

SIMI VALLEY UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

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, 2015, 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 *2014-2015 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and 15 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 5 through 20, and the budgetary comparison, other postemployment benefit information, District's proportionate share of the net pension liability, and the District contributions on pages 79 through 82, respectively, 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other supplementary information as listed on the table of contents, such as the introductory and statistical section 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, 2015, 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, 2015

SIMI VALLEY UNIFIED SCHOOL DISTRICT

BUSINESS & FACILITIES
Ron Todo
Assistant Superintendent

Board of Education
Scott Blough
Rob Collins
Bill Daniels
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, 2015, with comparative information from 2014. 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 $13.4 million for the fiscal year ended June 30, 2015. Of this amount, ($16.2) million was restricted. 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	
	2015	as Restated 2014
Assets		
Current and other assets	$ 124.8	$ 132.3
Capital assets, net	223.9	217.1
Total Assets	348.7	349.4
Deferred Outflows of Resources		
Current year pension contribution	8.7	-
Liabilities		
Current liabilities	26.7	23.0
Long-term obligations	175.7	176.9
Aggregate net pension liability	110.1	-
Total Liabilities	312.5	199.9
Deferred Inflows of Resources		
Net change in proportionate share of net pension liability	2.4	-
Difference between projected and actual earnings on pension plan investments	29.1	-
Total Deferred Inflows of Resources	31.5	-
Net Position		
Net investment in capital assets	114.0	123.7
Restricted	16.2	21.5
Unrestricted	(116.8)	4.3
Total Net Position	$ 13.4	$ 149.5

The ($116.8) million in unrestricted net position 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	
	2015	2014
Revenues		
Program revenues:		
Charges for services	$ 3.3	$ 3.0
Operating grants and contributions	20.5	28.4
Capital grants and contributions	0.2	1.9
General revenues:		
State and Federal revenue limit sources - unrestricted	90.0	81.7
Property taxes	53.3	52.5
Other general revenues	13.9	7.2
Total Revenues	181.2	174.7
Expenses		
Instruction related	128.9	124.9
Student support services	17.2	17.3
Administration	7.2	8.9
Plant services	22.7	16.4
Other	11.4	10.7
Total Expenses	187.4	178.2
Change in Net Position	$ (6.2)	$ (3.5)

Governmental Activities

As reported in the *Statement of Activities* on page 22, the cost of all of our governmental activities this year was $187.4 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $53.3 million because the cost was paid by those who benefited from the programs $3.3 million or by other governments and organizations who subsidized certain programs with grants and contributions $20.7 million. We paid for the remaining "public benefit" portion of our governmental activities with $103.9 million in State funds and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's eight largest functions: instruction, school administration, pupil transportation, food services, other student support services, administration, plant services, and 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)	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 114.6	$ 100.5	$ 110.9	$ 87.5
School administration	14.3	13.5	13.9	13.4
Pupil transportation	3.4	3.4	3.5	3.4
Food services	5.0	0.7	5.3	0.6
Other student support services	8.7	7.4	8.6	6.8
Administration	7.2	5.7	8.9	8.3
Plant services	22.7	22.0	16.4	15.4
Other	11.2	10.0	10.7	9.4
Total	$ 187.1	$ 163.2	$ 178.2	$ 144.8

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $98.4 million, which is a decrease of $12.0 million from last year.

Table 4

	Balances and Activity			
	July 01, 2014	Revenues	Expenditures	June 30, 2015
General Fund	$ 13,153,217	$ 152,995,414	$ 150,140,246	$ 16,008,385
Building Fund	70,905,384	5,499,810	20,180,261	56,224,933
Non-Major Governmental Funds	26,368,286	25,306,909	25,476,469	26,198,726
Total	$ 110,426,887	$ 183,802,133	$ 195,796,976	$ 98,432,044

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 $13.2 million to $16.0 million. 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. Given the additional constraints due to declining enrollment and significant program decreases and cuts to revenues, the District continued to experience deficit spending in 2013-2014 in the amount of $.8 million (down from prior year level of $8.9 million). This level of deficit spending is significantly lower than prior years due to an increase in State funding and material decreases to expenditures, plus a large $3.0 million transfer-in from the Adult Education Fund. In 2014-2015: LCFF Funding increased by $6,482,477 even with declining ADA below prior year of 552.77. The net change in fund balance was positive $2.9 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, a retirement incentive program was offered, significant attrition savings realized, 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.

2. The Adult Education Special Revenue Fund generated a net increase to fund balance from the prior year of $4 million (including a $3.0 million transfer from the Unrestricted General Fund). Excluding the transfer from the Unrestricted General Fund, the Adult Education Fund would have experienced deficit spending.

3. The Deferred Maintenance Special Revenue Fund had a net increase from the prior year of $.3 million mainly due to State revenues exceeding expenditures.

4. The Special Reserve COP Debt Repayment Fund generated a net decrease to fund balance from prior year of $.3 million due to the General Fund transfers in of Redevelopment Agency funding being less than the required annual COP debt payment.

5. The Surplus Property Fund generated a net increase to fund balance from prior year of $3.3 million mainly due to the sale of the district surplus property known as Wood Ranch Conference Center.

6. 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 approved projects, the District did receive modernization funding in the amount of $.2 million. The General Obligation Bond projects at various school sites expended approximately $18.3 million, and modernization expenditures were $.4 million from the County School Facilities Fund, as appropriate.

