

SimiValleySchools

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SIMI VALLEY UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

SIMI VALLEY UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2018

FINANCIAL SECTION

Independent Auditor's Report 2
Management's Discussion and Analysis 5
Basic Financial Statements
Government-Wide Financial Statements
Statement of Net Position 22
Statement of Activities 23
Fund Financial Statements
Governmental Funds - Balance Sheet 24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 25
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances 27
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 28
Proprietary Funds - Statement of Net Position 30
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Fund Net Position 31
Proprietary Funds - Statement of Cash Flows 32
Fiduciary Funds - Statement of Net Position 33
Notes to Financial Statements 34

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Budgetary Comparison Schedule 85
Schedule of Changes in the District's Total OPEB Liability and Related Ratios 86
Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program 87
Schedule of the District's Proportionate Share of the Net Pension Liability 88
Schedule of the District Contributions 89
Notes to Required Supplementary Information 90

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards 94
Local Education Agency Organization Structure 95
Schedule of Average Daily Attendance 96
Schedule of Instructional Time 97
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements 98
Schedule of Financial Trends and Analysis 99
Combining Statements - Non-Major Governmental Funds
Combining Balance Sheet 100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 101
General Fund Selected Financial Information 102
Note to Supplementary Information 103

INDEPENDENT AUDITOR'S REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards 106
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance 108
Report on State Compliance 110

SIMI VALLEY UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results	114
Financial Statement Findings	115
Federal Awards Findings and Questioned Costs	116
State Awards Findings and Questioned Costs	117
Summary Schedule of Prior Audit Findings	118
Management Letter	119

FINANCIAL SECTION

This page left blank intentionally.

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, 2018, 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 *2017-2018 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.

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

10681 Foothill Blvd., Suite 300, Rancho Cucamonga, CA 91730 P 909.466.4410 F 909.466.4431 W vtdcpa.com

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 16 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 21, budgetary comparison schedule on page 85, schedule of changes in the District's total OPEB liability and related ratios on page 86, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 87, schedule of the District's proportionate share of net pension liability on page 88, and the schedule of District contributions on page 89, 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 12, 2018, 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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2018

This page left blank intentionally.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

BUSINESS & FACILITIES
Ron Todo
Associate Superintendent

Board of Education
Dan White
Bob LaBelle
Scott Blough
Bill Daniels
Dawn Smollen

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, 2018, with comparative information from 2017. 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 and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's net 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 $42,692,334 for the fiscal year ended June 30, 2018. Of this amount, $(141,808,209) 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	
	2018	(as Restated) 2017
Assets		
Current and other assets	$ 161,088,614	$ 171,853,747
Capital assets, net	299,368,253	264,660,176
Total Assets	460,456,867	436,513,923
Deferred Outflows of Resources	58,684,076	39,271,060
Liabilities		
Current liabilities	20,707,564	18,614,617
Long-term obligations	263,913,433	268,622,585
Aggregate net pension liability	178,448,258	157,738,463
Total Liabilities	463,069,255	444,975,665
Deferred Inflows of Resources	13,254,831	10,207,095
Net Position		
Net investment in capital assets	152,610,530	132,120,467
Restricted	31,890,013	26,609,265
Unrestricted (Deficit)	(141,808,209)	(138,127,509)
Total Net Position	$ 42,692,334	$ 20,602,223

The $(141,808,209) 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	
	2018	2017
Revenues		
Program revenues:		
Charges for services	$ 4,150,403	$ 3,855,203
Operating grants and contributions	31,863,230	36,742,018
Capital grants and contributions	9,606,475	-
General revenues:		
State and Federal revenue limit sources - unrestricted	89,784,020	92,950,276
Property taxes	72,137,241	63,938,219
Other general revenues	10,635,478	22,291,144
Sale of surplus property	10,398,604	4,620,160
Total Revenues	228,575,451	224,397,020
Expenses		
Instruction related	145,656,680	147,988,059
Pupil services	20,658,938	20,217,697
Administration	10,512,161	9,347,214
Plant services	18,454,734	22,075,146
Other	12,479,827	11,584,142
Total Expenses	207,762,340	211,212,258
Change in Net Position	$ 20,813,111	$ 13,184,762

Governmental Activities

As reported in the *Statement of Activities* on page 23, the cost of all of our governmental activities this year was $207,762,340. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $72,137,241 because the cost was paid by those who benefited from the programs $4,150,403 or by other governments and organizations who subsidized certain programs with grants and contributions $41,469,705. We paid for the remaining "public benefit" portion of our governmental activities with $110,818,102 in Federal and 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

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 129,219,007	$ 96,647,335	$ 131,490,816	$ 102,467,804
School administration	16,437,673	14,203,622	16,497,243	14,217,899
Pupil transportation	3,419,093	3,321,594	3,568,093	3,489,076
Food services	5,228,083	399,408	5,156,775	276,173
Other student support services	12,011,762	9,367,727	11,492,829	10,011,322
Administration	10,512,161	9,801,825	9,347,214	8,793,832
Plant services	18,454,734	18,023,227	22,075,146	21,625,526
All other services	12,479,827	10,377,494	11,584,142	9,733,405
Total	$ 207,762,340	$ 162,142,232	$ 211,212,258	$ 170,615,037

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $131,010,872, which is a decrease of $13,344,286 from last year.

Table 4

	Balances and Activity			
	July 1, 2017	Revenues	Expenditures	June 30, 2018
General Fund	$ 32,318,227	$ 175,506,986	$ 172,312,070	$ 35,513,143
Building Fund	80,505,640	2,154,884	30,081,391	52,579,133
Special Reserve Fund for Capital Outlay Projects	690,035	18,834,498	18,548,976	975,557
Bond Interest and Redemption Fund	15,285,611	15,793,434	11,778,869	19,300,176
Non-Major Governmental Funds	15,555,645	28,832,292	21,745,074	22,642,863
Total	$ 144,355,158	$ 241,122,094	$ 254,466,380	$ 131,010,872

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 $32.3 million to $35.5 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 will be 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 2017-2018: LCFF Funding increased by $2.5 million even with declining ADA below prior year of 201.14. The net change in fund balance was positive $3.2 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 2017-2018 in the amount of $2.4 Discretionary Block Grant Funding, and carried forward a beginning balance to 2018-2019 in the amount of $13.5 million.

2. The Adult Education Special Revenue Fund generated a net increase to fund balance from the prior year of $587,123. The Adult Education Fund is now funded through a Block Grant in the amount of $4,777,915.

3. The Deferred Maintenance Special Revenue Fund had a net decrease to fund balance from the prior year of $68,603 and is funded through a transfer out from the General Fund.

4. The Special Reserve COP Debt Repayment Fund generated a net increase to fund balance from prior year of $285,522 due to the General Fund transfers in of Redevelopment Agency funding being less than the required annual COP debt payment.

5. 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 $9,588,125 in modernization funding. General Obligation Bond projects at various school sites expended approximately $8.1 million of Measure C4 funding and $17.8 million of Measure X funding.

6. Developer fees were used for various modernization projects, with expenditures of $375,294. Revenues did exceed expenditures, resulting in an increase in fund balance over the prior year of $1,713,562.

7. The Bond Interest and Redemption Fund ending balance increased over the prior year by $4.0 million due to property tax collections that offset the debt payment.

8. The Self-Insured Workers' Compensation Fund ending balance increased by $444,265 over the prior year. The Self-Insured Medical Fund ending balance increased over prior year by $35,501. Both Funds have partially funded GASB liabilities.

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 15, 2017, 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 85.)

- Revenue revisions made to the 2017-2018 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, 2018, the District had a net of $299,368,253 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 $34,708,077, or 13 percent, from last year.

Table 5

	Governmental Activities	
	2018	2017
Land	$ 22,332,501	$ 16,835,016
Construction in progress	40,681,954	28,210,542
Buildings and improvements, site improvements, net	217,902,200	200,546,504
Furniture and equipment, net	18,451,598	19,068,114
Total	$ 299,368,253	$ 264,660,176

This year's net additions of 34,708,077 (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 263,913,433 in long-term obligations. Those obligations consisted of:

Table 6

	Governmental Activities	
	2018	(as Restated) 2017
General obligation bonds	$ 208,051,223	$ 208,728,626
General obligation bonds Financing Authority	-	3,610,000
General obligation bond premiums (discounts)	17,520,433	18,754,130
General obligation bond premiums Financing Authority	-	231,499
Certificates of participation	6,625,000	7,445,000
Capital leases	805,378	1,196,666
Compensated absences	686,112	628,808
Claims liabilities	9,673,432	8,373,605
Net other postemployment benefits (OPEB) liability	20,551,855	19,654,251
Total	$ 263,913,433	$ 268,622,585

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 $208,051,223 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 $178,448,258 and $$157,738,463 at June 30, 2018 and 2017, respectively, as a result of the implementation of GASB Statement No. 68 during the current fiscal year.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2017-2018 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 2017-2018, 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 last year. The state is currently reformatting 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.

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 3, and Berylwood and Park View will be in Year 6 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 percent of students' achieving English proficiency each year as measured by the CELDT. 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 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).

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 is in its final year phase and only $4,500.00 remains to be expended by December 31, 2018.

On November 8, 2016, the voters passed Measure X authorizing the District to issue general obligation bonds totaling $239,000,000 for the purpose of funding 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.

