

SIMI VALLEY UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Governing Board
Simi Valley Unified School District
Simi Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Simi Valley Unified School District (the District) as of and for the year ended June 30, 2017, 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 *2016-2017 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 District'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 District'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.

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Opinion

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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 20, budgetary comparison schedule on page 84, schedule of other postemployment benefits funding progress on page 85, schedule of the District's proportionate share of net pension liability on page 86, and the schedule of District contributions on page 87, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Simi Valley Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other supplementary information as listed on 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 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 15, 2017, 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 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 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 15, 2017

SIMI VALLEY UNIFIED SCHOOL DISTRICT

BUSINESS & FACILITIES
Ron Todo
Assistant Superintendent

Board of Education
Scott Blough
Bill Daniels
Rob Collins
Debbie Sandland
Dan White

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, 2017, with comparative information from 2016. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

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

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

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net 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 $35.5 million for the fiscal year ended June 30, 2017. Of this amount, $(123.2) million 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

(Amounts in millions)	Governmental Activities	
	2017	2016
Assets		
Current and other assets	$ 171.9	$ 119.3
Capital assets, net	264.7	251.1
Total Assets	436.6	370.4
Deferred Outflows of Resources	39.3	31.6
Liabilities		
Current liabilities	18.6	31.1
Long-term obligations	253.7	187.3
Aggregate net pension liability	157.7	131.8
Total Liabilities	430.0	350.2
Deferred Inflows of Resources	10.2	29.6
Net Position		
Net investment in capital assets	132.1	107.7
Restricted	26.6	22.4
Unrestricted (Deficit)	(123.2)	(107.7)
Total Net Position	$ 35.5	$ 22.4

The $(123.2) million 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 22. Table 2 takes the information from the statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

(Amounts in millions)	Governmental Activities	
	2017	2016
Revenues		
Program revenues:		
Charges for services	$ 3.9	$ 3.7
Operating grants and contributions	36.7	31.0
General revenues:		
State and Federal revenue limit sources - unrestricted	93.0	96.6
Property taxes	63.9	62.4
Other general revenues	22.3	10.5
Sale of surplus property	4.6	-
Total Revenues	224.4	204.2
Expenses		
Instruction related	148.0	131.0
Student support services	20.2	18.4
Administration	9.3	10.0
Plant services	22.1	11.5
Other	11.6	20.9
Total Expenses	211.2	191.8
Change in Net Position	$ 13.2	$ 12.4

Governmental Activities

As reported in the *Statement of Activities* on page 22, the cost of all of our governmental activities this year was $211.2 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $63.9 million because the cost was paid by those who benefited from the programs $3.9 million or by other governments and organizations who subsidized certain programs with grants and contributions $36.7 million. We paid for the remaining "public benefit" portion of our governmental activities with $119.9 million 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 other, as well as each program's *net* cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

(Amounts in millions)	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 131.5	$ 102.5	$ 116.0	$ 92.9
School administration	16.5	14.2	15.0	12.9
Pupil transportation	3.6	3.5	3.2	3.1
Food services	5.2	0.3	5.1	0.8
Other student support services	11.5	10.0	10.3	8.0
Administration	9.3	8.8	10.0	9.2
Plant services	22.1	21.6	11.5	11.1
Other	11.6	9.7	20.7	19.1
Total	$ 211.3	$ 170.6	$ 191.8	$ 157.1

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $144.4 million, which is a decrease of $55.3 million from last year.

Table 4

	Balances and Activity			
	July 01, 2016	Revenues	Expenditures	June 30, 2017
General Fund	$ 29,147,220	$ 173,400,636	$ 170,229,629	$ 32,318,227
Building Fund	31,843,266	71,871,951	23,209,577	80,505,640
Adult Education Fund	2,659,147	7,066,636	6,386,322	3,339,461
Cafeteria Fund	1,552,721	5,098,820	4,908,053	1,743,488
Deferred Maintenance Fund	376,726	1,204,257	1,489,345	91,638
Capital Facilities Fund	7,822,419	1,238,503	203,582	8,857,340
COP Capital Projects Fund	1,430,201	1,182,670	1,181,075	1,431,796
County School Facilities Fund	79	-	-	79
Special Reserve Fund for Capital Outlay Projects	973,104	898,445	1,181,514	690,035
Bond Interest and Redemption Fund	10,155,467	15,425,947	10,295,803	15,285,611
Financing Authority Debt Service Fund	3,117,718	100,516,997	103,542,873	91,842
Total	$ 89,078,068	$ 377,904,862	$ 322,627,773	$ 144,355,157

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 $29.1 million to $32.3 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. It is estimated that it will take eight years to fully phase in the new funding formula. 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 2016-2017: LCFF Funding increased by $2.5 million even with declining ADA below prior year of 201.02. 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 2016-2017 in the amount of $3.5 Discretionary Block Grant Funding, and carried forward a beginning balance to2017-2018 in the amount of $8.6 million.

2. The Adult Education Special Revenue Fund generated a net increase to fund balance from the prior year of $680,314. The Adult Education Fund is now funded through a Block Grant in the amount of $4,328,665.

3. The Deferred Maintenance Special Revenue Fund had a net decrease from the prior year of $285,088 and is funded through a transfer out from the General Fund.

4. The Special Reserve COP Debt Repayment Fund generated a net decrease to fund balance from prior year of $283,069 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 current year the District did not receive any modernization funding. Measure C4 General Obligation Bond projects at various school sites expended approximately $20.1 million.

6. Developer fees were used for various modernization projects, with expenditures of $189,167. Revenues did exceed expenditures, resulting in an increase in fund balance over the prior year of $953,743.

7. The Bond Interest and Redemption Fund ending balance increased over the prior year by $4.4 million due to property tax collections that offset the debt payment.

8. The Self-Insured Workers' Compensation Fund ending balance increased by $702,399 over the prior year. The Self-Insured Medical Fund ending balance increased over prior year by $658,137. 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 9, 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 84.)

- Revenue revisions made to the 2016-2017 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, Prop 30 increase to sales taxes and income taxes, and Discretionary Block Grant Funding.

- Federal revenues increased due to prior year deferred revenues 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 deferred revenues 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, 2017, the District had a net of $264.6 million 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 $13.5 million, or 5.38 percent, from last year.

Table 5

(Amounts in millions)	Governmental Activities	
	2017	2016
Land	$ 16.8	$ 16.8
Construction in progress	28.2	27.6
Buildings and improvements, site improvements, net	200.5	190.0
Furniture and equipment, net	19.1	16.7
Total	$ 264.6	$ 251.1

This year's net additions of $13.5 million (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 $253.7 million in long-term obligations. Those obligations consisted of:

Table 6

(Amounts in millions)	Governmental Activities	
	2017	2016
General obligation bonds	$ 208.7	$ 81.5
General obligation bonds Financing Authority	18.8	86.3
General obligation bond premiums (discounts)	3.6	1.7
General obligation bond premiums Financing Authority	0.3	2.8
Certificates of participation	7.4	8.2
Capital leases	1.2	0.8
Compensated absences	0.6	0.7
Claims liablities	7.1	8.7
OPEB obligation	6.0	5.3
Total	$ 253.7	$ 196.0

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 $167.8 million 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 $157.7 million and $131.8 million at June 30, 2017 and 2016, respectively, as a result of the implementation of GASB Statement No. 68 during the current fiscal year.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2016-2017 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.

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

In 2016-2017, 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, and 10 also participated in the California Standards Test in science 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 3+ of Program Improvement, and with this we will be a Year 3 corrective action. Three of the Districts Title I schools have Program Improvement status. Santa Susana will be in Year 2, 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).