7. Developer fees were used for various modernization projects, with expenditures of $1.6 million. Revenues did exceed expenditures, resulting in a decrease in fund balance over the prior year of $1.0 million.

8. The Bond Interest and Redemption Fund ending balance increased over the prior year by $.8 million due to property tax collections that offset the debt payment.

9. The Self-Insured Workers' Compensation Fund ending balance increased by $.7 million over the prior year. The Self-Insured Medical Fund ending balance increased over prior year by $.1 million. 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 April 14, 2015, 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 79.)

- Revenue revisions made to the 2014-2015 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.

- 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 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, ROP contract with County 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, 2015, the District had a net of $223.9 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 $6.8 million, or 3.13 percent, from last year.

Table 5

(Amounts in millions)	Governmental Activities	
	2015	2014
Land	$ 16.8	$ 17.3
Construction in progress	16.6	23.9
Buildings and improvements, site improvements, net	182.2	169.8
Furniture and equipment, net	8.3	6.1
Total	$ 223.9	$ 217.1

This year's net additions of $6.8 million (including depreciation) included bond and modernization projects at several sites, building improvements, two 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.

A number of capital projects were completed during the fiscal year. The District budgeted multi-year bond projects to be approximately $18.3 million to start the 2014-2015 year (excluding depreciation). We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Obligations

At the end of this year, the District had $175.7 million in long-term obligations. Those obligations consisted of:

Table 6

(Amounts in millions)	Governmental Activities	
	2015	2014
General obligation bonds	$ 67.2	$ 68.1
General obligation bonds Financing Authority	89.3	90.4
General obligation bond premiums	1.1	1.3
General obligation bond premiums Financing Authority	3.0	3.2
Certificates of participation	8.9	9.6
Capital leases	1.1	-
Compensated absences	0.5	0.6
OPEB obligation	4.6	3.7
Total	$ 175.7	$ 176.9

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 district's 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 $68.1 million is significantly below the statutorily - imposed limit.

We present more detailed information regarding our long-term obligations in Note 8 of the financial statements.

Net Pension Liability (NPL)

At year-end, the District had an aggregate net pension liability of $110,106,757 as a result of the implementation of GASB Statement No. 68 during the current fiscal year.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2014-2015 ARE NOTED BELOW:

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

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 the current year, 2014-2015, Technology Improvement Plan projects included migration from Novel to Microsoft Active Directory services, Google For Education and Google Single Sign on, and the installation of interactive Epson white board technology in over 500 of the district's 900 classrooms. The installation of white board technology is being completed in the 2015-2016 school year. Teachers have been given administrative access to their local computer systems which has greatly increased the use of technology I the district. This represents a cultural shift from Novel security to Microsoft and Google education initiatives. The funding for this phase of implementation came from C-4 Bond funds, not from the District's general fund.

In 2014-2015 students in grades 3-8 and grade 11 participated in the California Assessment of Student Performance and Progress (CAASP). Although students in grade 10 participated in the California High School Exam (CAHSEE), the state has since suspended that examination as a graduation requirement. In 2013-2014 the state was using CAHSEE data, CAPA data, and graduation rates to determine AYP. With CAHSEE being suspended and graduation rates for 2015 not yet available. AYP for all districts are frozen. In 2015-2016, LEA's are complying with the AYP that was determined for 2014-2015. Accountability Progress Reporting using the metrics of participation rate, CAHSEE/CAPA scores, and overall cohort graduation rates, Royal High School, Simi Valley High School and Santa Susana High Schools did not meet their AYP targets in 2013-2014. Royal High School met the overall Participation Rate, but did not meet the criteria in the following areas: ELA Target, Math Target, or Graduation Rate. Santa Susana met the Participation Rate, ELA Target, and Graduation Rate but did not meet the AYP based upon failing to meet the ELA Target. Simi Valley High School met the Participation Rate, ELA Target, but did not meet the Graduation Rate. Both RHS and SVHS did not meet the target rate in the subgroup, Socioeconomically Disadvantaged which resulted in the schools not making their overall graduation rates. Keep in mind that for 2014-2015 school year, data regarding graduation rates are not yet available., The CAHSEE has been suspended, and AYP for all LEA's has been frozen, and we are in the first year of receiving CAASPP data which will serve as a baseline for future administration of CAASPP.

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 1, and Berylwood and Park View will be in Year 5 Program Improvement.

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 59 percent of the students progressing one or more levels. District students did not meet this objective at 56.0 percent, missing the Federal target by only 3 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 22.8 percent, District students exceeded this target at 24 percent. Cohort 2 (students attending U.S. schools for more than five years) had an English proficiency target goal of 49 percent; District students did not exceed the Federal target with 46.9 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.

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 Program Department continued construction on modernization projects at White Oak Elementary School and Mountain View Elementary School. A project to replace water pipes at Sinaloa Middle Schools has been completed. District-wide upgrades to door hardware for increased security have been completed. Seismic Retrofit Projects at Madera, Crestview, and Sycamore Elementary Schools were completed. HVAC Replacement at Big Springs and Vista Elementary Schools was completed. HVAC replacement equipment projects started at Hollow Hills Elementary School, Parkview Elementary School, Katherine Elementary School, Garden Grove Elementary School, Knolls Elementary Schools, and Valley View Middle School. The Kindergarten portable buildings at Hollow Hills elementary School were replaced with new portable buildings. Work was completed for the replacement of site gas piping at big Springs Elementary, Township Elementary, and Sycamore Elementary Schools. Work was completed on new playground equipment and fall surfaces at elementary schools, plus playground paving work was also implemented at several elementary schools. New roofing installations were completed on selected buildings at Big Springs Elementary, Crestview Elementary and Santa Susana Elementary Schools, Valley View Middle School and Sinaloa Middle School. Exterior painting projects were completed at Santa Susana High School, Katherine Elementary School, and White Oak Elementary School. Parking lot re-paving projects commenced at Township Elementary, Vita Elementary School and at Hillside Middle School and Sinaloa Middle School, plus new asphalt pavement was installed at seven of the District's schools.