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

1. Renovations -$4,830,000.00 - New HVAC units, Exterior and Interior Painting, Roofing and Building Repairs and Improvements
2. Modernizations - $2,980,000.00 - State approved projects for new construction, Building expansions or Code Compliance Modifications
3. Site Improvements - $3,944,000.00 - Asphalt maintenance, New Parking Lots, Security Fencing, Landscaping Improvements, Play Structure Improvements and Concrete Paving
4. New Construction - $1,182,000.00 – Construction of permanent shade structures, monuments, electronic marquees and covered entry ways.
5. Technology - $2,566,000.00 - 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.

This initial phase of bond funding is scheduled to be expended by the end of 2019; and a new phase of funding will be received in 2020.

The Maintenance and Operations Department completed 6,676 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 in 2015-2016. Belwood Elementary School, 709-775 E. Cochran Street and three parcels at 875 E. Cochran Street are currently in escrow.

The Purchasing Department reviewed, modified as necessary, and processed 5,328 requisitions with a combined total of 17,053 individual line items.

Warehouse staff received and shipped to District sites the majority of all physical products ordered on these requisitions. Warehouse replenishment orders were placed maintaining a constant inventory of 319 items which are 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 2,260 warehouse requisitioned items with a combined total of 6,929 line items.

The Food Services department continues to be self – supporting even during these economically trying times.

Daily average lunches served 6,100

Daily average breakfast served 920

Free and reduced approximately 32 to 33 percent

The Food Services Department was certified by the State to receive an additional $0.06 per meal. This was accomplished by meeting the outlined criteria for meal pattern requirements.

The Food Services Department participated in the summer in the Park program for a six 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 9,447 meals were served this summer, up from 9,291 served the prior 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 will continue 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 2017-2018 fiscal year the Adult Education Block Grant funding was $4,777,915.

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

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

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

In considering the District Budget for the 2018-2019 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 254 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. A portion of the Deferred Maintenance Funding will be subsequently transferred to the appropriate "committed" Deferred Maintenance Fund for their general program purpose in the amount of $600,000 which was subsequently lowered to $0 at 1st Interim Budget Revision. In the adopted budget, the Deferred Maintenance Fund has contributed $561,104 which was subsequently lowered to $150 at 1st Interim Budget Revision. 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 $194 per annual ADA $146 unrestricted; $48 restricted).

5. CalPERS school employer rate of 18.062 percent is included in the adopted budget (per new LCFF funding formula, revenue limit CalPERS reduction rate was eliminated in 2013-2014).

6. CalSTRS school employer rate of 16.28 percent is included in the adopted 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 2.71 percent COLA or $14.24 per K-12 ADA with negative growth due to the continuing decline in total ADA which results in a decrease to funding of approximately $539.68 per Special Education ADA equal to $137,078. District level funding for Special Education is expected to decline by approximately $176,763 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 at approximately 50 percent of cost or more.

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 and $580,134 in 2017-2018. 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 $1.2 million. The District has included attrition savings in the 1st Interim Budget.

	Staffing Ratio	Enrollment
Grades kindergarten through third*	25:1:1	4,605
Grades four through six	31:1:1	2,908
Grades seven through eight	32:1:1	2,934
Grades nine through twelve	32:1:1	5,399

*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 2016-2017 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. For 2018-2019, the 1st Interim Budget Revision is based on additional funding of $6,455,588 to reach the target or 100 percent funding level. The total funding target amount at 100 percent is $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.

This page left blank intentionally.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Deposits and investments	$ 153,738,104
Receivables	6,918,745
Stores inventories	341,001
Prepaid expenditures	90,764
Capital assets	
Land and construction in progress	63,014,455
Other capital assets	425,950,450
Less: accumulated depreciation	(189,596,652)
Capital assets, net of accumulated depreciation	299,368,253
Total Assets	460,456,867
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	3,322,760
Deferred outflows of resources related to pensions	55,361,316
Total Deferred Outflows of Resources	58,684,076
LIABILITIES	
Accounts payable	17,279,708
Interest payable	2,855,500
Unearned revenue	572,356
Long-term obligations	
Current portion of long-term obligations other than pensions	15,645,421
Noncurrent portion of long-term obligations other than pensions	248,268,012
Total Long-Term Obligations	263,913,433
Aggregate net pension liability	178,448,258
Total Liabilities	463,069,255
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to net other postemployment benefits (OPEB) liability	124,523
Deferred inflows of resources related to pensions	13,254,831
Total Deferred Inflows of Resources	13,379,354
NET POSITION	
Net investment in capital assets	152,610,530
Restricted for:	
Debt service	16,444,676
Capital projects	11,157,428
Educational programs	2,442,986
Other activities	1,844,923
Unrestricted (Deficit)	(141,808,209)
Total Net Position	$ 42,692,334

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF ACTIVITIES
JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
Instruction	$121,705,367	$ 851,025	$ 20,285,060	$ 9,606,475
Instruction related activities:				
Supervision of instruction	6,347,673	55,086	1,766,586	-
Instructional library, media, and technology	1,165,967	7,440	-	-
School site administration	16,437,673	1,262	2,232,789	-
Pupil services:				
Home-to-school transportation	3,419,093	8,746	88,753	-
Food services	5,228,083	1,943,701	2,884,974	-
All other pupil services	12,011,762	131,990	2,512,045	-
Administration:				
Data processing	2,349,634	-	7,259	-
All other administration	8,162,527	104,457	598,620	-
Plant services	18,454,734	13,191	418,316	-
Ancillary services	2,838,780	41,711	114,833	-
Community services	371,996	8,171	7,755	-
Enterprise services	70,846	114	92	-
Interest on long-term obligations	8,512,060	-	-	-
Other outgo	686,145	983,509	946,148	-
Total Governmental Activities	$207,762,340	$ 4,150,403	$ 31,863,230	$ 9,606,475
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				
Interagency revenues				
Miscellaneous				
Special and extraordinary items - sale of land				
Subtotal, General Revenues				
Changes in Net Position				
Net Position - Beginning				
Restatement				
Net Position - Beginning (as Restated)				
Net Position - Ending				

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

Net (Expenses) Revenues and Changes in Net Position
Governmental Activities
$ (90,962,807)
(4,526,001)
(1,158,527)
(14,203,622)
(3,321,594)
(399,408)
(9,367,727)
(2,342,375)
(7,459,450)
(18,023,227)
(2,682,236)
(356,070)
(70,640)
(8,512,060)
1,243,512
(162,142,232)
55,582,683
15,600,179
954,379
89,784,020
545,648
254,496
9,835,334
10,398,604
182,955,343
20,813,111
35,569,790
(13,690,567)
21,879,223
$ 42,692,334

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects
ASSETS			
Deposits and investments	$ 36,063,541	$ 56,731,793	$ 12,205,889
Accounts receivable	5,849,670	380,400	76,322
Due from other funds	6,269,664	2,215,650	2,000,000
Stores inventories	246,419	-	-
Prepaid expenditures	90,764	-	-
Total Assets	$ 48,520,058	$ 59,327,843	$ 14,282,211
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 11,915,022	$ 4,491,013	$ 181,654
Due to other funds	519,537	2,257,697	13,125,000
Unearned revenue	572,356	-	-
Total Liabilities	13,006,915	6,748,710	13,306,654
Fund Balances:			
Nonspendable	419,931	-	-
Restricted	2,442,986	52,579,133	-
Committed	-	-	-
Assigned	9,356,025	-	975,557
Unassigned	23,294,201	-	-
Total Fund Balances	35,513,143	52,579,133	975,557
Total Liabilities and Fund Balances	$ 48,520,058	$ 59,327,843	$ 14,282,211

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
$ 19,203,675	$ 17,319,065	$ 141,523,963
96,501	425,961	6,828,854
-	6,195,756	16,681,070
-	94,582	341,001
-	-	90,764
$ 19,300,176	$ 24,035,364	$ 165,465,652
$ -	$ 649,682	$ 17,237,371
-	742,819	16,645,053
-	-	572,356
-	1,392,501	34,454,780
-	95,382	515,313
19,300,176	18,598,771	92,921,066
-	3,948,710	3,948,710
-	-	10,331,582
-	-	23,294,201
19,300,176	22,642,863	131,010,872
$ 19,300,176	$ 24,035,364	$ 165,465,652

SIMI VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balance - Governmental Funds		**$ 131,010,872**
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:	$ 488,964,905	
Accumulated depreciation is:	(189,596,652)	
Net Capital Assets		299,368,253
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.		3,322,760
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.		(2,855,500)
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.		2,552,246
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	16,109,304	
Net change in proportionate share of net pension liability	4,143,119	
Differences between projected and actual earnings on pension plan investments	1,746,123	
Differences between expected and actual experience in the measurement of the total pension liability	2,281,599	
Changes of assumptions	31,081,171	
Total Deferred Outflows of Resources Related to Pensions		55,361,316

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, 2018

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	$ (7,020,237)	
Difference between projected and actual earnings on pension plan investments	(3,408,259)	
Differences between expected and actual experience in the measurement of the total pension liability	(2,232,043)	
Changes of assumptions	(594,292)	
Total Deferred Inflows of Resources Related to Pensions		$ (13,254,831)
Deferred inflows 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 inflows of resources related to OPEB at year end consist of changes in assumptions.		(124,523)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(178,448,258)
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	(183,305,225)	
Premium on bonds issued	(17,541,883)	
Discount on bonds issued	21,450	
Certificates of participation payable	(6,625,000)	
Compensated absences (vacations)	(686,112)	
Capital leases payable	(805,378)	
Net other postemployment benefits (OPEB) liability	(20,551,855)	
In addition, the District has issued 'capital appreciation' general obligations bonds. The accretion of interest unmatured on the general obligation bonds to date is:	(24,745,998)	
Total Long-Term Obligations		(254,240,001)
Total Net Position - Governmental Activities		**$ 42,692,334**