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 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 continued construction on modernization projects as follows:

1. Renovations - $4,104,000.00 - New HVAC units, Exterior and Interior Painting, Roofing and Building Repairs and Improvements
2. Modernizations - $1,514,000.00 - State approved projects for new construction, Building expansions or Code Compliance Modifications
3. Site Improvements - $7,162,000.00 - Asphalt maintenance, New Parking Lots, Security Fencing, Landscaping Improvements, Play Structure Improvements and Concrete Paving
4. New Construction - $2,620,000.00 - Construction of the new Administration Building at Vista Elementary School, Shade Structures, Monument Wall and Ball Walls at various schools
5. Technology - $2,576,005.00 - 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.

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 $70,000,000 of these bonds on June 29, 2017 to continue funding these upgrade projects.

The Maintenance and Operations Department completed 13,920 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 in escrow.

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

Daily average lunches served 6,160

Daily average breakfast served 970

Free and reduced approximately 31 to 32 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 fifth 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 9,291 meals were served this summer. This program is subsidized with Federal funds and has become a great resource for our community.

Due to the 2013-2014 implementation of the Local Control Funding Formula, (which rolled all prior year Adult Education Block Grant Funding into the Unrestricted General Fund) the Adult Education program has continued to re-adjust school programs and operating expenses. In 2014-2015, the Unrestricted General fund transferred to the Adult Education fund $3.9 million to match previous Adult Education Block Grant funding levels. The Adult Education program 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 2016-2017 fiscal year the Adult Education Block Grant funding was $4,328,665.

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 2017-2018 year, the District Board and management used the following criteria:

The key assumptions in our 2017-2018 Adopted Budget revenue forecast are:

1. The adopted budget included a Local Control Funding Formula (LCFF) amount equal to a 43.97 percent Economic Recovery Target or approximately $1,916,736 over prior year funding levels. This amount was subsequently decreased at 1st Interim Budget Revision equal to a 43.19 percent Economic Recovery Target for a net increase over prior year of $1,413,584.

2. The LCFF Supplemental funding percentage is expected to be 32.52 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 26:1 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. In the budget, the Deferred Maintenance Fund has contributed $815,514.

4. Estimated lottery receipts at $189 per annual ADA $144 unrestricted; $45 restricted).

5. CalPERS' school employer rate of 15.131 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 14.43 percent is included in the adopted budget.

7. Interest earnings are estimated at approximately .5 percent and California CPI is estimated at 3.11 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 1.44 percent COLA or $7.88 per K-12 ADA with negative growth

due to the continuing decline in total ADA which results in a decrease to funding of approximately $541.00 per Special Education ADA equal to $137,414. District level funding for Special Education is expected to decline by approximately $64,189 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 may be required to directly pay for these services in the future, at significant cost to the General Fund.

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. 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 were implemented.

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*	26:1:1	4,789
Grades four through six	31:1:1	3,155
Grades seven through eight	32:1:1	3,100
Grades nine through twelve	32:1:1	5,795

*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. There were 13 additional TK teaching positions were established for this program. 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 2015-2016 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, the proposed new State Local Control Funding Formula has promised increases in the 2013-2014 through 2021-2022 fiscal years based on economic recovery targeted amounts. 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 new 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. For 2016-2017 the 1st Interim Budget Revision is based on additional funding to reach the target of $1,413,584 or 43.19 percent.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Associate Superintendent, Business and Facilities, Simi Valley Unified School District, 875 E. Cochran, Simi Valley, California, 93065, or e-mail at: ron.todo@simivalleyusd.org.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Deposits and investments	$ 164,229,095
Receivables	7,149,316
Stores inventories	318,594
Prepaid expenditures	156,742
Capital assets	
Land and construction in progress	45,045,558
Other capital assets	396,081,323
Less: accumulated depreciation	(176,466,705)
Capital assets, net of accumulated depreciation	264,660,176
Total Assets	436,513,923
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	3,655,035
Deferred outflows of resources related to pensions	35,616,025
Total Deferred Outflows of Resources	39,271,060
LIABILITIES	
Accounts payable	13,087,833
Interest payable	1,173,641
Due to other governments	2,459,404
Unearned revenue	616,739
Claims liability	1,277,000
Long-term obligations	
Current portion of long-term obligations other than pensions	6,251,288
Noncurrent portion of long-term obligations other than pensions	247,403,730
Total Long-Term Obligations	253,655,018
Aggregate net pension liability	157,738,463
Total Liabilities	430,008,098
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	10,207,095
NET POSITION	
Net investment in capital assets	132,120,467
Restricted for:	
Debt service	14,203,812
Capital projects	7,769,314
Educational programs	2,981,025
Other activities	1,655,114
Unrestricted (Deficit)	(123,159,942)
Total Net Position	$ 35,569,790

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF ACTIVITIES
JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$124,192,903	$ 734,694	$ 26,432,097	$ (97,026,112)
Instruction related activities:				
Supervision of instruction	6,191,704	42,975	1,768,856	(4,379,873)
Instructional library, media, and technology	1,106,209	6,347	38,043	(1,061,819)
School site administration	16,497,243	1,323	2,278,021	(14,217,899)
Pupil services:				
Home-to-school transportation	3,568,093	8,715	70,302	(3,489,076)
Food services	5,156,775	1,964,116	2,916,486	(276,173)
All other pupil services	11,492,829	22,861	1,458,646	(10,011,322)
Administration:				
Data processing	2,011,599	1,538	4,265	(2,005,796)
All other administration	7,335,615	82,735	464,844	(6,788,036)
Plant services	22,075,146	16,835	432,785	(21,625,526)
Ancillary services	2,076,043	46,151	310,309	(1,719,583)
Community services	517,368	9,591	6,078	(501,699)
Enterprise services	52,375	17	8	(52,350)
Interest on long-term obligations	4,233,969	-	-	(4,233,969)
Other (outgo)	4,704,387	917,305	561,278	(3,225,804)
Total Governmental Activities	$211,212,258	$ 3,855,203	$ 36,742,018	(170,615,037)
General Revenues and Subventions:				
Property taxes, levied for general purposes				52,604,635
Property taxes, levied for debt service				10,440,890
Taxes levied for other specific purposes				892,694
Federal and State aid not restricted to specific purposes				92,950,276
Interest and investment earnings				350,455
Interagency revenues				155,763
Miscellaneous				21,784,926
Subtotal, General Revenues				179,179,639
Special and extraordinary items				4,620,160
Changes in Net Position				13,184,762
Net Position - Beginning				22,385,028
Net Position - Ending				$ 35,569,790

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 37,481,445	$ 83,715,576	$ 31,695,826	$ 152,892,847
Accounts receivable	6,589,558	85,876	428,473	7,103,907
Due from other funds	701,416	1,402,752	47,652	2,151,820
Stores inventories	230,110	-	88,484	318,594
Prepaid expenditures	156,742	-	-	156,742
Total Assets	$ 45,159,271	$ 85,204,204	$ 32,260,435	$ 162,623,910
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 10,769,955	$ 3,994,787	$ 728,239	$ 15,492,981
Due to other funds	1,454,350	703,777	906	2,159,033
Unearned revenue	616,739	-	-	616,739
Total Liabilities	12,841,044	4,698,564	729,145	18,268,753
Fund Balances:				
Nonspendable	469,600	-	89,283	558,883
Restricted	2,981,025	80,505,640	28,011,817	111,498,482
Committed	-	-	91,638	91,638
Assigned	13,380,925	-	3,338,552	16,719,477
Unassigned	15,486,677	-	-	15,486,677
Total Fund Balances	32,318,227	80,505,640	31,531,290	144,355,157
Total Liabilities and Fund Balances	$ 45,159,271	$ 85,204,204	$ 32,260,435	$ 162,623,910