The Maintenance and Operations Department completed 7,754 work orders at various school sites with 19 maintenance workers on staff.

Under the recommendation of the Surplus Property Committee, three properties have been declared surplus by the Board of Education. All three 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, has now closed escrow. The remaining two parcels have gone through the bid process with no accepted offers.

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

Daily average lunches served 6,842
Daily average breakfast served 1,010
Free and reduced approximately 29 to 31 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 third 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 13,285 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 cut back school operating expenses. In 2014-15, 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 downsize their program, in anticipation of the establishment of a 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.

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 2015-2016 year, the District Board and management used the following criteria:

The key assumptions in our 2015-2016 Adopted Budget revenue forecast are:

1. The adopted budget included a Local Control Funding Formula (LCFF) amount equal to a 53.08 percent Economic Recovery Target or approximately $8,524,492 million over prior year funding levels. This amount was subsequently decreased at 1st Interim Budget Revision equal to a 51.52 percent Economic Recovery Target for a net increase over prior year of $8,173,910 million.
2. Six and one half percent LCFF Supplemental funding is included of the adjusted grant per ADA. The LCFF Supplemental funding percentage is expected to be 31.98 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 are 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 $125.00 per month.
2. Student enrollment to decrease from prior year by approximately 575students, 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 year, the Adult Education Fund Block Grant has contributed to the Unrestricted General Fund $5,921,679 and the Deferred Maintenance Fund has contributed $815,514.
4. Estimated lottery receipts at $181.00 per annual ADA $140.00 unrestricted; $41.00 restricted).
5. CalPERS' school employer rate of 11.84 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 10.73 percent is included in the adopted budget.
7. Interest earnings are estimated at .3 percent and California CPI is estimated at 2.3 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 .1.02 percent COLA, with negative growth due to the continuing decline in total ADA which results in a decrease to funding of approximately $507.75 per Special Education ADA or $279,263. District level funding for Special Education is expected to decline by approximately $670,000 below prior year levels due to various funding adjustments (COLA, declining enrollment, 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 2014-15. 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. Currently, this revenue source is funded by the Department of Health Care Services.
12. Routine restricted maintenance set-aside requirements reduced to zero until June 30, 2015.
13. Suspension of Deferred Maintenance local match requirements until June 30, 2015.
14. Suspension of instructional materials adoption requirement until June 30, 2015.

Expenditures are based on the following forecasts:

1. Board policy limiting capital outlay in the unrestricted General Fund remains in effect.

2. Salary schedule increases of 6.5 percent have been included in the 1st Interim Budget; salary negotiations are settled at this time at a cost of approximately $7.1 million. 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	4,962
Grades four through six	31:1:1	3,529
Grades seven through eight	32:1:1	3,055
Grades nine through twelve	32:1:1	5,814

*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. Two additional 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 is funded on 2014-2015 ADA which is greater than prior 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 this last fiscal year. In 2014-15, the State fully paid all apportionment payments with no 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. In 2013-14 the district realized additional economic recovery funding to reach the funding target in the amount of $1,548,919 or 12.00 percent and in February 14, 2015 in the amount of $6,576,695 or 30.16 percent. For 2015-2016 the 1st Interim Budget Revision is based on additional funding to reach the target of $8,173,910 or 51.52 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, 2015

	Governmental Activities
ASSETS	
Deposits and investments	$ 115,813,959
Receivables	8,671,961
Stores inventories	341,539
Prepaid expenditures	2,395
Capital assets	
Land and construction in progress	33,412,846
Other capital assets	346,001,668
Less: accumulated depreciation	(155,525,469)
Capital assets, net of accumulated depreciation	223,889,045
Total Assets	348,718,899
DEFERRED OUTFLOWS OF RESOURCES	
Current year pension contribution	8,747,274
LIABILITIES	
Accounts payable	14,752,867
Interest payable	2,336,134
Due to other governments	1,134,717
Unearned revenue	97,570
Claims liability	8,343,184
Long-term obligations	
Current portion of long-term obligations other than pensions	5,903,410
Noncurrent portion of long-term obligations other than pensions	169,594,436
Total Long-Term Obligations	175,497,846
Aggregate net pension liability	110,106,757
Total Liabilities	312,269,075
DEFERRED INFLOWS OF RESOURCES	
Net Change in proportionate share of net pension liability	2,463,322
Difference between projected and actual earnings on pension plan investments	29,066,028
Total Deferred Inflows of Resources	31,529,350
NET POSITION	
Net investment in capital assets	113,984,560
Restricted for:	
Debt service	8,175,177
Capital projects	5,304,331
Educational programs	2,750,985
Unrestricted	(116,547,305)
Total Net Position	$ 13,667,748