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, 2018

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects
REVENUES			
Local Control Funding Formula	$ 139,652,498	$ -	$ -
Federal sources	5,828,506	-	-
Other State sources	15,409,415	-	-
Other local sources	14,532,785	1,779,884	645,186
Total Revenues	175,423,204	1,779,884	645,186
EXPENDITURES			
Current			
Instruction	105,401,908	-	-
Instruction related activities:			
Supervision of instruction	5,866,938	-	-
Instructional library, media, and technology	1,044,779	-	-
School site administration	12,670,846	-	-
Pupil services:			
Home-to-school transportation	3,077,911	-	-
Food services	196,087	-	-
All other pupil services	10,673,070	-	-
Administration:			
Data processing	2,171,984	-	-
All other administration	7,147,886	-	-
Plant services	17,617,373	2,851	-
Ancillary services	2,672,812	-	-
Community services	238,188	-	-
Other outgo	686,145	-	-
Enterprise services	65,201	-	-
Facility acquisition and construction	1,810,077	27,603,470	16,984,740
Debt service			
Principal	-	391,288	-
Interest and other	16,486	-	-
Total Expenditures	171,357,691	27,997,609	16,984,740
Excess (Deficiency) of Revenues Over Expenditures	4,065,513	(26,217,725)	(16,339,554)
OTHER FINANCING SOURCES (USES)			
Transfers in	83,782	375,000	7,820,360
Other sources - proceeds from land sale	-	-	10,368,952
Transfers out	(954,379)	(2,083,782)	(1,564,236)
Net Financing Sources (Uses)	(870,597)	(1,708,782)	16,625,076
NET CHANGE IN FUND BALANCES	3,194,916	(27,926,507)	285,522
Fund Balances - Beginning	32,318,227	80,505,640	690,035
Fund Balances - Ending	$ 35,513,143	$ 52,579,133	$ 975,557

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ 139,652,498
-	3,082,070	8,910,576
138,089	14,765,862	30,313,366
15,655,345	6,180,706	38,793,906
15,793,434	24,028,638	217,670,346
-	3,188,351	108,590,259
-	30,119	5,897,057
-	-	1,044,779
-	2,142,732	14,813,578
-	-	3,077,911
-	4,645,163	4,841,250
-	414,648	11,087,718
-	-	2,171,984
-	541,148	7,689,034
-	566,298	18,186,522
-	-	2,672,812
-	90,568	328,756
-	-	686,145
-	86	65,287
-	370,392	46,768,679
3,570,000	4,430,000	8,391,288
4,594,451	459,588	5,070,525
8,164,451	16,879,093	241,383,584
7,628,983	7,149,545	(23,713,238)
-	4,803,654	13,082,796
-	-	10,368,952
(3,614,418)	(4,865,981)	(13,082,796)
(3,614,418)	(62,327)	10,368,952
4,014,565	7,087,218	(13,344,286)
15,285,611	15,555,645	144,355,158
$ 19,300,176	$ 22,642,863	$ 131,010,872

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, 2018

Total Net Change in Fund Balances - Governmental Funds		**$ (13,344,286)**
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	$ 47,851,860	
Depreciation expense	(13,143,415)	
Net Expense Adjustment		34,708,445
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.		(408,763)
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.		(367)
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 less than the amounts earned by $57,304.		(57,304)
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.		(4,012,240)
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.		(1,022,127)

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, 2018

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	$ 1,240,944	
Amortization of discount on issuance for general obligation bonds	(7,247)	
Amortization of premium on issuance for general obligation bonds - Financing Authority	231,499	
Amortization of deferred amount on refunding	(332,275)	
Combined adjustment		$ 1,132,921
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	3,570,000	
General obligation bonds - Financing Authority	3,610,000	
Certificates of participation	820,000	
Capital leases	391,288	
Combined adjustment		8,391,288
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 1,681,859, and second, $2,892,597 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(4,574,456)
Change in Net Position of Governmental Activities		**$ 20,813,111**

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	$ 10,806,383	$ 1,407,758	$ 12,214,141
Receivables	82,991	6,900	89,891
Due from other funds	8,131	-	8,131
Total Assets	10,897,505	1,414,658	12,312,163
LIABILITIES			
Current Liabilities			
Accounts payable	16,892	25,445	42,337
Due to other funds	44,148	-	44,148
Total Current Liabilities	61,040	25,445	86,485
Noncurrent Liabilities			
Current portion of long-term claims liability	1,646,000	-	1,646,000
Long term claims liability	8,027,432	-	8,027,432
Total Noncurrent Liabilities	9,673,432	-	9,673,432
Total Liabilities	9,734,472	25,445	9,759,917
NET POSITION			
Unrestricted	$ 1,163,033	$ 1,389,213	$ 2,552,246

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, 2018

	Governmental Activities		
	Internal Service Fund		
	Workers' Compensation	Medical	Total
OPERATING REVENUES			
Local and intermediate sources	$ 3,549,322	$ 2,372,439	$ 5,921,761
OPERATING EXPENSES			
Payroll costs	160,747	-	160,747
Professional and contract services	3,960,298	2,351,320	6,311,618
Supplies and materials	376	-	376
Total Operating Expenses	4,121,421	2,351,320	6,472,741
Operating Income (Loss)	(572,099)	21,119	(550,980)
NONOPERATING REVENUES			
Interest income	127,835	14,382	142,217
Change in Net Position	(444,264)	35,501	(408,763)
Total Net Position - Beginning	1,607,297	1,353,712	2,961,009
Total Net Position - Ending	$ 1,163,033	$ 1,389,213	$ 2,552,246

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, 2018

	Governmental Activities		
	Internal Service Fund		
	Workers' Compensation	Medical	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from assessments made to other funds	$ 3,548,705	$ 2,372,439	$ 5,921,144
Cash payments to employees for services	(3,960,298)	(2,351,320)	(6,311,618)
Cash payments for administrative expense	(160,747)	-	(160,747)
Cash payments for other operating expenses	1,291,599	(4,702)	1,286,897
Net Cash Provided by Operating Activities	719,259	16,417	735,676
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	127,835	14,382	142,217
Net Increase in Cash and Cash Equivalents	847,094	30,799	877,893
Cash and Cash Equivalents - Beginning	9,959,289	1,376,959	11,336,248
Cash and Cash Equivalents - Ending	$ 10,806,383	$ 1,407,758	$ 12,214,141
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	$ (572,099)	$ 21,119	$ (550,980)
Changes in assets and liabilities:			
Receivables	(41,703)	(2,779)	(44,482)
Due from other funds	(617)	-	(617)
Accounts payable	(9,996)	(1,923)	(11,919)
Claims liability	1,299,827	-	1,299,827
Due to other funds	43,847	-	43,847
Net Cash Provided by Operating Activities	$ 719,259	$ 16,417	$ 735,676

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Agency Funds		
	Associated Student Body	Warrant Pass-through Fund	Total
ASSETS			
Deposits and investments	$ 1,166,972	$ 118,262	$ 1,285,234
Stores inventories	200,729	-	200,729
Other current assets	19,764	-	19,764
Total Assets	$ 1,387,465	$ 118,262	$ 1,505,727
LIABILITIES			
Accounts payable	$ 27,828	$ 118,262	$ 146,090
Due to student groups	1,359,637	-	1,359,637
Total Liabilities	$ 1,387,465	$ 118,262	$ 1,505,727

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

This page left blank intentionally.

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.

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

Other Related Entities

Public Entity Risk Pools and Joint Powers Authorities The District is associated with one risk pool and two joint powers authorities. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 14 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.

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).

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.).

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

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

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, 2018, 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 $5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net 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 and for pension 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 and for OPEB related items.

Pensions

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

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, 2018, 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 $31,890,013 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 June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

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.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

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.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

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.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

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 requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

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.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Governmental activities	$ 153,738,104
Fiduciary funds	1,285,234
Total Deposits and Investments	$ 155,023,338

Deposits and investments as of June 30, 2018, consist of the following:

Cash on hand and in banks	$ 2,851,486
Cash in revolving	158,548
Investments	152,013,304
Total Deposits and Investments	$ 155,023,338

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	Maturity Date/ Weighted Average to Maturity in Days
Certificates of Deposit	$ 15,974	9/15/2029
Money Market Mutual Funds	1,443,760	18
Ventura County Investment Pool	150,553,570	148
Total	$ 152,013,304	

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
Certificates of Deposit	Not Required	Not rated	$ 15,974
Money Market Mutual Funds	Not Required	AAAm	1,443,760
Ventura County Investment Pool	Not Required	AAAf/S1+	150,553,570
Total			$ 152,013,304

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, 2018, the District's bank balance of $2,473,182 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, 2018:

Investment Type	Reported Amount	Uncategorized
Ventura County Investment Pool	$ 150,553,570	$ 150,553,570

NOTE 4 - RECEIVABLES

Receivables at June 30, 2018, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund
Federal Government				
Categorical aid	$ 3,181,722	$ -	$ -	$ -
State Government				
LCFF apportionment	-	-	-	-
Categorical aid	1,067,432	-	-	-
Lottery	654,178	-	-	-
Local Government				
Interest	228,882	369,167	76,322	96,501
Other local sources	717,456	11,233	-	-
Total	$ 5,849,670	$ 380,400	$ 76,322	$ 96,501