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
JUNE 30, 2017

Total Fund Balance - Governmental Funds		**$ 144,355,157**
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:	$ 441,126,881	
Accumulated depreciation is:	(176,466,705)	
Net Capital Assets		264,660,176
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.		3,655,035
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest in long-term obligations is recognized when it is incurred.		(1,173,641)
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.		2,961,009
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	12,793,993	
Net change in proportionate share of net pension liability	5,206,155	
Differences between projected and actual earnings on pension plan investments	15,776,396	
Differences between expected and actual experience in the measurement of the total pension liability	1,839,481	
Total Deferred Outflows of Resources Related to Pensions		35,616,025

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, 2017

Deferred inflows of resources related to pensions represent an acquisitionof net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year end consist of:			
Net change in proportionate share of net pension liability	(6,117,592)		
Differences between expected and actual experience in the measurement of the total pension liability	(2,804,547)		
Changes in assumptions	(1,284,956)		
Total Deferred Inflows of Resources Related to Pensions			(10,207,095)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$	(157,738,463)
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	$ (186,449,786)		
Premium on bonds issued	(18,782,827)		
Discount on bonds issued	28,697		
Financing authority bonds payable	(3,610,000)		
Premium on bonds issued	(231,499)		
Certificates of participation payable	(7,445,000)		
Compensated absences (vacations)	(628,808)		
Capital leases payable	(1,196,666)		
Other postemployment benefits	(5,963,684)		
In addition, the District previously issued "capital appreciation" general obligation bonds. The cumulative capital accretion on the general obligation bonds is:	(22,278,840)		
Total Long-Term Obligations			(246,558,413)
Total Net Position - Governmental Activities		**$**	**35,569,790**

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, 2017

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula	$ 137,184,147	$ -	$ 1,200,000	$ 138,384,147
Federal sources	6,255,569	-	3,071,467	9,327,036
Other State sources	15,738,186	-	5,391,575	21,129,761
Other local sources	13,270,767	1,153,566	15,455,133	29,879,466
Total Revenues	172,448,669	1,153,566	25,118,175	198,720,410
EXPENDITURES				
Current				
Instruction	106,864,129	-	3,082,476	109,946,605
Instruction related activities:				
Supervision of instruction	5,578,341	-	38,944	5,617,285
Instructional library, media, and technology	1,012,197	-	-	1,012,197
School site administration	12,723,692	-	2,134,699	14,858,391
Pupil services:				
Home-to-school transportation	3,308,919	-	-	3,308,919
Food services	145,100	-	4,698,669	4,843,769
All other pupil services	10,084,955	-	349,533	10,434,488
Administration:				
Data processing	1,928,364	-	-	1,928,364
All other administration	6,471,426	-	440,790	6,912,216
Plant services	17,102,807	21,443	3,649,655	20,773,905
Facility acquisition and construction	1,122,585	22,775,591	1,540,625	25,438,801
Ancillary services	1,920,912	-	-	1,920,912
Community services	410,233	-	69,811	480,044
Other outgo	449,387	-	-	449,387
Enterprise services	50,888	-	213	51,101
Debt service				
Principal	161,307	268,410	6,065,000	6,494,717
Interest and other	1,693	-	5,420,167	5,421,860
Total Expenditures	169,336,935	23,065,444	27,490,582	219,892,961
Excess (Deficiency) of Revenues Over Expenditures	3,111,734	(21,911,878)	(2,372,407)	(21,172,551)
OTHER FINANCING SOURCES (USES)				
Transfers in	144,133	-	9,902,355	10,046,488
Other sources	807,834	70,718,385	97,611,745	169,137,964
Transfers out	(892,694)	(144,133)	(9,009,661)	(10,046,488)
Other uses	-	-	(92,688,324)	(92,688,324)
Net Financing Sources (Uses)	59,273	70,574,252	5,816,115	76,449,640
NET CHANGE IN FUND BALANCES	3,171,007	48,662,374	3,443,708	55,277,089
Fund Balances - Beginning	29,147,220	31,843,266	28,087,582	89,078,068
Fund Balances - Ending	$ 32,318,227	$ 80,505,640	$ 31,531,290	$ 144,355,157

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 FOR THE YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds		**$ 55,277,089**
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 in the period.		
Capital outlay	$ 25,468,515	
Depreciation expense	(11,943,740)	
Net Expense Adjustment		13,524,775
An internal service fund is used by the District's management to charge the costs of the unemployment compensation insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		1,360,535
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.		(1,950)
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 $55,332.		55,332
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.		(2,602,574)
In the Statement of Activities Other Postemployment Benefits Obligations (OPEB) are measured by an actuarially determined Annual Required Contribution (ARC). In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts contributed toward the OPEB obligation were less than the annual OPEB cost by $679,826.		(679,826)

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, 2017

Proceeds received from issuance of general obligation bonds and capital leases is a revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Assets and does not affect the Statement of Activities.		
Sale of general obligation bonds		(135,515,000)
Premium on sale of general obligation bonds		(17,196,752)
Deferred amount on refunding		3,655,035
Capital leases		(807,834)
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.		
Premium on issuance for general obligation bonds	$ 2,733,170	
Discount on issuance for general obligation bonds	(7,241)	
Combined adjustment		$ 2,725,929
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	11,043,324	
General obligation bonds - Financing Authority	82,685,000	
Certificates of participation	770,000	
Capital leases	429,717	
Combined adjustment		94,928,041
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, decreased by 1,248,288, and second, $2,786,326 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(1,538,038)
Change in Net Position of Governmental Activities		**$ 13,184,762**

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
ASSETS	
Current Assets	
Deposits and investments	$ 11,336,248
Receivables	45,409
Due from other funds	7,514
Total Assets	11,389,171
LIABILITIES	
Current Liabilities	
Accounts payable	54,256
Claim liabilities	1,277,000
Due to other funds	301
Total Current Liabilities	1,331,557
Noncurrent Liabilities	
Long term claims liability	7,096,605
Total Liabilities	8,428,162
NET POSITION	
Unrestricted	$ 2,961,009

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, 2017

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Local and intermediate sources	$ 5,830,864
OPERATING EXPENSES	
Payroll costs	262,352
Professional and contract services	4,286,657
Supplies and materials	34
Total Operating Expenses	4,549,043
Operating Income (Loss)	1,281,821
NONOPERATING REVENUES	
Interest income	78,714
Change in Net Position	1,360,535
Total Net Position - Beginning	1,600,474
Total Net Position - Ending	$ 2,961,009

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, 2017

	Governmental Activities	
	Internal Service Fund	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from assessments made to other funds	$	5,830,864
Cash payments to employees for services		(262,352)
Cash payments for insurance claims		2,223
Cash payments for other operating expenses		(4,983,984)
Net Cash Provided by Operating Activities		586,751
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments		78,714
Net Increase in Cash and Cash Equivalents		665,465
Cash and Cash Equivalents - Beginning		10,670,783
Cash and Cash Equivalents - Ending	$	11,336,248
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$	1,281,821
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Receivables		7,108
Due from other funds		(2,223)
Accounts payable		(226,680)
Claims liability		(370,001)
Due to other funds		(103,274)
Net Cash Provided by Operating Activities	$	586,751

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017

	Agency Funds		
	Associated Student Body	Warrant Pass-through Fund	Total
ASSETS			
Deposits and investments	$ 1,541,422	$ 116,400	$ 1,657,822
Receivables	-	1,050	1,050
Stores inventories	144,286	-	144,286
Other current assets	20,972	-	20,972
Total Assets	$ 1,706,680	$ 117,450	$ 1,824,130
LIABILITIES			
Accounts payable	$ 121,349	$ 117,450	$ 238,799
Due to student groups	1,585,331	-	1,585,331
Total Liabilities	$ 1,706,680	$ 117,450	$ 1,824,130

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

Component Units

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

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.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. 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 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 that are restricted, committed, or assigned to 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 approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

COP Capital Projects Fund The COP Capital Projects Fund is used to account for the ongoing redevelopment agency deposits and district contributions for debt retirement and expenditures of approved projects of school stadiums, gymnasiums, tennis courts, MPR and Quad upgrade, and stadium restructuring.