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 108,214,531	$ 480,200	$ 11,701,380	$ 203,152	$ (95,829,799)
Instruction related activities:					
Supervision of instruction	5,399,575	45,234	1,635,745	-	(3,718,596)
Instructional library, media, and technology	1,000,687	7,195	50,090	-	(943,402)
School site administration	14,286,399	39,638	593,120	-	(13,653,641)
Pupil services:					
Home-to-school transportation	3,446,256	5,583	75,480	-	(3,365,193)
Food services	5,052,362	1,767,082	2,617,448	-	(667,832)
All other pupil services	8,673,484	60,330	1,176,067	-	(7,437,087)
Administration:					
Data processing	1,662,540	18,903	15,885	-	(1,627,752)
All other administration	5,501,567	122,201	1,340,143	-	(4,039,223)
Plant services	22,691,017	82,921	625,852	-	(21,982,244)
Ancillary services	1,526,613	20,657	40,915	-	(1,465,041)
Community services	436,370	5,635	11,135	-	(419,600)
Enterprise services	28,502	80	68	-	(28,354)
Interest on long-term obligations	8,918,788	-	-	-	(8,918,788)
Other (outgo)	294,197	618,456	596,079	-	920,338
Total Governmental Activities	$ 187,132,888	$ 3,274,115	$ 20,479,407	$ 203,152	(163,176,214)
General Revenues and Subventions:					
Property taxes, levied for general purposes					41,624,654
Property taxes, levied for debt service					10,842,996
Taxes levied for other specific purposes					807,299
Federal and State aid not restricted to specific purposes					89,958,706
Interest and investment earnings					53,692
Interagency revenues					167,402
Miscellaneous					13,673,368
Subtotal, General Revenues					157,128,117
Changes in Net Position					(6,048,097)
Net Position - Beginning					149,510,252
Restatement					(129,794,407)
Net Position - Beginning (As Restated)					19,715,845
Net Position - Ending					$ 13,667,748

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 20,114,177	$ 59,259,768	$ 25,838,897	$ 105,212,842
Accounts receivable	6,942,545	1,325,079	364,127	8,631,751
Due from other funds	395,095	71,657	845,534	1,312,286
Stores inventories	217,661	-	123,878	341,539
Prepaid expenditures	2,395	-	-	2,395
Total Assets	$ 27,671,873	$ 60,656,504	$ 27,172,436	$ 115,500,813
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 9,543,729	$ 4,337,832	$ 766,342	$ 14,647,903
Due to other funds	887,472	93,739	207,368	1,188,579
Due to other governments	1,134,717	-	-	1,134,717
Unearned revenue	97,570	-	-	97,570
Total Liabilities	11,663,488	4,431,571	973,710	17,068,769
Fund Balances:				
Nonspendable	305,830	-	124,578	430,408
Restricted	2,748,365	56,224,933	21,808,913	80,782,211
Committed	-	-	4,265,235	4,265,235
Assigned	2,032,992	-	-	2,032,992
Unassigned	10,921,198	-	-	10,921,198
Total Fund Balances	16,008,385	56,224,933	26,198,726	98,432,044
Total Liabilities and Fund Balances	$ 27,671,873	$ 60,656,504	$ 27,172,436	$ 115,500,813

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, 2015

Total Fund Balance - Governmental Funds		**$ 98,432,044**
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:	$ 379,414,514	
Accumulated depreciation is:	(155,525,469)	
Net Capital Assets		223,889,045
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		8,747,274
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest in long-term obligations is recognized when it is incurred.		(2,336,134)
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.		2,069,472
The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but are recognized on the accrual basis over the expected remaining service life of members receiving pension benefits.		(2,463,322)
The difference between projected and actual pension plan investment earnings are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		(29,066,028)
Net pension liability is not due and payable in the current period and is not reported as a liability in the funds.		(110,106,757)
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	156,257,954	
Premium on bonds issued	4,114,536	
Certificates of participation payable	8,920,000	
Compensated absences (vacations)	500,128	
Capital leases payable	1,086,959	
Other postemployment benefits	4,618,269	
Total Long-Term Obligations		(175,497,846)
Total Net Position - Governmental Activities		**$ 13,667,748**

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, 2015

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula	$ 122,882,288	$ -	$ 4,521,679	$ 127,403,967
Federal sources	5,867,768	-	3,187,500	9,055,268
Other State sources	11,094,305	-	514,494	11,608,799
Other local sources	13,151,053	927,067	16,275,937	30,354,057
Total Revenues	152,995,414	927,067	24,499,610	178,422,091
EXPENDITURES				
Current				
Instruction	97,313,955	-	2,400,334	99,714,289
Instruction related activities:				
Supervision of instruction	4,763,336	-	266,247	5,029,583
Instructional library, media, and technology	930,826	-	-	930,826
School site administration	11,432,230	-	1,778,001	13,210,231
Pupil services:				
Home-to-school transportation	3,058,123	-	-	3,058,123
Food services	118,110	-	4,702,306	4,820,416
All other pupil services	8,020,171	-	232,996	8,253,167
Administration:				
Data processing	1,581,346	-	-	1,581,346
All other administration	5,620,533	-	480,958	6,101,491
Plant services	14,322,474	107,386	775,548	15,205,408
Facility acquisition and construction	107,673	19,802,902	2,214,975	22,125,550
Ancillary services	1,435,886	-	-	1,435,886
Community services	328,956	-	81,688	410,644
Other outgo	294,197	-	-	294,197
Enterprise services	5,131	-	-	5,131
Debt service				
Principal	-	269,973	6,238,315	6,508,288
Interest and other	-	-	6,102,685	6,102,685
Total Expenditures	149,332,947	20,180,261	25,274,053	194,787,261
Excess (Deficiency) of Revenues Over Expenditures	3,662,467	(19,253,194)	(774,443)	(16,365,170)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	202,416	807,299	1,009,715
Other sources	-	4,370,327	-	4,370,327
Transfers out	(807,299)	-	(202,416)	(1,009,715)
Net Financing Sources (Uses)	(807,299)	4,572,743	604,883	4,370,327
NET CHANGE IN FUND BALANCES	2,855,168	(14,680,451)	(169,560)	(11,994,843)
Fund Balances - Beginning	13,153,217	70,905,384	26,368,286	110,426,887
Fund Balances - Ending	$ 16,008,385	$ 56,224,933	$ 26,198,726	$ 98,432,044