	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal Government			
Categorical aid	$ 193,035	$ -	$ 3,374,757
State Government			
LCFF apportionment	-	-	-
Categorical aid	36,241	-	1,103,673
Lottery	-	-	654,178
Local Government			
Interest	61,931	67,137	899,940
Other local sources	134,754	22,754	886,197
Total	$ 425,961	$ 89,891	$ 6,918,745

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 16,835,016	$ 5,868,170	$ 370,685	$ 22,332,501
Construction in progress	28,210,542	20,921,073	8,449,661	40,681,954
Total Capital Assets Not Being Depreciated	45,045,558	26,789,243	8,820,346	63,014,455
Capital Assets Being Depreciated				
Land improvements	28,849,523	4,634,077	-	33,483,600
Buildings and improvements	325,474,906	20,325,093	-	345,799,999
Furniture and equipment	41,756,894	4,923,792	13,835	46,666,851
Total Capital Assets Being Depreciated	396,081,323	29,882,962	13,835	425,950,450
Less Accumulated Depreciation				
Land improvements	18,622,200	950,174		19,572,374
Buildings and improvements	135,155,725	6,653,300		141,809,025
Furniture and equipment	22,688,780	5,539,941	13,468	28,215,253
Total Accumulated Depreciation	176,466,705	13,143,415	13,468	189,596,652
Governmental Activities Capital Assets, Net	$ 264,660,176	$ 43,528,790	$ 8,820,713	$ 299,368,253

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

Governmental Activities	
Instruction	$ 8,685,169
Supervision of instruction	314,128
Instructional library, media, and technology	94,633
School site administration	1,040,959
Home-to-school transportation	231,325
Food services	345,672
All other pupil services	487,620
Data processing	115,662
All other administration	307,556
Plant services	1,381,372
Ancillary services	99,889
Community services	39,430
Total Depreciation Expenses All Activities	$ 13,143,415

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2018, between major and non-major governmental funds and internal service fund are as follows:

	Due From					
Due To	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Funds	Total
General Fund	$ -	$ 257,697	$ 5,225,000	$ 742,819	$ 44,148	$ 6,269,664
Building Fund	15,650	-	2,200,000	-	-	2,215,650
Special Reserve Fund for Capital Outlay Projects	-	2,000,000	-	-	-	2,000,000
Non-Major Governmental Funds	495,756	-	5,700,000	-	-	6,195,756
Internal Service Funds	8,131	-	-	-	-	8,131
Total	$ 519,537	$ 2,257,697	$ 13,125,000	$ 742,819	$ 44,148	$ 16,689,201

A balance of $483,758 is due to the General Fund from the Deferred Maintenance Non-Major Governmental Fund for reimbursement of costs.

A balance of $664,808 is due to the Deferred Maintenance Non-Major Governmental Fund from the General Fund for contribution.

A balance of $5,225,000 is due to the Special Reserve Fund for Capital Outlay Projects from the General Fund for building purchase.

A balance of $2,200,000 is due to the Special Reserve Fund for Capital Outlay Projects from the Building Fund for building purchase.

A balance of $5,700,000 is due to the Special Reserve Fund for Capital Outlay Projects from the Capital Facilities Non-Major Governmental Fund for building purchase.

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, 2018, consisted of the following:

	Transfer From					
Transfer To	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 83,782	$ -	$ -	$ -	$ 83,782
Building Fund	-	-	375,000	-	-	375,000
Special Reserve Fund for Capital Outlay Projects	954,379	2,000,000	-	-	4,865,981	7,820,360
Non-Major Governmental Funds	-	-	1,189,236	3,614,418	-	4,803,654
Total	$ 954,379	$ 2,083,782	$ 1,564,236	$ 3,614,418	$ 4,865,981	$ 13,082,796

The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects to reimburse equipment purchases for new building.	$ 954,379
The Building Fund transferred to the Special Reserve Fund for Capital Outlay Projects for building improvements.	2,000,000
The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Fund for Capital Outlay Projects for building improvements.	4,865,981
The Special Reserve Fund for Capital Outlay Projects transferred to the Building Fund to reimburse deposit for new building.	375,000
The Building Fund transferred to the General Fund for reimbursement of costs.	83,782
The Special Reserve Fund for Capital Outlay Projects transferred to the Capital Projects Non-Major Governmental Fund for Blended Component Units for debt service payments.	1,189,236
The Bond Interest and Redemption Fund transferred to the Financing Authority Debt Service Non-Major Governmental Fund for debt service payments.	3,614,418
Total	$ 13,082,796

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, 2018, consisted of the following:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Funds
Vendor payables	$ 1,654,742	$ 219,858	$ 181,654	$ 489,185	$ 42,337
LCFF apportionment	3,290,450	-	-	-	
Salaries and benefits	6,969,830	-	-	160,497	-
Construction	-	4,271,155	-	-	-
Total	$ 11,915,022	$ 4,491,013	$ 181,654	$ 649,682	$ 42,337

	Total Governmental Funds	Fiduciary Funds
Vendor payables	$ 2,587,776	$ 27,828
LCFF apportionment	3,290,450	-
Salaries and benefits	7,130,327	118,262
Construction	4,271,155	-
Total	$ 17,279,708	$ 146,090

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2018, consisted of the following:

	General Fund
Federal financial assistance	$ 37,435
State categorical aid	534,921
Total	$ 572,356

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	(as Restated) Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due in One Year
General obligation bonds	$ 208,728,626	$ 2,892,597	$ 3,570,000	$ 208,051,223	$ 12,720,000
Premium on issuance	18,782,827	-	1,240,944	17,541,883	-
Discount on issuance	(28,697)	-	(7,247)	(21,450)	-
Financing authority	3,610,000	-	3,610,000	-	-
Premium on issuance	231,499	-	231,499	-	-
Certificates of participation	7,445,000	-	820,000	6,625,000	885,000
Capital leases	1,196,666	-	391,288	805,378	394,421
Compensated absences	628,808	57,304	-	686,112	-
Claims liabilities	8,373,605	1,299,827	-	9,673,432	1,646,000
Net other postemployment benefits (OPEB) liability	19,654,251	1,026,791	129,187	20,551,855	-
Total	$ 268,622,585	$ 5,276,519	$ 9,985,671	$ 263,913,433	$ 15,645,421

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Payments on the financing authority general obligation bonds are made by the Financing Authority Debt Service 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.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Issued	Additions/ Accreted Interest	Redeemed and Refunded	Bonds Outstanding June 30, 2018
Current Interest								
January 12, 2004	2019	5.00%	$ 16,150,000	$ 1,040,000	$ -	$ -	$ 505,000	$ 535,000
October 18, 2007	2018	4.00-5.00%	10,920,000	645,000	-	-	645,000	-
October 30, 2012	2018	0.81-1.736%	2,200,000	560,000	-	-	560,000	-
May 21, 2013	2025	2.00-5.00%	8,740,000	8,605,000	-	-	-	8,605,000
June 29, 2016	2028	2.00-4.00%	4,565,000	4,565,000	-	-	80,000	4,485,000
May 4, 2017	2028	5.00%	65,515,000	65,515,000	-	-	1,130,000	64,385,000
June 29, 2017	2047	2.00-5.00%	70,000,000	70,000,000	-	-	-	70,000,000
Capital Appreciation					-			
July 30, 2004	2029	5.92%	944,969	2,585,731	-	206,859	-	2,792,590
December 14, 2005	2019	9.30-9.35%	494,199	1,384,025	-	89,348	650,000	823,373
October 18, 2007	2033	4.63-4.79%	34,080,619	53,828,870	-	2,596,390	-	56,425,260
				$208,728,626	$ -	$ 2,892,597	$3,570,000	$208,051,223

Debt Service Requirements to Maturity

The bonds mature through 2047 as follows:

Year Ending June 30,	Principal Including Accreted Interest to Date	Current Interest to Maturity	Accreted Interest to Maturity	Total
2019	$ 12,693,373	$ 6,295,438	$ 26,627	$ 19,015,438
2020	10,170,000	5,909,063	-	16,079,063
2021	6,305,000	5,556,038	-	11,861,038
2022	7,060,000	5,236,888	-	12,296,888
2023	7,865,000	4,880,638	-	12,745,638
2024-2028	56,732,038	17,786,888	6,902,962	81,421,888
2029-2033	55,800,812	11,241,956	40,304,188	107,346,956
2034-2038	11,230,000	9,630,981	-	20,860,981
2039-2043	18,535,000	6,393,919	-	24,928,919
2044-2047	21,660,000	-	-	21,660,000
Total	$ 208,051,223	$ 72,931,809	$ 47,233,777	$ 328,216,809

2004 General Obligation Refunding Bonds

In January 2004, the District issued $16,150,000 principal amount of the 2004 General Obligation Refunding Bonds. The 2004 Refunding Bonds were issued as current interest bonds. The bonds mature through August 1, 2018, with an interest rate of 5.00 percent. Proceeds from the sale of the bonds were used to refund a portion of the February 1, 1996, General Obligation Bonds and pay costs of issuance of the refunding bonds. The refunding has resulted in a net savings in future principal and interest payments. At June 30, 2018, the principal balance outstanding was $535,000.

General Obligation Bonds, Election of 2004, Series A

In November 2005, the District issued $59,999,969 aggregate principal amount of the General Obligation Bonds, Election of 2004, Series A. The Election of 2004, Series B Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $6,460,000. The bonds mature through June 1, 2029, with interest rates from 1.60 to 5.92 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. A portion of the issue was refunded in July 2007, with the 2007 District Refunding Bonds. At June 30, 2018, the principal balance outstanding was $2,792,590.