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

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

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

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).

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, 2017, 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

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 amount on refunding and 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.

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.

Fund Balances - Governmental Funds

As of June 30, 2017, 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 $26,609,265 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.

Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

Property Tax

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

Change in Accounting Principles

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. 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 Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

The District has implemented the provisions of this Statement as of June 30, 2017.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures.* This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The District has implemented the provisions of this Statement as of June 30, 2017.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.
This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The District has implemented the provisions of this Statement as of June 30, 2017.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - amendment of GASB Statement No. 14.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not

apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units.*

The District has implemented the provisions of this Statement as of June 30, 2017.

In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The District has implemented the provisions of this Statement as of June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.* 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 requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements.* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement.

Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

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 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;
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation is encouraged.

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 requirements of this Statement are effective for reporting periods beginning after June 15, 2017. 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.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Governmental activities	$ 164,229,095
Fiduciary funds	1,657,822
Total Deposits and Investments	$ 165,886,917

Deposits and investments as of June 30, 2017, consist of the following:

Cash on hand and in banks	$ 3,015,891
Cash in revolving	158,548
Investments	162,712,478
Total Deposits and Investments	$ 165,886,917

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	Average Days To Maturity
First American Treasury Obligations	$ 1,523,638	29
Ventura County Investment Pool	161,188,840	181
Total	$ 162,712,478	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Ventura County Investment Pool and investment agreement are not required to be rated, nor have they been rated as of June 30, 2017. The First American Treasury Obligation Investment is rated "Aaa-mf" by Moody's Investor's Service.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, the District's bank balance of $1,211,630 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, 2017:

Investment Type	Reported Amount	Uncategorized
First American Treasury Obligations	$ 1,523,638	$ 1,523,638
Ventura County Investment Pool	161,188,840	161,188,840
Total	$ 162,712,478	$ 162,712,478

NOTE 4 - RECEIVABLES

Receivables at June 30, 2017, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal Government						
Categorical aid	$3,460,011	$ -	$ 194,283	$ -	$ 3,654,294	$ -
State Government						
State principal apportionment	-	-	1,345	-	1,345	-
Categorical aid	721,881	-	-	-	721,881	-
Lottery	694,398	-	-	-	694,398	-
Local Government						
Interest	139,125	65,676	12,547	45,409	262,757	-
Other local sources	1,574,143	20,200	220,298	-	1,814,641	1,050
Total	$6,589,558	$85,876	$ 428,473	$45,409	$ 7,149,316	$ 1,050

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 16,835,016	$ -	$ -	$ 16,835,016
Construction in progress	27,570,982	11,801,495	11,161,935	28,210,542
Total Capital Assets Not Being Depreciated	44,405,998	11,801,495	11,161,935	45,045,558
Capital Assets Being Depreciated				
Land improvements	26,789,993	2,059,530	-	28,849,523
Buildings and improvements	309,751,362	15,723,544	-	325,474,906
Furniture and equipment	35,146,944	7,045,881	435,931	41,756,894
Total Capital Assets Being Depreciated	371,688,299	24,828,955	435,931	396,081,323
Less Accumulated Depreciation				
Land improvements	17,737,657	884,543	-	18,622,200
Buildings and improvements	128,791,336	6,364,389	-	135,155,725
Furniture and equipment	18,427,953	4,694,808	433,981	22,688,780
Total Accumulated Depreciation	164,956,946	11,943,740	433,981	176,466,705
Governmental Activities Capital Assets, Net	$ 251,137,351	$ 24,686,710	$ 11,163,885	$ 264,660,176

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

Governmental Activities	
Instruction	$ 7,892,424
Supervision of instruction	285,455
Instructional library, media, and technology	85,995
School site administration	945,944
Home-to-school transportation	210,210
Food services	314,120
All other pupil services	443,113
Data processing	105,105
All other administration	279,483
Plant services	1,255,287
Ancillary services	90,772
Community services	35,832
Total Depreciation Expenses All Activities	$ 11,943,740

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2017, between major and non-major governmental funds and internal service fund are as follows:

	Due From				
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total
General Fund	$ -	$ 700,209	$ 906	$ 301	$ 701,416
Building Fund	1,402,752	-	-	-	1,402,752
Non-Major Governmental Funds	44,084	3,568	-	-	47,652
Internal Service Funds	7,514	-	-	-	7,514
Total	$ 1,454,350	$ 703,777	$ 906	$ 301	$ 2,159,334

The balance of $1,402,752 is due to the Building Fund from the General Fund to cover 2016-2017 expenditures.

The balance of $44,084 is due to the Adult Education Non-Major Governmental Fund from the General Fund to clear invoice correction.

The balance of $700,209 is due to the General Fund from the Building Fund to cover 2016-2017 support salaries.

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, 2017, consisted of the following:

	Transfer From			
Transfer To	General Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 144,133	$ -	$ 144,133
Non-Major Governmental Funds	892,694	-	9,009,661	9,902,355
Total	$ 892,694	$ 144,133	$ 9,009,661	$ 10,046,488

The General Fund transferred to Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for COP debt payments.	$ 892,694
The Building Fund transferred to the General Fund to cover costs.	144,133
The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects transferred to the COP Capital Projects Non-Major Govermental Fund for debt service payments.	1,181,075
The Bond Interest and Redemption Non-Major Governmental Fund transferred to the Financing Authority Debt Service Non-Major Governmental Fund for debt service payments.	7,828,586
Total	$ 10,046,488

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, 2017, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Funds	Fiduciary Funds
Vendor payables	$ 1,576,574	$ 131,921	$ 522,813	$ 49,931	$ 2,281,239	$ 238,799
State apportionment	2,460,219	-	-		2,460,219	-
Salaries and benefits	4,465,742	-	205,426	4,325	4,675,493	-
Other post employment benefits	2,267,420	-	-	-	2,267,420	-
Construction	-	3,862,866	-	-	3,862,866	-
Total	$ 10,769,955	$ 3,994,787	$ 728,239	$ 54,256	$ 15,547,237	$ 238,799

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2017, consisted of the following:

	General Fund
Federal financial assistance	$ 52,531
Other local	564,208
Total	$ 616,739

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due in One Year
General obligation bonds	$ 81,470,624	$ 138,301,326	$ 11,043,324	$ 208,728,626	$ 1,430,000
Premium on issuance	1,772,756	17,196,752	186,681	18,782,827	-
Discount on issuance	(35,938)	-	(7,241)	(28,697)	-
Financing Authority	86,295,000	-	82,685,000	3,610,000	3,610,000
Premium on issuance	2,777,988	-	2,546,489	231,499	-
Certificates of Participation	8,215,000	-	770,000	7,445,000	820,000
Capital leases	818,549	807,834	429,717	1,196,666	391,288
Compensated absences	684,140	-	55,332	628,808	-
Claims liablities	8,743,606	-	1,647,001	7,096,605	-
Other Postemployment Benefit	5,283,858	1,076,655	396,829	5,963,684	-
Total	$ 196,025,583	$ 157,382,567	$ 99,753,132	$ 253,655,018	$ 6,251,288