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, 2015

Total Net Change in Fund Balances - Governmental Funds		**$ (11,994,843)**
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	$ 15,174,234	
Depreciation expense	(8,393,724)	
Net Expense Adjustment		6,780,510
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.		770,048
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.		(6,326)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was more than the amounts earned by $65,291.		65,291
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.		(3,094,426)
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 ARC by $918,483.		(918,483)

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 DISTRICT-WIDE STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.		
Amortization of debt premium		$ 442,686
Repayment of long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.		
General obligation bonds	$ 3,835,000	
General obligation bonds - Financing Authority	1,035,000	
Certificates of participation	655,000	
Capital leases	255,093	
Combined adjustment		5,780,093
Debt proceeds in governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements proceeds from debt are reported as increases to liabilities amounts recognized in governmental funds as proceeds from debt.		(1,342,052)
The accretion of interest on capital appreciation bonds is not recognized in the governmental funds, but it increases long-term obligations in the Statement of Net Position and increases interest expense in the Statement of Activities.		(2,627,893)
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 net result of prior year and current year interest accrued.		97,298
Change in Net Position of Governmental Activities		**$ (6,048,097)**

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities		
	Internal Service Funds		
	Workers' Compensation	Medical	Total
ASSETS			
Current Assets			
Deposits and investments	$ 9,164,117	$ 1,437,000	$ 10,601,117
Receivables	18,114	22,096	40,210
Due from other funds	4,276	-	4,276
Total Current Assets	9,186,507	1,459,096	10,645,603
LIABILITIES			
Current Liabilities			
Accounts payable	61,394	43,570	104,964
Claim liabilities	8,342,653	531	8,343,184
Due to other funds	49,228	78,755	127,983
Total Current Liabilities	8,453,275	122,856	8,576,131
NET POSITION			
Unrestricted	733,232	1,336,240	2,069,472
Total Net Position	$ 733,232	$ 1,336,240	$ 2,069,472

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, 2015

	Governmental Activities		
	Internal Service Funds		
	Workers' Compensation	Medical	Total
OPERATING REVENUES			
Local and intermediate sources	$ 4,009,937	$ 7,823,971	$ 11,833,908
OPERATING EXPENSES			
Payroll costs	260,882	78,323	339,205
Professional and contract services	3,115,769	7,638,338	10,754,107
Supplies and materials	44	-	44
Total Operating Expenses	3,376,695	7,716,661	11,093,356
Operating Income	633,242	107,310	740,552
NONOPERATING REVENUES			
Interest income	24,580	4,916	29,496
Change in Net Position	657,822	112,226	770,048
Total Net Position - Beginning	75,410	1,224,014	1,299,424
Total Net Position - Ending	$ 733,232	$ 1,336,240	$ 2,069,472

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, 2015

	Governmental Activities		
	Internal Service Funds		
	Workers' Compensation	Medical	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from assessments made to other funds	$ 4,422,051	$ 5,144,272	$ 9,566,323
Cash payments to employees for services	(260,882)	(78,323)	(339,205)
Cash payments for insurance claims	(2,893,695)	(7,018,898)	(9,912,593)
Cash payments for other operating expenses	(44)	-	(44)
Net Cash Provided by (Used in) Operating Activities	1,267,430	(1,952,949)	(685,519)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	24,580	4,916	29,496
Net Increase (Decrease) in Cash and Cash Equivalents	1,292,010	(1,948,033)	(656,023)
Cash and Cash Equivalents - Beginning	7,872,107	3,385,033	11,257,140
Cash and Cash Equivalents - Ending	$ 9,164,117	$ 1,437,000	$ 10,601,117
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income	$ 633,242	$ 107,310	$ 740,552
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Receivables	13,598	221,345	234,943
Due from other funds	(135)	128,347	128,212
Accounts payable	21,903	680	22,583
Claims liability	614,052	(2,394,247)	(1,780,195)
Due to other funds	(15,230)	(16,384)	(31,614)
Net Cash Provided by (Used in) Operating Activities	$ 1,267,430	$ (1,952,949)	$ (685,519)

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Agency Funds
ASSETS	
Deposits and investments	$ 1,496,078
Receivables	3,381
Stores inventories	135,759
Total Assets	$ 1,635,218
LIABILITIES	
Accounts payable	$ 167,831
Due to student groups	1,467,387
Total Liabilities	$ 1,635,218

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

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 Facilities Fund The COP Facilities 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 lA), 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, 2015, 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 the current year pension contributions.

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 the difference between projected and actual earnings on pension plan investments specific to the net pension liability and for the unamortized amount of net change in proportionate share of net pension liability.

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, 2015, 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. The District currently does not have any assigned funds.

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 $16,230,493 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 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions 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 pensions 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 Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.

- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68.* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government wide Statement of Net Position, effectively decreasing net position as of July 1, 2014 by $129,794,407. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as the information was not available.

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

In June 2015, the GASB issued Statement 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.* The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments 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 with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.

- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions.

- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

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 interperiod 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*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

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 scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

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

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Governmental activities	$ 115,813,959
Fiduciary funds	1,496,078
Total Deposits and Investments	$ 117,310,037

Deposits and investments as of June 30, 2015, consist of the following:

Cash on hand and in banks	$ 2,813,139
Cash in revolving	161,474
Investments	114,335,424
Total Deposits and Investments	$ 117,310,037

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	Fair Value	Maturity Days
Ventura County Investment Pool	$ 109,664,693	295*
First American Treasury Obligations	5,704,920	31
Total	$ 115,369,613	

* Average days to maturity

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 county pool and investment agreement are not required to be rated, nor have they been rated as of June 30, 2015. 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, 2015, the District's bank balances are collateralized in accordance with State law.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2015, 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	$ 2,016,557	$ -	$ 229,487	$ -	$ 2,246,044	$ -
State Government						
Categorical aid	1,580,937	-	5,193	-	1,586,130	-
Lottery	1,713,865	-	-	-	1,713,865	-
Other State			2,000		2,000	-
Local Government						
Interest	22,483	1,337	20,154	9,061	53,035	-
Other local sources	1,608,703	1,323,742	107,293	31,149	3,070,887	3,381
Total	$ 6,942,545	$ 1,325,079	$ 364,127	$ 40,210	$ 8,671,961	$ 3,381

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 17,254,066	$ -	$ 419,050	$ 16,835,016
Construction in progress	23,900,774	4,419,675	11,742,619	16,577,830
Total Capital Assets Not Being Depreciated	41,154,840	4,419,675	12,161,669	33,412,846
Capital Assets Being Depreciated				
Land improvements	25,362,151	180,022	-	25,542,173
Buildings and improvements	277,392,383	18,888,761	-	296,281,144
Furniture and equipment	21,633,718	3,847,445	1,302,812	24,178,351
Total Capital Assets Being Depreciated	324,388,252	22,916,228	1,302,812	346,001,668
Less Accumulated Depreciation				
Land improvements	16,161,243	768,069	-	16,929,312
Buildings and improvements	116,786,031	5,908,558	-	122,694,589
Furniture and equipment	15,480,957	1,717,097	1,296,486	15,901,568
Total Accumulated Depreciation	148,428,231	8,393,724	1,296,486	155,525,469
Governmental Activities Capital Assets, Net	$ 217,114,861	$ 18,942,179	$ 12,167,995	$ 223,889,045

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

Governmental Activities	
Instruction	$ 5,546,573
Supervision of instruction	200,610
Instructional library, media, and technology	60,435
School site administration	664,783
Home-to-school transportation	147,730
Food services	220,755
All other pupil services	311,407
Data processing	73,865
All other administration	196,413
Plant services	882,180
Ancillary services	63,792
Community services	25,181
Total Depreciation Expenses All Activities	$ 8,393,724

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2015, 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	$ -	$ 59,744	$ 207,368	$ 127,983	$ 395,095
Building Fund	71,657	-	-	-	71,657
Non-Major Governmental Funds	811,539	33,995	-	-	845,534
Internal Service Funds	4,276	-	-	-	4,276
Total	$ 887,472	$ 93,739	$ 207,368	$ 127,983	$ 1,316,562

A balance of $71,657 is due to the Building Fund from the General Fund to cover 2014-2015 expenditures.

A balance of $4,276 is due to the Medical Self-Insurance Fund from the General Fund to cover June benefits.

A balance of $807,299 is due to the Special Reserve (Non-Major Governmental) Fund for Capital Outlay Projects from the General Fund to transfer balance of RDA to Unrestricted General Fund per 1992 COP Debt Issuance.

A balance of $4,240 is due to the Adult Education (Non-Major Governmental) Fund from the General Fund to clear invoice correction.

A balance of $27,254 is due to the County School Facilities (Non-Major Governmental) Fund from the Building Fund to cover salaries due to overspending.

A balance of $6,741 is due to the Adult Education (Non-Major Governmental) Fund from the Building Fund to correct duplicate journal entries.

A balance of $59,744 is due to the General Fund from the Building Fund to cover 2014-2015 support salaries.

A balance of $69,950 is due to the General Fund from the Adult Education (Non-Major Governmental) Fund to cover 2014-2015 maintenance and operation support.

A balance of $119,113 is due to the General Fund from the Deferred Maintenance (Non-Major Governmental) Fund to cover 2014-2015 support salaries.

A balance of $18,305 is due to the General Fund from the Capital Facilities (Non-Major Governmental) Fund to cover 2014-2015 support salaries.