General Obligation Bonds, Election of 2004, Series B

In November 2005, the District issued $39,999,199 aggregate principal amount of the General Obligation Bonds, Election of 2004, Series B. The Election of 2004, Series B Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $1,500,000. The bonds mature through August 1, 2018, with interest rates from 3.10 to 4.60 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. A portion of the issue was refunded in July 2007, with the 2007 District Refunding Bonds. At June 30, 2018, the principal balance outstanding was $823,373.

General Obligation Bonds, Election of 2004, Series C

In October 2007, the District issued $45,000,619 aggregate principal amount of the General Obligation Bonds, Election of 2004, Series C. The Election of 2004, Series C Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $99,650,000. The bonds mature through August 1, 2032, with interest rates from 4.00 to 5.00 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. At June 30, 2018, the principal balance outstanding was $56,425,260 and unamortized premiums of $731,682.

2012 General Obligation Refunding Bonds

In October of 2012, the District issued $2,200,000 principal amount of the 2012 General Obligation Refunding Bonds (Taxable). The 2012 General Obligation Refunding Bonds were issued as current interest bonds. The bonds mature through August 2017, with an interest rate of 1.736 percent. Proceeds from the sale of the bonds were used to refund the remaining portion of the August 1, 1998, General Obligations Bonds and pay costs of issuance of the refunding bonds. The refunding has resulted in a net savings in future principal and interest payments. At June 30, 2018, there was no remaining balance.

2013 General Obligation Refunding Bonds

In May of 2013, the District issued $8,740,000 the principal amount of the 2013 General Obligation Refunding Bonds. The 2012 Refunding Bonds were issued as current interest bonds. The bonds mature through August 1, 2024, with an interest rate of 5.000 percent. Proceeds from the sale of the bonds were used to refund a portion of the May 12, 2004, Series 2007C, General Obligations Bonds and pay costs of issuance of the refunding bonds. The refunding has resulted in a net savings in future principal and interest payments. At June 30, 2018, the principal outstanding balance was $8,605,000 and unamortized discounts of $21,450.

2016 General Obligation Refunding Bonds

In June 2016, the District issued $4,565,000 aggregate principal amount of the 2016 General Obligation Refunding Bonds. The 2016 Refunding Bonds were issued as current interest bonds. The bonds mature through August 1, 2027, with interest rates from 2.00 to 4.00 percent. Proceeds from the sale of the bonds were used to refund a portion of the June 27, 2007, General Obligations Bonds and pay costs of issuance of the refunding bonds. The refunding has resulted in a net savings in future principal and interest payments. At June 30, 2018, the principal balance outstanding was $4,485,000 and unamortized premiums of $729,210.

2017 General Obligation Refunding Bonds

In August 2016, the District issued $65,515,000 aggregate principal amount of the 2017 General Obligation Refunding Bonds. The 2016 Refunding Bonds were issued as current interest bonds. The bonds mature through August 1, 2027, with an interest rate of 5.00 percent. Proceeds from the sale of the bonds were used to refund a portion of the June 27, 2007, General Obligations Bonds and pay costs of issuance of the refunding bonds. The refunding has resulted in a net savings in future principal and interest payments. At June 30, 2018, the principal balance outstanding was $64,385,000 and unamortized premiums of $11,157,570.

General Obligation Bonds, Election 2016, Series A

In June 2017, the District issued $70,000,000 principal amount of the 2016 General Obligation Bonds, Series A. The 2016 General Obligation Bonds, Series A were issued as current interest bonds. The bonds mature through August 2047, with interest rates from 2.00 to 5.00 percent. Proceeds from the sale of the bonds were used to modernize and upgrade outdated school facilities and pay costs of issuance of the refunding bonds. At June 30, 2018, the principal outstanding balance was $70,000,000 and unamortized premiums of $4,923,421.

Simi Valley School Financing Authority Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Issued	Additions/ Accreted Interest	Redeemed and Refunded	Bonds Outstanding June 30, 2018
Financing Authority								
July 12, 2007	2018	4.00-5.00%	$95,675,000	$ 3,610,000	$ -	$ -	$ 3,610,000	$ -

Simi Valley School Financing Authority Debt Service Requirements to Maturity

2007 General Obligation Revenue Bonds

In June 2007, the Simi Valley School Financing Authority issued $95,675,000 principal amount of the 2007 General Obligation Revenue Bonds. The bonds mature through August 1, 2027, with interest rates from 3.70 to 5.00 percent. Proceeds from the sale of the bonds were used to purchase a portion of the General Obligation Bonds, Election of 2004, Series B and Series C and pay costs of issuance of the revenue bonds. A portion of the proceeds from the 2016 General Obligation Refunding Bonds issued in August 2016 were used to pay a portion of the 2004 Series B and Series C General Obligation Bonds. At June 30, 2018, there was no remaining balance.

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
2019	$ 885,000	$ 324,581	$ 1,209,581
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	$ 6,625,000	$ 964,032	$ 7,589,032

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 1 Equipment Lease	Copier 2 Equipment Lease	Copier 3 Equipment Lease	School Bus Equipment Lease	Total
Balance, July 1, 2017	$ 472,760	$ 59,855	$ 17,524	$ 696,820	$ 1,246,959
Payments and adjustments	(236,380)	(23,942)	(8,088)	(139,364)	(407,774)
Balance, June 30, 2018	$ 236,380	$ 35,913	$ 9,436	$ 557,456	$ 839,185

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Total
2019	$ 407,774
2020	152,683
2021	139,364
2022	139,364
Total	$ 839,185
Less: Amount Representing Interest	(33,807)
Present Value of Minimum Lease Payments	$ 805,378

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2018, amounted to $686,112. 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 $9,673,432.

Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2018, the District reported net OPEB liability, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 19,497,881	$ 124,523	$ 1,026,791
Medicare Premium Payment (MPP) Program	1,053,974	-	(129,187)
Total	$ 20,551,855	$ 124,523	$ 897,604

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, 2018, 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 2017-2018, the District paid $708,279 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $19,497,881 was measured as of June 30, 2018, 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, 2018 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	3.50 percent
Healthcare cost trend rates	6.00 percent for 2018

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, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 18,471,090
Service cost	1,227,595
Interest	652,752
Changes of assumptions or other inputs	(145,277)
Benefit payments	(708,279)
Net change in total OPEB liability	1,026,791
Balance at June 30, 2018	$ 19,497,881

Changes of assumptions and other inputs reflect a change in the discount rate from 4.5 percent in 2017 to 3.5 percent in 2018.

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 (2.50%)	$ 21,012,100
Current discount rate (3.50%)	19,497,881
1% increase (4.50%)	18,116,369

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%)	$ 17,782,936
Current healthcare cost trend rate (6.00%)	19,497,881
1% increase (7.00%)	21,524,006

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $1,026,791. At June 30, 2018, the District reported deferred inflows of resources for changes of assumptions was $124,523.

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

Year Ended June 30,	Deferred Inflows of Resources
2019	$ 20,754
2020	20,754
2021	20,754
2022	20,754
2022	20,754
Thereafter	20,753
	$ 124,523

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, 2016 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.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB

At June 30, 2018, 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 that date. 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, 2017 and June 30, 2016, was 0.2505 percent and 0.2528, respectively, resulting in a net decrease in the proportionate share of 0.0023 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of $(129,187).

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2016, was determined based on a financial reporting actuarial valuation that used the June 30, 2016 assumptions presented in the table below. The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the assumptions listed in the following table:

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
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	3.58%	2.85%
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, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now 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 the 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 571 or an average of 0.32 percent of the potentially eligible population (177,763).

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, 2017 and 2016, 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.

This page left blank intentionally.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. 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 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

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 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 OPEB Liability
1% decrease (2.58%)	$ 1,166,822
Current discount rate (3.58%)	1,053,974
1% increase (4.58%)	944,204

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 952,426
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	1,053,974
1% increase (4.7% Part A and 5.1% Part B)	1,154,507

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund
Nonspendable:				
Revolving cash	$ 82,748	$ -	$ -	$ -
Stores inventories	246,419	-	-	-
Prepaid expenditures	90,764	-	-	-
Total Nonspendable	419,931	-	-	-
Restricted				
Legally restricted programs	2,442,986	-	-	-
Capital projects	-	52,579,133	-	-
Debt services	-	-	-	19,300,176
Total Restricted	2,442,986	52,579,133	-	19,300,176
Committed				
Adult education program	-	-	-	-
Deferred maintenance program	-	-	-	-
Total Committed	-	-	-	-
Assigned				
Instructional materials	34,766	-	-	-
One-time discretionary funds	9,240,286	-	-	-
Elementary student body	63,894	-	-	-
Recording studio	17,079	-	-	-
Capital projects	-	-	975,557	-
Total Assigned	9,356,025	-	975,557	-
Unassigned				
Economic uncertainties	6,892,482	-	-	-
Remaining unassigned	16,401,719	-	-	-
Total Unassigned	23,294,201	-	-	-
Total	$ 35,513,143	$ 52,579,133	$ 975,557	$ 19,300,176

Non-Major Governmental Funds	Total
$ 800	$ 83,548
94,582	341,001
-	90,764
95,382	515,313
1,844,923	4,287,909
15,310,088	67,889,221
1,443,760	20,743,936
18,598,771	92,921,066
3,925,675	3,925,675
23,035	23,035
3,948,710	3,948,710
-	34,766
-	9,240,286
-	63,894
-	17,079
-	975,557
-	10,331,582
-	6,892,482
-	16,401,719
-	23,294,201
$ 22,642,863	$ 131,010,872

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 $1,056,356.