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2016	Issued	Additions/ Accreted Interest	Redeemed and Refunded	Bonds Outstanding June 30, 2017
Current Interest								
January 12, 2004	2019	5.00%	$ 16,150,000	$ 1,525,000	$ -	$ -	$ 485,000	$ 1,040,000
October 18, 2007	2018	4.00-5.00%	10,920,000	9,715,000	-	-	9,070,000	645,000
October 30, 2012	2018	0.81-1.736%	2,200,000	1,115,000	-	-	555,000	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	-	-	-	4,565,000
May 4, 2017	2028	5.00%	65,515,000	-	65,515,000	-	-	65,515,000
June 29, 2017	2047	2.00-5.00%	70,000,000	-	70,000,000	-	-	70,000,000
Capital Appreciation					-			
August 6, 1998	2017	6.40-6.90%	746,757	933,324	-	-	933,324	-
July 30, 2004	2029	5.92%	944,969	2,394,196	-	191,535	-	2,585,731
December 14, 2005	2019	9.30-9.35%	494,199	1,265,999	-	118,026	-	1,384,025
October 18, 2007	2033	4.63-4.79%	34,080,619	51,352,105	-	2,476,765	-	53,828,870
				$ 81,470,624	$ 135,515,000	$ 2,786,326	$ 11,043,324	$ 208,728,626

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
2018	$ 3,550,710	$ 4,629,590	$ 19,289	$ 8,199,589
2019	12,623,315	6,308,438	96,685	19,028,438
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
2023-2027	51,171,506	20,049,138	3,538,494	74,759,138
2028-2032	64,838,095	11,704,906	46,471,905	123,014,906
2033-2037	10,075,000	10,048,656	-	20,123,656
2038-2042	16,870,000	7,177,181	-	24,047,181
2043-2047	26,065,000	2,772,900	-	28,837,900
Total	$ 208,728,626	$ 79,392,798	$ 50,126,373	$ 338,247,797

General Obligation Bonds, 1998 Refunding Bonds

In August 1998, the District issued $6,131,757 aggregate principal amount of the General Obligation Bonds, Election of 1998, Refunding of Series C. The Election of 1998, Refunding of Series C Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $2,370,000. The bonds mature through August 1, 2017, with interest rates from 5.55 to 6.80 percent. Proceeds from the sale of the bonds were used to refund the 1989 Series C, General Obligation Bonds. The refunding has resulted in a net savings in future principal and interest payments. At June 30, 2017, there was no remaining balance.

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, 2017, the principal balance outstanding was $1,040,000.

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, 2017, the principal balance outstanding was $2,585,731.

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, 2017, the principal balance outstanding was $1,384,025.

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, 2017, the principal balance outstanding was $54,473,870 and unamortized premiums of $783,945

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, 2017, the principal outstanding balance was $560,000 and unamortized discounts of $3,667.

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, 2017, the principal outstanding balance was $8,605,000 and unamortized discounts of $25,030.

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, 2017, the principal balance outstanding was $4,565,000 and unamortized premiums of $802,130.

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, 2017, the principal balance outstanding was $65,515,000 and unamortized premiums of $12,273,331.

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, 2017, 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, 2016	Issued	Additions/ Accreted Interest	Redeemed and Refunded	Bonds Outstanding June 30, 2017
Financing Authority July 12, 2007	2018	4.00-5.00%	$ 95,675,000	$ 86,295,000	$ -	$ -	$ 82,685,000	$ 3,610,000

Simi Valley School Financing Authority Debt Service Requirements to Maturity

The bonds mature through 2018 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2018	$ 3,610,000	$ 90,250	$ 3,700,250

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, 2017, the principal balance outstanding was $3,610,000 and unamortized premiums of $231,499.

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
2018	$ 820,000	$ 369,335	$ 1,189,335
2019	885,000	324,579	1,209,579
2020	1,270,000	268,011	1,538,011
2021	1,340,000	199,499	1,539,499
2022	1,420,000	127,049	1,547,049
2023	1,710,000	44,887	1,754,887
Total	$ 7,445,000	$ 1,333,360	$ 8,778,360

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 Machines	School Buses	Total
Balance, July 1, 2016	$ 818,549	$ -	$ 818,549
Additions	-	859,820	859,820
Payments and adjustments	(268,410)	(163,000)	(431,410)
Balance, June 30, 2017	$ 550,139	$ 696,820	$ 1,246,959

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Copier 1 Equipment Lease	Copier 2 Equipment Lease	Copier 3 Equipment Lease	School Bus Equipment Lease	Total
2018	$ 236,380	$ 23,942	$ 8,088	$ 139,364	$ 407,774
2019	236,380	23,942	8,088	139,364	407,774
2020	-	11,971	1,348	139,364	152,683
2021	-	-	-	139,364	139,364
2022	-	-	-	139,364	139,364
Total	$ 472,760	$ 59,855	$ 17,524	$ 696,820	$ 1,246,959
Less: Amount Representing	-	-	-	50,293	50,293
Present Value of Minimum Lease Payments	$ 472,760	$ 59,855	$ 17,524	$ 646,527	$ 1,196,666

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2017, amounted to $628,808. Accumulated vacation will be paid by the fund for which the employee worked.

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2017, was $838,881, and contributions made by the District during the year were $299,836. Interest on the net OPEB obligation and adjustments to the annual required contribution were $237,774 and $(96,993), respectively, which resulted in an increase to the net OPEB obligation of $679,826. As of June 30, 2017, the net OPEB obligation was $5,963,684. See Note 12 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	$ 82,748	$ -	$ 800	$ 83,548
Stores inventories	230,110	-	88,483	318,593
Prepaid expenditures	156,742	-	-	156,742
Total Nonspendable	469,600	-	89,283	558,883
Restricted				
Legally restricted programs	2,981,025	-	1,655,114	4,636,139
Capital projects	-	80,505,640	9,547,454	90,053,094
Debt services	-	-	16,809,249	16,809,249
Total Restricted	2,981,025	80,505,640	28,011,817	111,498,482
Committed				
Deferred maintenance program	-	-	91,638	91,638
Assigned				
Resource 0090	29,466	-	-	29,466
Resource 0010	3,654	-	-	3,654
Resource 0020	8,551,511	-	-	8,551,511
Resource 0950	62,138	-	-	62,138
Reserve for Underground Storage Tanks	10,000	-	-	10,000
Additional 1% Reserve for Economic Uncertainty	1,694,218	-	-	1,694,218
Resource 0000 LCAP	1,554,989	-	-	1,554,989
Other assignments	1,474,949	-	3,338,552	4,813,501
Total Assigned	13,380,925	-	3,338,552	16,719,477
Unassigned				
Remaining unassigned	15,486,677	-	-	15,486,677
Total	$ 32,318,227	$ 80,505,640	$ 31,531,290	$ 144,355,157

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 $839,296.

Year Ending June 30,	Lease Revenue
2018	$ 885,357
2019	677,616
2020	677,616
2021	677,616
2022	677,616
Thereafter	677,616
Total	$ 4,273,437

NOTE 12- POSTEMPLOYMENT HEALTH CARE PLAN AND OPEB OBLIGATION

Plan Description

The Postemployment Benefits Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Simi Valley Unified School District. The Plan provides medical insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 25 retirees currently receiving benefits and 1,472 active Plan members. Separate financial statements are not prepared for the Plan.

Contribution Information

The contribution requirements of the District are established and may be amended by the District, and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016-2017, the District contributed $299,836 to the Plan, all of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 838,881
Interest on net OPEB obligation	237,774
Adjustment to annual required contribution	(96,993)
Annual OPEB cost (expense)	979,662
Contributions made	(299,836)
Increase in net OPEB obligation	679,826
Net OPEB obligation, beginning of year	5,283,858
Net OPEB obligation, end of year	$ 5,963,684

Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
2015	$ 1,220,012	$ 301,529	24.72%	$ 4,618,269
2016	961,928	296,339	30.81%	5,283,858
2017	979,662	299,836	30.61%	5,963,684

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
November 1, 2015	$ -	$ 12,092,106	$ 12,092,106	0%	$ 100,767,550	12%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 13, 2016, actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 2.8 percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio. Healthcare cost trend rate used was 7.0 percent. The cost trend rate used for the Dental and Vision programs was 5.0 percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2017, was 22 years. The actuarial value of assets was not determined in this actuarial valuation.