The balance of $127,983 is due to the General Fund from the Self-Insurance Fund to cover 2014-2015 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, 2015, consisted of the following:

	Transfer From			
Transfer To	General Fund	Adult Fund	Non-Major Governmental Funds	Total
Building Fund	$ -	$ -	$ 202,416	$ 202,416
Non-Major Governmental Funds	807,299	-	-	807,299
Total	$ 807,299	$ -	$ 202,416	$ 1,009,715

The General Fund transferred to Special Reserve (Non-Major) Fund for Capital Outlay Projects for COP debt payments.	$ 807,299
The County School Facilities (Non-Major) Fund transferred to the Building Fund for modernization projects.	202,416
Total	$ 1,009,715

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 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Funds	Fiduciary Funds
Vendor payables	$ 4,151,594	$ -	$ 756,828	$ 104,964	$ 5,013,386	$ 167,831
Salaries and benefits	5,392,135	-	9,514	-	5,401,649	-
Construction	-	4,337,832	-	-	4,337,832	-
Due to Grantor Governments	1,134,717	-	-	-	1,134,717	-
Total	$ 10,678,446	$ 4,337,832	$ 766,342	$ 104,964	$ 15,887,584	$ 167,831

NOTE 7 - UNEARNED REVENUE

Unearned revenue at June 30, 2015, consisted of the following:

	General Fund
Federal financial assistance	$ 97,570

NOTE 8 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due in One Year
General Obligation (G.O.) Bonds	$ 68,120,061	$ 2,627,893	$ 3,620,000	$ 67,127,954	$ 1,880,000
G.O. Bond Financing Authority	90,380,000	-	1,035,000	89,345,000	3,050,000
Bond Premiums	1,316,236	-	211,187	1,105,049	-
Financing Authority	3,240,986	-	231,499	3,009,487	-
Certificates of Participation	9,575,000	-	655,000	8,920,000	705,000
Capital Leases	-	1,342,052	255,093	1,086,959	268,410
Compensated Absences	565,419	-	65,291	500,128	-
Other Postemployment Benefits	3,699,786	1,391,943	473,460	4,618,269	-
Total	$ 176,897,488	$ 5,361,888	$ 6,546,530	$ 175,712,846	$ 5,903,410

Bonded Debt

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, 2015, the principal balance outstanding was $1,643,624.

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, 2015, the principal balance outstanding was $2,790,000.

General Obligation Bonds, Election of 2004, Series A

In May 2004, the District issued $59,999,969 aggregate principal amount of the General Obligation Bonds, Election of 2004, Series A. The Election of 2004, Series A 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, 2015, the principal balance outstanding was $2,216,848.

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, 2015, the principal balance outstanding was $1,358,038, ($200,000 in current interest bonds and $1,158,038 in capital appreciation bonds).

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, 2015, the principal balance outstanding was $59,119,444, ($10,130,000 in current interest bonds and $48,989,444 in capital appreciation bonds).

Simi Valley School Financing Authority

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. At June 30, 2015, the principal balance outstanding was $89,345,000.
The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2014	Additions/ Accreted Interest	Redeemed and Refunded	Bonds Outstanding June 30, 2015
Current Interest							
January 12, 2004	2019	5.00%	$ 16,150,000	$ 3,990,000	$ -	$ 1,200,000	$ 2,790,000
May 12, 2004	2029	1.60-5.06%	59,055,000	1,460,000	-	1,460,000	-
November 30, 2005	2018	3.10-4.54%	39,505,000	500,000	-	300,000	200,000
October 4, 2007	2025	4.00-5.00%	10,920,000	10,425,000	-	295,000	10,130,000
Financing Authority							
June 27, 2007	2028	3.70-5.00%	95,675,000	90,380,000	-	1,035,000	89,345,000
Capital Appreciation							
August 6, 1998	2017	6.75-6.80%	746,757	1,897,517	111,107	580,000	1,428,624
May 12, 2004	2029	5.92%	944,969	2,052,637	164,211	-	2,216,848
November 30, 2005	2019	4.56-4.60%	494,199	1,059,283	98,755	-	1,158,038
October 4, 2007	2033	4.63-4.79%	34,080,619	46,735,624	2,253,820	-	48,989,444
				$ 158,500,061	$ 2,627,893	$ 4,870,000	$ 156,257,954

Debt Service Requirements to Maturity – District Issued General Obligation Bonds

Interest due is payable semi-annually. The principal, with respect to the bonds, is payable upon maturity or upon redemption in whole or in part at the corporate trust office of the paying agent. The bonds are issued as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. The bonds are subject to redemption prior to maturity. The bonds and related interest will be paid by the Bond Interest and Redemption Fund and the Financing Authority Debt Service Fund using local revenues.

The District's bonds mature through 2033 as follows:

	Current Interest Bonds		Capital Appreciation Bonds		
Year Ending June 30,	Principal	Interest	Principal	Future Accreted Interest	Total
2016	$ 1,880,000	$ 629,418	$ 554,965	$ 2,727,670	$ 5,792,053
2017	1,000,000	554,844	523,922	2,832,296	4,911,062
2018	1,150,000	500,212	877,201	2,903,304	5,430,717
2019	1,270,000	434,700	630,574	2,971,833	5,307,107
2020	875,000	369,125	-	3,094,555	4,338,680
2021-2025	6,945,000	962,625	-	18,000,956	25,908,581
2026-2030	-	-	23,063,939	19,112,760	42,176,699
2031-2033	-	-	28,142,353	4,053,675	32,196,028
Total	$ 13,120,000	$ 3,450,924	$ 53,792,954	$ 55,697,049	$ 126,060,927

The Financing Authority's bonds mature through 2028 as follows:

	Current Interest Bonds		
Year Ending June 30,	Principal	Interest	Total
2016	$ 3,050,000	$ 4,391,000	$ 7,441,000
2017	3,740,000	4,221,250	7,961,250
2018	3,610,000	4,037,500	7,647,500
2019	3,945,000	3,848,625	7,793,625
2020	5,360,000	3,616,000	8,976,000
2021-2025	37,550,000	13,104,250	50,654,250
2026-2028	32,090,000	2,456,250	34,546,250
Total	$ 89,345,000	$ 35,674,875	$ 125,019,875

General Obligation Bond Premiums

The 2004 Refunding, Series 2004 A, Series 2004 B, Series 2004 C, and the 2007 Revenue General Obligation Bonds were issued at premiums of $1,005,884, $1,919,125, $1,068,072, $1,358,833, and $4,861,479, respectively. The premiums will be amortized in the government-wide financial statements over the life of the debt issues. Due to the refunding of the Series 2004 B and Series 2004 C noted previously, $1,731,793 was expensed during 2007-2008. The remaining unamortized premiums for the District-issued general obligation bonds total $1,105,049 at June 30, 2015. The remaining unamortized premium for the Financing Authority's general obligation bonds was $3,009,487 at June 30, 2015.