Year Ending June 30,	Lease Revenue
2019	$ 1,103,469
2020	1,056,356
2021	824,000
2022	824,000
2023	824,000
Thereafter	14,594,000
Total	$ 19,225,825

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 2018 and 2017 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, 2018, 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, 2018, 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, 2016 to June 30, 2018:

	Workers' Compensation	Medical	Total
Liability Balance, July 1, 2016	$ 8,184,716	$ 558,890	$ 8,743,606
Claims and changes in estimates	1,410,343	-	1,410,343
Claims payments	(1,221,454)	(558,890)	(1,780,344)
Liability Balance, June 30, 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
Assets available to pay claims at June 30, 2018	$ 10,897,505	$ 1,414,658	$ 12,312,163

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, 2018, 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	$ 127,972,293	$ 39,779,053	$ 11,526,234	$ 12,638,789
CalPERS	50,475,965	15,582,263	1,728,597	7,482,755
Total	$ 178,448,258	$ 55,361,316	$ 13,254,831	$ 20,121,544

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, 2016, 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, 2018, 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%	9.205%
Required employer contribution rate	14.43%	14.43%
Required State contribution rate	9.328%	9.328%

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $11,552,959.

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

At June 30, 2018, 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	$ 127,972,293
State's proportionate share of the net pension liability associated with the District	75,707,328
Total	$ 203,679,621

The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, was 0.1384 percent and 0.1421 percent, respectively, resulting in a net decrease in the proportionate share of 0.0038 percent.

For the year ended June 30, 2018, the District recognized pension expense of $12,638,789. In addition, the District recognized pension expense and revenue of $7,620,669 for support provided by the State. At June 30, 2018, 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	$ 11,552,959	$ -
Net change in proportionate share of net pension liability	4,044,478	5,885,932
Difference between projected and actual earnings on pension plan investments	-	3,408,259
Difference between expected and actual experiences in the measurement of the total pension liability	473,254	2,232,043
Changes of assumptions	23,708,362	-
Total	$ 39,779,053	$ 11,526,234

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
2019	$ (2,833,412)
2020	2,144,057
2021	309,161
2022	(3,028,065)
Total	$ (3,408,259)

The deferred outflows 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 of Resources
2019	$ 3,448,173
2020	3,448,173
2021	3,448,173
2022	3,448,177
2023	2,696,513
Thereafter	3,618,910
Total	$ 20,108,119

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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
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, 2017, 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%)	$ 187,903,954
Current discount rate (7.10%)	127,972,293
1% increase (8.10%)	79,333,689

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, 2016 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, 2018, 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%	6.50%
Required employer contribution rate	15.531%	15.531%

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, 2018, are presented above and the total District contributions were $4,556,345.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $50,475,965. The net pension liability was measured as of June 30, 2016. 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, 2017 and June 30, 2016, was 0.2114 percent and 0.2166 percent, respectively, resulting in a net increase in the proportionate share of 0.0051 percent.

For the year ended June 30, 2018, the District recognized pension expense of $7,482,755. At June 30, 2018, 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	$ 4,556,345	
Net change in proportionate share of net pension liability	98,641	1,134,305
Difference between projected and actual earnings on pension plan investments	1,746,123	-
Difference between expected and actual experiences in the measurement of the total pension liability	1,808,345	-
Changes of assumptions	7,372,809	594,292
Total	$ 15,582,263	$ 1,728,597

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
2019	$ (47,313)
2020	2,014,647
2021	734,965
2022	(956,176)
Total	$ 1,746,123

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	$ 2,335,458
2020	2,859,733
2021	2,356,007
Total	$ 7,551,198

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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
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 Scale BB.

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	47%	5.38%
Global fixed income	19%	2.27%
Private equity	6%	1.39%
Real estate	12%	6.63%
Inflation sensitive	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

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 (6.65%)	$ 74,266,320
Current discount rate (7.65%)	50,475,965
1% increase (8.65%)	30,739,874

Social Security

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $6,855,681 (9.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

NOTE 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, 2018.

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, 2018.

Construction Commitments

As of June 30, 2018, 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	$ 378,837	January 31, 2019
Atherwood Elementary School	274,833	May 31, 2019
Berylwood Elementary School	96,208	May 31, 2019
Big Springs Elementary School	26,794	May 31, 2019
Crestview Elementary School	504,157	May 31, 2019
Garden Grove Elementary School	416,280	June 30, 2019
Hollow Hills Elementary School	99,188	August 15, 2020
Justin Elementary School	44,947	May 31, 2019
Katherine Elementary School	535,878	May 31, 2019
Knolls Elementary School	844,684	September 30, 2019
Madera Elementary School	22,072	May 31, 2019
Mountain View Elementary School	579,905	December 31, 2019
Park View Elementary School	32,908	May 31, 2019
Santa Susana Elementary School	1,146,768	May 31, 2019
Simi Valley Elementary School	24,383	June 30, 2019
Sycamore Elementary School	68,347	May 31, 2019
Township Elementary School	208,913	May 31, 2019
Vista Elementary School	366,343	May 31, 2019
White Oak Elementary School	428,199	May 31, 2019
Wood Ranch Elementary School	311,790	May 31, 2019
Middle Schools:	-	
Hillside Middle School	94,521	May 31, 2019
Sinaloa Middle School	1,461,295	May 31, 2019
Valley View Middle School	57,888	May 31, 2019
High Schools:	-	
Royal High School	1,626,501	December 31, 2020
Santa Susana High School	84,445	May 31, 2019
Simi Valley High School	1,645,425	June 30, 2020
Apollo Continuation School	109,412	May 31, 2019
Others:	-	
Adult Education	70,313	May 31, 2019
Monte Vista Independent Study	19,215	May 31, 2019
Transportation	23,685	May 31, 2019
New District Office	385,217	December 31, 2018
Information Services	1,399,516	May 31, 2019
Undesignated	131,373	December 31, 2025
Total	$ 13,520,240	

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, 2018, the District made payments of $968,488, $237,855, and $4,290 to VCSSFA, YRSG, and VCFAST, respectively, for services received.

NOTE 16 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Government-Wide Financial Statements	
Net Position - Beginning	$ 35,569,790
Inclusion of net OPEB liability from the adoption of GASB Statement No. 75	(13,690,567)
Net Position - Beginning as Restated	$ 21,879,223

REQUIRED SUPPLEMENTARY INFORMATION

This page left blank intentionally.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local Control Funding Formula	$ 138,821,247	$ 139,182,059	$ 139,652,498	$ 470,439
Federal sources	5,395,966	6,286,210	5,828,506	(457,704)
Other State sources	11,380,773	15,833,956	15,409,415	(424,541)
Other local sources	9,655,070	13,666,819	14,532,785	865,966
Total Revenues [1]	165,253,056	174,969,044	175,423,204	454,160
EXPENDITURES				
Current				
Certificated salaries	72,586,141	74,612,911	73,468,889	1,144,022
Classified salaries	27,685,682	28,219,741	27,231,803	987,938
Employee benefits	48,658,827	48,143,434	48,010,080	133,354
Books and supplies	5,284,005	7,943,395	4,333,192	3,610,203
Services and operating expenditures	14,146,919	16,958,012	15,703,279	1,254,733
Other outgo	161,665	156,468	239,214	(82,746)
Capital outlay	1,575,993	2,368,894	2,354,748	14,146
Debt service - interest	-	-	16,486	(16,486)
Total Expenditures [1]	170,099,232	178,402,855	171,357,691	7,045,164
Excess (Deficiency) of Revenues Over Expenditures	(4,846,176)	(3,433,811)	4,065,513	7,499,324
Other Financing Sources (Uses)				
Transfers in	42,553	207,462	83,782	(123,680)
Transfers out	(850,000)	(850,000)	(954,379)	(104,379)
Net Financing Sources (Uses)	(807,447)	(642,538)	(870,597)	(228,059)
NET CHANGE IN FUND BALANCE	(5,653,623)	(4,076,349)	3,194,916	7,271,265
Fund Balance - Beginning	32,318,227	32,318,227	32,318,227	-
Fund Balance - Ending	$ 26,664,604	$ 28,241,878	$ 35,513,143	$ 7,271,265

[1] On behalf payments of $6,855,681 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2018

	2018
Total OPEB Liability	
Service cost	$ 1,227,595
Interest	652,752
Changes of assumptions	(145,277)
Benefit payments	(708,279)
Net change in total OPEB liability	1,026,791
Total OPEB liability - beginning	18,471,090
Total OPEB liability - ending	$ 19,497,881
Covered payroll	N/A[1]
District's total OPEB liability as a percentage of covered payroll	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, 2018

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

	2018	2017	2016
CalSTRS			
District's proportion of the net pension liability	0.1384%	0.1421%	0.1486%
District's proportionate share of the net pension liability	$ 127,972,293	$ 114,969,377	$ 100,055,525
State's proportionate share of the net pension liability associated with the District	75,707,328	65,450,016	52,918,343
Total	$ 203,679,621	$ 180,419,393	$ 152,973,868
District's covered - employee payroll	$ 71,907,878	$ 70,728,602	$ 66,992,946
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	177.97%	162.55%	149.35%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%
CalPERS			
District's proportion of the net pension liability	0.2114%	0.2166%	0.2152%
District's proportionate share of the net pension liability	$ 50,475,965	$ 42,769,086	$ 31,724,966
District's covered - employee payroll	$ 26,987,198	$ 25,960,218	$ 23,774,853
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	187.04%	164.75%	133.44%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%

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

See accompanying note to required supplementary information.