NOTE 13 - 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 2017 and 2016 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, 2017, 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 $8,373,605 reported in the fund at June 30, 2017, 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, 2015 to June 30, 2017:

	Workers' Compensation	Medical	Total
Liability Balance, July 1, 2015	$ 8,342,653	$ 531	$ 8,343,184
Claims and changes in estimates	4,689,274	558,890	5,248,164
Claims payments	4,847,211	531	4,847,742
Liability Balance, June 30, 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
Assets available to pay claims at June 30, 2017	$ 11,336,248	$ -	$ 11,336,248

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2017, 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	$ 114,969,377	$ 23,241,617	$ 6,905,884	$ 11,451,923
CalPERS	42,769,086	12,374,408	3,301,211	3,944,644
Total	$ 157,738,463	$ 35,616,025	$ 10,207,095	$ 15,396,567

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, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically 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, 2017, 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	12.58%	12.58%
Required State contribution rate	8.828%	8.828%

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2017, are presented above and the District's total contributions were $9,046,011.

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

At June 30, 2017, 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	$ 114,969,377
State's proportionate share of the net pension liability associated with the District	65,450,016
Total	$ 180,419,393

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 and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2016and June 30, 2015, respectively was 0.1421 percent and 0.1486 percent, resulting in a net decrease in the proportionate share of 0.0065 percent.

For the year ended June 30, 2017, the District recognized pension expense of $11,451,923. In addition, the District recognized pension expense and revenue of $6,326,433 for support provided by the State. At June 30, 2017, 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	$ 9,046,011	$ -
Net change in proportionate share of net pension liability	5,055,597	4,101,337
Difference between projected and actual earnings on pension plan investments	9,140,009	-
Difference between expected and actual experiences in the measurement of the total pension liability	-	2,804,547
Total	$ 23,241,617	$ 6,905,884

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 of Resources
2018	$ 199,404
2019	199,405
2020	5,313,119
2021	3,428,081
Total	$ 9,140,009

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

Year Ended June 30,	Deferred (Inflows) of Resources
2018	$ (184,281)
2019	(184,281)
2020	(184,281)
2021	(184,281)
2022	(184,286)
Thereafter	(928,877)
Total	$ (1,850,287)

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, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

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. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are log normally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return 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 7.60 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 (7.60 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 (6.60%)	$ 165,466,863
Current discount rate (7.60%)	114,969,377
1% increase (8.60%)	73,029,101

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, 2015 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. This report and CalPERS audited financial information are publically 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, 2017, 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%	6.00%
Required employer contribution rate	13.888%	13.888%

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, 2017, are presented above and the total District contributions were $3,747,982.

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $42,769,086. 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, 2016 and June 30, 2015, respectively was 0.2166 percent and 0.2152 percent, resulting in a net increase in the proportionate share of 0.0014 percent.

For the year ended June 30, 2017, the District recognized pension expense of $3,944,644. At June 30, 2017, 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	$ 3,747,982	$ -
Net change in proportionate share of net pension liability	150,558	2,016,255
Difference between projected and actual earnings on pension plan investments	6,636,387	-
Difference between expected and actual experiences in the measurement of the total pension liability	1,839,481	-
Changes of assumptions	-	1,284,956
Total	$ 12,374,408	$ 3,301,211

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 of Resources
2018	$ 930,841
2019	930,842
2020	3,042,666
2021	1,732,038
Total	$ 6,636,387

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 2015-2016 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2018	$ (1,279,758)
2019	(278,085)
2020	246,671
Total	$ (1,311,172)

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, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

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 (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. 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	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%

Discount Rate

The discount rate used to measure the total pension liability was 7.65 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%)	$ 63,811,715
Current discount rate (7.65%)	42,769,086
1% increase (8.65%)	25,246,957

Social Security

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

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $5,948,951(8.828 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) no contributions were made to CalPERS for the year ended June 30, 2017. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

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, 2017.

Construction Commitments

As of June 30, 2017, 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	$ 54,667	August 31,2017
Atherwood Elementary School	22,836	August 31,2017
Berylwood Elementary School	815,718	October 31, 2017
Big Springs Elementary School	220,723	September 30, 2017
Crestview Elementary School	29,149	August 31,2017
Garden Grove Elementary School	366,300	August 31,2017
Hollow Hills Elementary School	234,020	September 30, 2017
Justin Elementary School	476,832	December 31, 2017
Katherine Elementary School	22,836	August 31,2017
Knolls Elementary School	324,389	August 31,2017
Madera Elementary School	315,644	August 31,2017
Mountain View Elementary School	14,134	August 31,2017
Park View Elementary School	162,938	August 31,2017
Santa Susana Elementary School	1,223,212	December 31, 2018
Simi Valley Elementary School	78,274	August 31,2017
Sycamore Elementary School	232,248	August 31,2017
Township Elementary School	671,678	September 30, 2017
Vista Elementary School	524,564	August 31,2017
White Oak Elementary School	4,589	August 31,2017
Wood Ranch Elementary School	225,613	August 31,2017
Middle Schools:		
Hillside Middle School	51,188	August 31,2017
Sinaloa Middle School	412,051	December 31, 2018
Valley View Middle School	743,638	September 30, 2017
High Schools:		
Royal High School	1,527,757	December 31, 2018
Santa Susana High School	630,416	September 30, 2017
Simi Valley High School	539,530	September 30, 2017
Apollo Continuation School	358,383	August 31,2017
Others:		
Oasis modernization	8,920	August 31,2017
Locker project at	88,324	August 31,2017
Education Services Building	331,297	August 31,2017
Undesignated	263,261	August 31, 2017
Total	$ 10,975,129	

NOTE 16- PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Ventura County Schools Self-Funding Authority (VCSSFA) public entity risk pool. The District pays an annual premium to the VCSSFA for property liability coverage. The District also belongs to the 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, 2017, the District made payments of $888,062, $235,500, and $3,580, to VCSSFA, YRSG, and VCFAST, respectively, for services received.

NOTE 17 - SUBSEQUENT EVENTS

On October 18, 2017 and November 7, 2017 the District finalized the sale of the properties located at 3050 Kadota Street, Simi Valley, California and 709-775 East Cochran Street, Simi Valley California for the sales price of $7,650,000 and 3,000,000, respectively.

On August 11, 2017 the District purchased the property located at 101 West Cochran Street, Simi Valley, California for the purchase prices of $13,800,000.

