Cucamonga, California
December 9, 2019

Schedule of Findings and Questioned Costs

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Uniform Guidance?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Type of auditor's report issued on compliance for programs:	Unmodified

Unqualified for all programs except for the following program/s which were qualified:

Name of Program
Unduplicated Local Control Funding Formula Pupil Counts
After School Education and Safety Program

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None noted.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

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

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2019-001 40000– After School Education and Safety Plan

Criteria or Specific Requirements

In accordance with Education Code Sections 8483.7(6) states the District shall provide an amount of cash or in-kind local funds equal to not less than one-third of the total grant from the school district, governmental agencies, community organizations, or the private sector. Facilities or space usage may fulfill not more than 25 percent of the required local contribution.

Condition

The District is required to provide cash or in-kind local funds equal to not less than one-third of the total grant of $338,731. The District only provided cash or in-kind local funds totaling $34,359 in 2018-2019 fiscal year.

Questioned Costs

The question cost identified with this condition is $77,422.

Context

The District did not meet the cash or in-kind local contribution requirement in 2018-2019 fiscal year.

Effect

As a result of our testing, the District was not compliant with Education Code section 8483.7(6) for the 2018-2019 fiscal year.

Cause

The District did not monitor the cash in-kind local contribution to ensure it was performed within the 2018-2019 fiscal year.

Recommendation

It is recommended that the District implement procedures to ensure that After School Education and Safety Program cash or local in-kind contribution is met as noted in the above referenced Education Code.

Corrective Action Plan

The District will implement procedures to ensure that the After School Education and Safety Program cash or local in-kind contribution is met as noted in the above referenced Education Code.

2019-002 40000 – Unduplicated Local Control Funding Formula Pupil Counts

Criteria or Specific Requirements

In accordance with *Education Code* Sections 2574(b)(3)(c), 42238.02(b)(3)(B), and 41020, the District is required to maintain supporting documentation of students who had a designation of "Free" or "Reduced" and students who had a designation of "English Learner" on the "1.18 – FRPM/English Learner/Foster Youth - Student List" CALPADS report that indicates the student was eligible for the designation reported on the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education was inaccurate. It appears that the District inaccurately reported eligibility for a total of 178 students for Free and Reduce students.

Questioned Costs

The District over claimed the total eligible pupils by 178, resulting in a decrease of approximately $96,646 in LCFF funding.

Context

The condition was identified through a selection of students from Form 1.18, based on the criteria as stated on the 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, we selected a representative sample, to achieve a high level of assurance, from the students indicated as only free or reduced priced meal eligible (FRPM) identified under the "NSLP Program" column and students that are only English Learner (EL) eligible as identified under the "ELAS Designation" column and verify there is supporting documentation that indicates the student was eligible for the designation.

Effect

As a result of testing, it appears that the District did not update the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report due to the following events occurring: CALPADS was not being updated due to students not turning in their lunch applications by October 3 resulting in the District using prior year designation, the District has a policy that allows a ten day grace period before the student's new status is put in effect, and when the "1.18 – FRPM/English Learner/Foster Youth – Student List" was amended the District only updated pupils who changed to free and reduced, which did not take into consideration the pupils who changed their status to paid.

Total Enrollment	Unduplicated FRPM/EL/Foster Youth Total	Adjustment by Auditor	Adjusted Total Unduplicated Pupil Count	Total Adjusted Enrollment
16,451	6,014	(178)	5,836	16,451

Cause

It appears that the condition identified has materialized as a result of the CALPADS system not being updated properly to reflect the change in designation of Free and Reduced and English Learner students.

Recommendation

The District should ensure that students classified as Free and Reduced and students classified as English Learners properly reflect their designation in CALPADS by updating the students who have changed designations throughout the year.

Corrective Action Plan

The District will update CALPADS throughout the year to ensure that the students' designations are accurately reflected in the system and matches the Free and Reduced meal application status and English Learner status.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

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

CPAs & BUSINESS ADVISORS

Management
Simi Valley Unified School District
Simi Valley, California

In planning and performing our audit of the financial statements of Simi Valley Unified School District (the District) for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 9, 2019, on the government-wide financial statements of the District.

CURRENT YEAR OBSERVATIONS AND RECOMMENDATIONS

ROYAL HIGH SCHOOL

Deficit Club Accounts

Observation

In reviewing the financial statements for the student body accounts, we noted that multiple clubs accounts reported deficit balances. Since the student body accounts represent individual portions of the cash and asset pool, by some having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it. This control feature has not been sufficiently followed.

Recommendation

By allowing certain clubs to spend in excess of their available reserves, the Associated Student Body is effectively using the funds of the other clubs and organizations. Request for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the clubs account.

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

Eide Bailly LLP

Rancho Cucamonga, California
December 9, 2019