2015
0.1389%
$ 81,168,535
49,013,066
$ 130,181,601
$ 72,108,776
112.56%
77%
0.2327%
$ 28,938,222
$ 24,456,389
118.33%
83%

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016
CalSTRS			
Contractually required contribution	$ 11,552,959	$ 9,046,011	$ 7,589,179
Contributions in relation to the contractually required contribution	11,552,959	9,046,011	7,589,179
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered - employee payroll	$ 80,056,538	$ 71,907,878	$ 70,728,602
Contributions as a percentage of covered - employee payroll	14.43%	12.58%	10.73%
CalPERS			
Contractually required contribution	$ 4,556,345	$ 3,747,982	$ 3,075,507
Contributions in relation to the contractually required contribution	4,556,345	3,747,982	3,075,507
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered - employee payroll	$ 29,337,100	$ 26,987,198	$ 25,960,218
Contributions as a percentage of covered - employee payroll	15.53%	13.89%	11.85%

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

See accompanying note to required supplementary information.

2015
$ 5,948,974
5,948,974
$ -
$ 66,992,946
8.88%
$ 2,798,300
2,798,300
$ -
$ 23,774,853
11.77%

This page left blank intentionally.

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.

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 2.85 percent to 3.58 percent since the previous valuation.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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 – The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

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

This page left blank intentionally.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education - Basic Grants to State Programs:			
Adult Basic Education - ABE and ESL Services	84.002A	14508	$ 120,958
Adult Basic Education - Adult Secondary	84.002	13978	23,743
Adult Basic Education - English Literacy and Civic Education	84.002A	14109	71,124
Total Adult Education - Basic Grants to State Programs			215,825
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	1,579,171
Title I, Part G - Advanced Placement (AP) Test Fee Reimbursement Program	84.330B	14831	2,256
Title II, Part A - Supporting Effective Instruction	84.367	14341	350,581
English Language Acquisition Grants Programs:			
Title III - Immigrant Education Program	84.365	14346	16,566
Title III - English Learner Student Program	84.365	14346	170,894
Total English Language Acquisition Grants Programs			187,460
Passed through Ventura County Special Education Local Plan Area:			
Special Education Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,735,688
Local Assistance, Part B, Section 611, Private School ISPs	84.027	10115	30,669
Preschool Local Entitlement, Part B, Section 611	84.027A	13430	82,345
Preschool Grants, Part B, Section 619	84.173	13682	280,202
Total Special Education Cluster			3,128,904
Total U.S. Department of Education			5,464,197

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, FOR THE YEAR ENDED JUNE 30, 2018 (CONTINUED)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster:			
Basic Breakfast	10.553	13525	$ 4,328
Especially Needy Breakfast	10.553	13526	289,928
National School Lunch Program	10.555	13524	2,185,665
Meal Supplement	10.555	13396	-
Food Distribution	10.555	13524	386,324
Total Child Nutrition Cluster			2,866,245
Total U.S. Department of Agriculture			2,866,245
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medi-Cal Billing Option	93.778	10013	871,426
Total Federal Programs			$ 9,201,868

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2018

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
Dan White	President	2018
Bob LaBelle	Clerk	2020
Scott Blough	Member	2018
Bill Daniels	Member	2020
Dawn Smollen	Member	2018

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, 2018

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,579.65	4,589.03
Fourth through sixth	3,558.31	3,549.34
Seventh and eighth	2,439.38	2,426.60
Ninth through twelfth	5,404.27	5,349.34
Total Regular ADA	15,981.61	15,914.31
Extended Year Special Education		
Transitional kindergarten through third	9.93	9.93
Fourth through sixth	6.90	6.90
Seventh and eighth	3.59	3.59
Ninth through twelfth	8.12	8.12
Total Extended Year Special Education	28.54	28.54
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.88	0.87
Fourth through sixth	2.82	3.09
Seventh and eighth	1.59	1.76
Ninth through twelfth	18.32	18.56
Total Special Education, Nonpublic, Nonsectarian Schools	23.61	24.28
Extended Year Program, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.10	0.10
Fourth through sixth	0.34	0.34
Seventh and eighth	0.21	0.21
Ninth through twelfth	2.60	2.60
Total Extended Year Program, Nonpublic, Nonsectarian Schools	3.25	3.25
Total ADA	16,037.01	15,970.38

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2018

Grade Level	1986-87 Minutes Requirement	2017-18 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	54,579	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,579	180	N/A	Complied
Grade 2		54,579	180	N/A	Complied
Grade 3		54,579	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,579	180	N/A	Complied
Grade 5		54,579	180	N/A	Complied
Grade 6		54,579	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		63,685	180	N/A	Complied
Grade 8		63,685	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,920	180	N/A	Complied
Grade 10		64,920	180	N/A	Complied
Grade 11		64,920	180	N/A	Complied
Grade 12		64,920	180	N/A	Complied

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2018.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

	(Budget) 2019 [1]	2018	2017	2016
GENERAL FUND				
Revenues	$ 176,402,139	$ 175,423,204	$ 172,448,668	$ 176,065,346
Other sources and transfers in	50,824	83,782	144,133	129,539
Total Revenues and Other Sources	176,452,963	175,506,986	172,592,801	176,194,885
Expenditures	181,058,131	171,357,691	168,529,100	162,219,584
Other uses and transfers out	850,000	954,379	892,694	836,466
Total Expenditures and Other Uses	181,908,131	172,312,070	169,421,794	163,056,050
INCREASE (DECREASE) IN FUND BALANCE	$ (5,455,168)	$ 3,194,916	$ 3,171,007	$ 13,138,835
ENDING FUND BALANCE	$ 30,057,975	$ 35,513,143	$ 32,318,227	$ 29,147,220
AVAILABLE RESERVES [2]	$ 14,019,450	$ 23,294,201	$ 15,486,677	$ 13,030,705
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	7.71%	13.52%	9.14%	7.99%
LONG-TERM OBLIGATIONS [3]	N/A	$ 263,913,433	$ 268,622,585	$ 196,025,583
K-12 AVERAGE DAILY ATTENDANCE AT P-2	15,773	16,037	16,340	16,541

The General Fund balance has increased by $6,365,923 over the past two years. However, the fiscal year 2018-2019 budget projects a decrease of $5,455,168 (15 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 2018-2019 fiscal year. Total long-term obligations have increased by $67,887,850 over the past two years.

Average daily attendance has decreased by 504 over the past two years. Additional decline of 264 ADA is anticipated during fiscal year 2018-2019.

[1] Budget 2019 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] Long-term obligations have been restated due to the implementation of GASB Statement No. 75.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
ASSETS				
Deposits and investments	$ 3,904,494	$ 2,165,970	$ 252,347	$ 4,822,460
Receivables	179,445	108,863	2,091	126,410
Due from other funds	11,998	-	483,758	5,700,000
Stores inventories	-	94,582	-	-
Total Assets	$ 4,095,937	$ 2,369,415	$ 738,196	$ 10,648,870
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 167,066	$ 432,030	$ 50,353	$ 233
Due to other funds	276	-	664,808	77,735
Total Liabilities	167,342	432,030	715,161	77,968
Fund Balances:				
Nonspendable	800	94,582	-	-
Restricted	2,120	1,842,803	-	10,570,902
Committed	3,925,675	-	23,035	-
Total Fund Balances	3,928,595	1,937,385	23,035	10,570,902
Total Liabilities and Fund Balances	$ 4,095,937	$ 2,369,415	$ 738,196	$ 10,648,870

See accompanying note to supplementary information.

Capital Projects Fund for Blended Component Units	County School Facilities Fund	Financing Authority Debt Service Fund	Non-Major Governmental Funds
$ 1,443,760	$ 4,730,034	$ -	$ 17,319,065
-	9,152	-	425,961
-	-	-	6,195,756
-	-	-	94,582
$ 1,443,760	$ 4,739,186	$ -	$ 24,035,364
$ -	$ -	$ -	$ 649,682
-	-	-	742,819
-	-	-	1,392,501
-	-	-	95,382
1,443,760	4,739,186	-	18,598,771
-	-	-	3,948,710
1,443,760	4,739,186	-	22,642,863
$ 1,443,760	$ 4,739,186	$ -	$ 24,035,364

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, 2018

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
REVENUES				
Federal sources	$ 215,825	$ 2,866,245	$ -	$ -
Other State sources	5,000,953	176,784	-	-
Other local sources	1,998,025	2,058,921	4,488	2,088,856
Total Revenues	7,214,803	5,101,950	4,488	2,088,856
EXPENDITURES				
Current				
Instruction	3,188,351	-	-	-
Instruction-related activities:				
Supervision of instruction	30,119	-	-	-
School site administration	2,142,732	-	-	-
Pupil services:				
Food services	-	4,645,163	-	-
All other pupil services	414,648	-	-	-
Administration:				
All other administration	252,010	211,403	-	77,735
Plant services	498,452	29,431	32,404	-
Community services	90,568	-	-	-
Enterprise services	86	-	-	-
Facility acquisition and construction	8,703	22,056	40,687	297,559
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	6,625,669	4,908,053	73,091	375,294
Excess (Deficiency) of Revenues Over Expenditures	589,134	193,897	(68,603)	1,713,562
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	589,134	193,897	(68,603)	1,713,562
Fund Balances - Beginning	3,339,461	1,743,488	91,638	8,857,340
Fund Balances - Ending	$ 3,928,595	$ 1,937,385	$ 23,035	$ 10,570,902

See accompanying note to supplementary information.