REQUIRED SUPPLEMENTARY INFORMATION

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local Control Funding Formula	$ 137,504,511	$ 136,796,715	$ 137,184,147	$ 387,432
Federal sources	5,512,833	6,189,180	6,255,569	66,389
Other State sources	8,618,010	16,043,439	15,738,186	(305,253)
Other local sources	10,090,849	13,306,481	13,270,767	(35,714)
Total Revenues [1]	161,726,203	172,335,815	172,448,669	112,854
EXPENDITURES				
Current				
Certificated salaries	72,465,146	72,059,939	72,383,228	(323,289)
Classified salaries	28,111,822	28,909,228	27,010,547	1,898,681
Employee benefits	41,109,855	46,452,639	45,992,555	460,084
Books and supplies	7,685,834	11,915,255	7,837,796	4,077,459
Services and operating expenditure	13,841,273	15,268,135	13,322,980	1,945,155
Other outgo	(44,026)	183,473	68,527	114,946
Capital outlay	694,743	3,426,357	1,911,775	1,514,582
Total Expenditures [1]	163,864,647	178,215,026	168,690,408	9,524,618
Excess (Deficiency) of Revenues Over Expenditures	(2,138,444)	(5,879,211)	3,758,261	9,637,472
Other Financing Sources (Uses)				
Transfers in	320,344	940,856	144,133	(796,723)
Other sources	-	696,820	807,834	111,014
Transfers out	(775,500)	850,000	(892,694)	(1,742,694)
Net Financing Sources (Uses)	(455,156)	2,487,676	59,273	(2,428,403)
BALANCES	(2,593,600)	(3,391,535)	3,817,534	7,209,069
Fund Balance - Beginning	29,147,220	29,147,220	29,147,220	-
Fund Balance - Ending	$ 26,553,620	$ 25,755,685	$ 32,964,754	$ 7,209,069

[1] On behalf payments of $5,948,951 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 OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
June 13, 2011	$ -	$ 12,002,559	$ 12,002,559	0%	$ 139,979,402	9%
November 1, 2013	-	12,136,863	12,136,863	0%	96,636,217	13%
November 1, 2015	-	12,092,106	12,092,106	0%	100,767,550	12%

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, 2017

	2017	2016	2015
CalSTRS			
District's proportion of the net pension liability	0.1421%	0.1486%	0.1389%
District's proportionate share of the net pension liability	$ 114,969,377	$ 100,055,525	$ 81,168,535
State's proportionate share of the net pension liability associated with the District	65,450,016	52,918,343	49,013,066
Total	$ 180,419,393	$ 152,973,868	$ 130,181,601
District's covered - employee payroll	$ 70,728,602	$ 66,992,946	$ 72,108,776
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	162.55%	149.35%	112.56%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
CalPERS			
District's proportion of the net pension liability	0.2166%	0.2152%	0.2327%
District's proportionate share of the net pension liability	$ 42,769,086	$ 31,724,966	$ 28,938,222
District's covered - employee payroll	$ 25,960,218	$ 23,774,853	$ 24,456,389
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	164.75%	133.44%	118.33%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%

See accompanying note to required supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015
CalSTRS			
Contractually required contribution	$ 9,046,011	$ 7,589,179	$ 5,948,974
Contributions in relation to the contractually required contribution	9,046,011	7,589,179	5,948,974
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered - employee payroll	$ 71,907,878	$ 70,728,602	$ 66,992,946
Contributions as a percentage of covered - employee payroll	12.58%	10.73%	8.88%
CalPERS			
Contractually required contribution	$ 3,747,982	$ 3,075,507	$ 2,798,300
Contributions in relation to the contractually required contribution	3,747,982	3,075,507	2,798,300
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered - employee payroll	$ 26,987,198	$ 25,960,218	$ 23,774,853
Contributions as a percentage of covered - employee payroll	13.89%	11.85%	11.77%

See accompanying note to required supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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 Other Postemployment Benefits (OPEB) Funding Progress

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

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 in Assumptions **-** There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

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

SUPPLEMENTARY INFORMATION

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

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	$ 86,738
Adult Basic Education - Adult Secondary	84.002	13978	72,833
Adult Basic Education - English Literacy and Civic Education	84.002A	14109	51,327
Total Adult Education - Basic Grants to State Programs			210,898
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	14891	15,000
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	1,499,007
Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	84.330B	14831	7,332
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	346,467
Title III - English Learner Student Program	84.365	14346	159,258
Passed through Ventura County Special Education Local Plan Area:			
Special Education Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,757,889
Local Assistance, Part B, Section 611, Private School ISPs	84.027	10115	35,700
Preschool Local Entitlement, Part B, Section 611	84.027A	13682	85,105
Preschool Grants, Part B, Section 619	84.173	13430	292,699
Total Special Education Cluster			3,171,393
Total U.S. Department of Education			5,409,355

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, FOR THE YEAR ENDED JUNE 30, 2017 (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	$ 5,486
Especially Needy Breakfast	10.553	13526	287,659
National School Lunch Program	10.555	13524	2,180,926
Food Distribution	10.555	13524	386,498
Total U.S. Department of Agriculture			2,860,569
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medi-Cal Assistance Program			
Medi-Cal Billing Option	93.778	10013	595,372
Medi-Cal Administrative Activities	93.778	10060	461,740
Total U.S. Department of Health and Human Services			1,057,112
Total Federal Programs			$ 9,327,036

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2017

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
Bill Daniels	President	2020
Dan White	Clerk	2018
Bob LaBelle	Member	2020
Dawn Smollen	Member	2018
Scott Blough	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, 2017

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,615.95	4,614.64
Fourth through sixth	3,687.20	3,683.42
Seventh and eighth	2,516.05	2,502.02
Ninth through twelfth	5,453.41	5,405.76
Total Regular ADA	16,272.61	16,205.84
Extended Year Special Education		
Transitional kindergarten through third	9.79	9.79
Fourth through sixth	8.13	8.13
Seventh and eighth	2.52	2.52
Ninth through twelfth	10.80	10.80
Total Extended Year Special Education	31.24	31.24
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.40	0.52
Fourth through sixth	2.52	2.78
Seventh and eighth	2.22	2.10
Ninth through twelfth	26.35	25.88
Total Special Education, Nonpublic, Nonsectarian Schools	31.49	31.28
Extended Year Program, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.14	0.14
Seventh and eighth	0.25	0.25
Ninth through twelfth	3.94	3.94
Total Extended Year Program, Nonpublic, Nonsectarian Schools	4.33	4.33
Total ADA	16,339.67	16,272.69

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2017

Grade Level	1986-87 Minutes Requirement	2016-17 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	54,615	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,615	180	N/A	Complied
Grade 2		54,615	180	N/A	Complied
Grade 3		54,615	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,615	180	N/A	Complied
Grade 5		54,615	180	N/A	Complied
Grade 6		54,615	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		63,625	180	N/A	Complied
Grade 8		63,625	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,052	180	N/A	Complied
Grade 10		65,052	180	N/A	Complied
Grade 11		65,052	180	N/A	Complied
Grade 12		65,052	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, 2017

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2017.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

	(Budget) 2018 [1]	2017	2016	2015
GENERAL FUND				
Revenues	$ 165,253,056	$ 172,448,668	$ 176,065,346	$ 148,846,975
Other sources and transfers in	42,553	144,133	129,539	-
Total Revenues and Other Sources	165,295,609	172,592,801	176,194,885	148,846,975
Expenditures	170,099,232	168,529,100	162,219,584	145,184,508
Other uses and transfers out	850,000	892,694	836,466	807,299
Total Expenditures and Other Uses	170,949,232	169,421,794	163,056,050	145,991,807
INCREASE (DECREASE) IN FUND BALANCE	$ (5,653,623)	$ 3,171,007	$ 13,138,835	$ 2,855,168
ENDING FUND BALANCE	$ 26,664,604	$ 32,318,227	$ 29,147,220	$ 16,008,385
AVAILABLE RESERVES [2]	$ 14,654,147	$ 15,486,677	$ 13,030,705	$ 10,921,198
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [3]	8.57%	9.14%	7.99%	7.48%
LONG-TERM OBLIGATIONS	N/A	$ 253,655,018	$ 196,025,583	$ 185,719,666
K-12 AVERAGE DAILY ATTENDANCE AT P-2	16,333	16,340	16,541	17,016

The General Fund balance has increased by $16,309,842 over the past two years. The fiscal year 2017-2018 budget projects a decrease of $5,653,623 (17.49 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 2017-2018 fiscal year. Total long-term obligations have increased by $67,935,352 over the past two years.

Average daily attendance has decreased by 676 over the past two years. Additional decline of 7 ADA is anticipated during fiscal year 2017-2018.

[1] Budget 2018 is included for analytical purposes only and has not been subjected to audit.