Capital Projects Fund for Blended Component Units	County School Facilities Fund	Financing Authority Debt Service Fund	Non-Major Governmental Funds
$ -	$ -	$ -	$ 3,082,070
-	9,588,125	-	14,765,862
12,066	18,350	-	6,180,706
12,066	9,606,475	-	24,028,638
-	-	-	3,188,351
-	-	-	30,119
-	-	-	2,142,732
-	-	-	4,645,163
-	-	-	414,648
-	-	-	541,148
-	-	6,011	566,298
-	-	-	90,568
-	-	-	86
-	1,387	-	370,392
820,000	-	3,610,000	4,430,000
369,338	-	90,250	459,588
1,189,338	1,387	3,706,261	16,879,093
(1,177,272)	9,605,088	(3,706,261)	7,149,545
1,189,236	-	3,614,418	4,803,654
-	(4,865,981)	-	(4,865,981)
1,189,236	(4,865,981)	3,614,418	(62,327)
11,964	4,739,107	(91,843)	7,087,218
1,431,796	79	91,843	15,555,645
$ 1,443,760	$ 4,739,186	$ -	$ 22,642,863

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND SELECTED FINANCIAL INFORMATION
THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES OF FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

(Amounts in thousands)	Actual Results for the Years					
	2017-2018		2016-2017		2015-2016	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	$ 5,829	3.3	$ 6,256	3.6	$ 6,524	3.7
State and local revenue included in Local Control Funding Formula	139,652	79.6	137,184	79.6	135,114	76.7
Other State revenue	15,409	8.8	15,738	9.1	20,684	11.7
Other local revenue	5,458	3.1	4,418	2.6	4,389	2.5
Tuition and transfers in	9,075	5.2	8,853	5.1	9,355	5.4
Total Revenues	175,423	100.0	172,449	100.0	176,066	100.0
EXPENDITURES						
Salaries and Benefits						
Certificated salaries	73,469	41.9	72,383	42.0	71,561	40.6
Classified salaries	27,232	15.5	27,011	15.7	26,527	15.1
Employee benefits	48,010	27.4	45,993	26.7	41,632	23.6
Total Salaries and Benefits	148,711	84.8	145,387	84.4	139,720	79.3
Books and supplies	4,333	2.5	7,838	4.5	4,280	2.4
Contracts and operating expenses	15,720	9.0	13,325	7.7	13,734	7.8
Other outgo	240	0.1	69	0.0	(25)	(0.0)
Capital outlay	2,355	1.3	1,910	1.1	4,511	2.5
Total Expenditures	171,358	97.7	168,529	97.7	162,220	92.0
Excess of Revenues Over (Under) Expenditures	4,065	2.3	3,920	2.3	13,846	8.1
OTHER FINANCING SOURCES (USES)	(870)	(0.5)	(749)	(0.4)	(707)	(0.4)
INCREASE (DECREASE) IN FUND BALANCE	3,195	1.8	3,171	1.9	13,139	7.6
FUND BALANCE, BEGINNING	32,318		29,147		16,008	
FUND BALANCE, ENDING	$ 35,513		$ 32,318		$ 29,147	

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Medi-Cal Billing Option funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period.

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balance:		$ 8,910,576
Medi-Cal Billing Option	93.778	291,292
Total Schedule of Expenditures of Federal Awards		$ 9,201,868

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 neither met nor exceeded 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.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

General Fund Selected Financial Information

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

INDEPENDENT AUDITOR'S REPORTS

This page left blank intentionally.

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

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, 2018, 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 12, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 16 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Simi Valley Unified School District's internal control over financial reporting (internal control) 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.

10681 Foothill Blvd., Suite 300, Rancho Cucamonga, CA 91730 P 909.466.4410 F 909.466.4431 W vtdcpa.com

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Simi Valley Unified School District in a separate letter dated December 12, 2018.

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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2018

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

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, 2018. 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.

10681 Foothill Blvd., Suite 300, Rancho Cucamonga, CA 91730 P 909.466.4410 F 909.466.4431 W vtdcpa.com

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, 2018.

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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2018

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

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 *2017-2018 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, 2018.

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 *2017-2018 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.

Unmodified Opinion

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, 2018.

10681 Foothill Blvd., Suite 300, Rancho Cucamonga, CA 91730 P 909.466.4410 F 909.466.4431 W vtdcpa.com

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, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
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
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
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 does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

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 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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2018

This page left blank intentionally.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

This page left blank intentionally.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

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
10.553, 10.555	Child Nutrition 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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

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

This page left blank intentionally.

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

Governing Board
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, 2018, 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 12, 2018, on the government-wide financial statements of the District.

CURRENT YEAR OBSERVATIONS AND RECOMMENDATIONS

HILLSIDE MIDDLE SCHOOL

Ticket Sales Recap

Observation

A ticket sales recap form is not prepared which calculates the number of tickets sold and the total revenue generated based on the selling price per ticket and submitted with the remaining ticket roll and cash collections to the bookkeeper.

Recommendation

A ticket sales recap form serves the purpose of calculating, based on the number of tickets sold out of the roll and the price per ticket, the amount of cash that should have been collected. The recap should be reconciled to the cash deposit forwarded to the bookkeeper. This procedure documents overages and shortages of cash and informs site personnel about potential problems in cash collections. The forms should be filed along with the deposit form and other pertinent documents.

Change Fund

Observation

The site maintains a change fund of cash being held at the school to fund change drawers during events, which is not maintained as an asset account on the balance sheet, thereby understating the total assets. The change fund that is maintained by the school site is $2,405.

10681 Foothill Blvd., Suite 300, Rancho Cucamonga, CA 91730 P 909.466.4410 F 909.466.4431 W vtdcpa.com

Recommendation

According to the policies and procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*, a change fund is normally checked out from the bookkeeper for individual fundraisers or activities and should be used solely for making change. Expenditures should not be made from this account under any circumstances. When the fundraiser is complete, the change fund should be deposited back into the bank account. If it is not deposited, it should be accounted for as an asset on the balance sheet.

SIMI VALLEY ADULT EDUCATION

Inventory – Reconciliation

Observation

In reviewing the financial statements, we noted that the inventory detail and a physical count is not being maintained for the cosmo supply. The purpose of maintaining an inventory detail and physical count is to ensure that no errors have occurred in counting inventory and that the inventory balances and monthly activity is accurately reported.

Recommendation

The site should maintain details of assets of the student body equal the balances in the financial statements. If an unreconciled difference is found, it should be investigated to determine in what account (asset, liability, agency or trust account balance) the error has occurred. The account would then be adjusted appropriately.

SIMI VALLEY HIGH SCHOOL

Stale Dated Checks and Outstanding Deposits

Observation

In reviewing the site's outstanding check and deposit listing for the October 2017 reconciliation, we noted that numerous checks were over six months old making the probability of them clearing the account quite low. It was also noted that four outstanding deposits did not clear in the subsequent month totaling $9,516.55.

Recommendation

Outstanding checks over six months old should be investigated and written off to the appropriate account and taken off the subsequent bank reconciliations. Although the chances are low, the check may clear on a subsequent bank statement. In this case, the amount should be charged against the appropriate account and described as "outstanding check written off-cleared". Outstanding deposits normally clears during the subsequent month and, if a deposit did not clear during the subsequent month, it should be investigated to determine what happened to the outstanding bank deposit.

Cash Receipting – Timely Deposits

Observation

One of thirty-six receipts tested was not deposited in a timely manner. Receipt number 1598 for $12,650 took 32 days from the date received to the date deposited. This could potentially result in large cash balances being maintained at the site which decreases the safeguarding of the asset.

Recommendation

At a minimum, deposits should be made weekly to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should establish and communicate specific guidelines for timely deposit procedures including the maximum cash on hand that should be maintained at the site.

Cash Receipting – Bank Deposit Accuracy

Observation

Three of thirty-six receipts tested did not tie to what was deposited to the bank statement. The auditor inquired with the client regarding the exceptions and was not able to determine the cause of the variance. It was evident that the ASB clerk was posting adjustments, but no back up documentation was provided to the auditor.

Recommendation

In instances that the bank deposit balance does not tie to cash deposit slip, the matter should be investigated in a timely manner, and back up documentation for adjustment should be attached with the bank reconciliation.

Revenue Potentials

Observation

One out of four revenue potential forms are not being completed as fundraising activities occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

Recommendation

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue, and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed fundraiser. Once the fundraiser is complete, the actual results should be summarized and compared to the expected results to determine if the fundraiser generated the profit expected. Discrepancies should be investigated and explained, and a determination should be made as to whether or not it is beneficial to conduct the fundraiser in the future.

Change Fund

Observation

The site maintains a change fund of cash being held at the school to fund change drawers for the student store or during events. However, the physical change fund balance does not tie out to the change fund balance in the financial statement. During the site visit, the auditor performed a change fund cash count and noted a difference of $145.

Recommendation

According to the policies and procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*, a change fund is normally checked out from the bookkeeper for individual fundraisers or activities and should be used solely for making change. The site should ensure the physical change fund balance equals the balance in the financial statement. If an unreconciled balance is found, it should be investigated to determine how this error occurred. The account would then be adjusted appropriately.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2018