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

[3] On behalf payments of $4,148,439 and $4,088,984 has been excluded from the calculation of available reserves for the fiscal years ending June 30, 2016 and 2015, respectively.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	COP Capital Projects Fund
ASSETS					
Deposits and investments	$ 3,417,831	$ 1,969,561	$ 97,552	$ 8,742,994	$ 1,431,796
Receivables	164,446	95,720	1,408	137,300	-
Due from other funds	44,084	-	1,692	-	-
Stores inventories	-	88,484	-	-	-
Total Assets	$ 3,626,361	$ 2,153,765	$ 100,652	$ 8,880,294	$ 1,431,796
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 285,994	$ 410,277	$ 9,014	$ 22,954	$ -
Due to other funds	906	-	-	-	-
Total Liabilities	286,900	410,277	9,014	22,954	-
Fund Balances:					
Nonspendable	800	88,483	-	-	-
Restricted	109	1,655,005	-	8,857,340	1,431,796
Committed	-	-	91,638	-	-
Assigned	3,338,552	-	-	-	-
Total Fund Balances	3,339,461	1,743,488	91,638	8,857,340	1,431,796
Total Liabilities and Fund Balances	$ 3,626,361	$ 2,153,765	$ 100,652	$ 8,880,294	$ 1,431,796

See accompanying note to supplementary information.

County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Financing Authority Debt Service Fund	Non-Major Governmental Funds
$ 79	$ 687,977	$ 15,256,194	$ 91,842	$ 31,695,826
-	2,058	27,541	-	428,473
-	-	1,876	-	47,652
-	-	-	-	88,484
$ 79	$ 690,035	$ 15,285,611	$ 91,842	$ 32,260,435
$ -	$ -	$ -	$ -	$ 728,239
-	-	-	-	906
-	-	-	-	729,145
-	-	-	-	89,283
79	690,035	15,285,611	91,842	28,011,817
-	-	-	-	91,638
-	-	-	-	3,338,552
79	690,035	15,285,611	91,842	31,531,290
$ 79	$ 690,035	$ 15,285,611	$ 91,842	$ 32,260,435

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, 2017

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
REVENUES				
Local Control Funding Formula	$ -	$ -	$ 1,200,000	$ -
Federal sources	210,898	2,860,569	-	-
Other State sources	5,126,647	174,816	-	-
Other local sources	1,729,091	2,063,435	4,257	1,238,503
Total Revenues	7,066,636	5,098,820	1,204,257	1,238,503
EXPENDITURES				
Current				
Instruction	3,082,476	-	-	-
Instruction-related activities:				
Supervision of instruction	38,944	-	-	-
School site administration	2,134,699	-	-	-
Pupil services:				
Food services	-	4,698,669	-	-
All other pupil services	349,533	-	-	-
Administration:				
All other administration	216,241	164,619	-	59,930
Plant services	486,157	25,712	99,475	20,637
Facility acquisition and construction	8,248	19,053	1,389,870	123,015
Community services	69,811	-	-	-
Enterprise services	213	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	6,386,322	4,908,053	1,489,345	203,582
Excess (Deficiency) of Revenues Over Expenditures	680,314	190,767	(285,088)	1,034,921
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Other sources	-	-	-	-
Transfers out	-	-	-	-
Other uses	-	-	-	-
Net Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	680,314	190,767	(285,088)	1,034,921
Fund Balances - Beginning	2,659,147	1,552,721	376,726	7,822,419
Fund Balances - Ending	$ 3,339,461	$ 1,743,488	$ 91,638	$ 8,857,340

See accompanying note to supplementary information.

COP Capital Projects Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Financing Authority Debt Service Fund	Non-Major Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 1,200,000
-	-	-	-	-	3,071,467
-	-	-	90,112	-	5,391,575
1,595	-	5,751	10,412,414	87	15,455,133
1,595	-	5,751	10,502,526	87	25,118,175
-	-	-	-	-	3,082,476
-	-	-	-	-	38,944
-	-	-	-	-	2,134,699
-	-	-	-	-	4,698,669
-	-	-	-	-	349,533
-	-	-	-	-	440,790
-	-	-	-	3,017,674	3,649,655
-	-	439	-	-	1,540,625
-	-	-	-	-	69,811
-	-	-	-	-	213
770,000	-	-	1,555,000	3,740,000	6,065,000
411,075	-	-	912,217	4,096,875	5,420,167
1,181,075	-	439	2,467,217	10,854,549	27,490,582
(1,179,480)	-	5,312	8,035,309	(10,854,462)	(2,372,407)
1,181,075	-	892,694	-	7,828,586	9,902,355
-	-	-	4,923,421	92,688,324	97,611,745
-	-	(1,181,075)	(7,828,586)	-	(9,009,661)
-	-	-	-	(92,688,324)	(92,688,324)
1,181,075	-	(288,381)	(2,905,165)	7,828,586	5,816,115
1,595	-	(283,069)	5,130,144	(3,025,876)	3,443,708
1,430,201	79	973,104	10,155,467	3,117,718	28,087,582
$ 1,431,796	$ 79	$ 690,035	$ 15,285,611	$ 91,842	$ 31,531,290

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, 2017

(Amounts in thousands)	Actual Results for the Years					
	2016-2017		2015-2016		2014-2015	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	$ 6,256	3.6	$ 6,524	3.7	$ 5,868	3.8
State and local revenue included in Local Control Funding Formula	137,184	79.6	135,114	76.7	122,882	80.3
Other State revenue	15,738	9.1	20,684	11.7	11,094	7.3
Other local revenue	4,418	2.6	4,389	2.5	3,669	2.4
Tuition and transfers in	8,853	5.1	9,355	5.3	9,482	6.2
Total Revenues	172,449	100.0	176,066	100.0	152,995	100.0
EXPENDITURES						
Salaries and Benefits						
Certificated salaries	72,383	42.0	71,561	40.6	66,444	37.7
Classified salaries	27,011	15.7	26,527	15.1	24,467	13.9
Employee benefits	45,993	26.7	41,632	23.6	39,910	22.7
Total Salaries and Benefits	145,386	84.3	139,720	79.3	130,821	74.3
Books and supplies	7,838	4.5	4,280	2.4	5,782	3.3
Contracts and operating expenses	13,325	7.7	13,734	7.8	12,250	7.0
Capital outlay	1,980	1.1	4,486	2.5	480	0.3
Total Expenditures	168,529	97.7	162,220	92.1	149,333	84.8
Excess of Revenues Over (Under) Expenditures	3,920	2.3	13,846	7.9	3,662	15.2
OTHER FINANCING SOURCES (USES)	(749)	(0.4)	(707)	(0.4)	(807)	(0.5)
INCREASE (DECREASE) IN FUND BALANCE	3,171	1.8	13,139	7.5	2,855	14.7
FUND BALANCE, BEGINNING	29,147		16,008		13,153	
FUND BALANCE, ENDING	$ 32,318		$ 29,147		$ 16,008	

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District 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.

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.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2017

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

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, 2017, 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 15, 2017.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

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 15, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND 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 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 (the District) major Federal programs for the year ended June 30, 2017. Simi Valley Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Simi Valley Unified School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Simi Valley Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, Simi Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2017.

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 15, 2017

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 compliance with the types of compliance requirements as identified in the *2016-2017 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, 2017.

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 *2016-2017 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 on Each of the Programs

In our opinion, Simi Valley Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2017.

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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
Mental Health Expenditures	Yes
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After 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
Immunizations	Yes, see below
CHARTER SCHOOLS:	
Contemporaneous Records of 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 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 did not have any schools listed on the immunization assessment reports; therefore, we did not perform the remaining procedures.

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 15, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2017

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 Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A - Basic Grants Low Income and Neglected
93.778	Medi-Cal Assistance Program

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, 2017

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

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