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	Interest to Maturity	Total
2016	$ 705,000	$ 449,792	$ 1,154,792
2017	770,000	411,073	1,181,073
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
2021-2023	4,470,000	371,435	4,841,435
Total	$ 8,920,000	$ 2,194,225	$ 11,114,225

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2015, amounted to $500,128. Accumulated vacation will be paid by the fund for which the employee worked.

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
Balance, July 1, 2014	$ -
Additions	1,342,052
Payments and adjustments	(255,093)
Balance, June 30, 2014	$ 1,086,959

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	Total
2016	$ 236,380	$ 23,942	$ 8,088	$ 268,410
2017	236,380	23,942	8,088	268,410
2018	236,380	23,942	8,088	268,410
2019	236,380	23,942	8,088	268,410
2020	-	11,971	1,348	13,319
Total	$ 945,520	$ 107,739	$ 33,700	$ 1,086,959

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2015, was $1,206,954, and contributions made by the District during the year were $301,529. Interest on the net OPEB obligation and adjustments to the annual required contribution were $184,989 and ($171,931), respectively, which resulted in an increase to the net OPEB obligation of $918,483. As of June 30, 2015, the net OPEB obligation was $4,618,269. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 9 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	$ 85,774	$ -	$ 700	$ 86,474
Stores inventories	217,661	-	123,878	341,539
Prepaid expenditures	2,395	-	-	2,395
Total Nonspendable	305,830	-	124,578	430,408
Restricted				
Legally restricted programs	2,748,365	-	1,528,240	4,276,605
Capital projects	-	56,224,933	9,769,362	65,994,295
Debt services	-	-	10,511,311	10,511,311
Total Restricted	2,748,365	56,224,933	21,808,913	80,782,211
Committed				
Adult education program	-	-	2,598,102	2,598,102
Deferred maintenance program	-	-	1,667,133	1,667,133
Total Committed	-	-	4,265,235	4,265,235
Assigned				
Designated amount to fully fund deferred maintenance	215,514	-	-	215,514
Designated amount for 2014-2015 outstanding projects	357,560	-	-	357,560
Additional 1% reserve for economic uncertainties	1,459,918	-	-	1,459,918
Total Assigned	2,032,992	-	-	2,032,992
Unassigned				
Economic uncertainties	4,379,754	-	-	4,379,754
Remaining unassigned	6,541,444	-	-	6,541,444
Total Unassigned	10,921,198	-	-	10,921,198
Total	$ 16,008,385	$ 56,224,933	$ 26,198,726	$ 98,432,044

NOTE 10- 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 105 retirees currently receiving benefits and 1,500 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 2014-2015, the District contributed $301,529 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	$ 1,206,954
Interest on net OPEB obligation	184,989
Adjustment to annual required contribution	(171,931)
Annual OPEB cost (expense)	1,220,012
Contributions made	(301,529)
Increase in net OPEB obligation	918,483
Net OPEB obligation, beginning of year	3,699,786
Net OPEB obligation, end of year	$ 4,618,269

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
2013	$ 1,154,326	$ 211,524	18.32%	$ 2,694,786
2014	1,216,465	211,247	17.37%	3,699,786
2015	1,220,012	301,529	24.72%	4,618,269

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, 2013	$ -	$ 12,136,863	$ 12,136,863	0%	$ 96,636,217	13%

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.

NOTE 11 - 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. The claims liability of $531 reported in the fund at June 30, 2015, 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. Changes in the fund's claims liability, including incurred but not reported amounts in fiscal years 2015 and 2014 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, 2015, 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 $8,342,653 reported in the fund at June 30, 2015, 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, 2013 to June 30, 2015:

	Workers' Compensation	Medical	Total
Liability Balance, July 1, 2013	$ 6,957,102	$ 2,064,265	$ 9,021,367
Claims and changes in estimates	3,988,611	13,405,630	17,394,241
Claims payments	3,217,111	13,075,118	16,292,229
Liability Balance, June 30, 2014	7,728,602	2,394,777	10,123,379
Claims and changes in estimates	3,507,746	4,624,652	8,132,398
Claims payments	2,893,695	7,018,898	9,912,593
Liability Balance, June 30, 2015	$ 8,342,653	$ 531	$ 8,343,184
Assets available to pay claims at June 30, 2015	$ 9,186,507	$ 1,459,096	$ 10,645,603

NOTE 12 - 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).

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalSTRS	$ 81,168,535	$ 5,948,974	$ 19,987,597	$ 7,034,652
CalPERS	28,938,222	2,798,300	11,541,753	2,343,726
Total	$ 110,106,757	$ 8,747,274	$ 31,529,350	$ 9,378,378

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, 2013, 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, 2015, 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	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required State contribution rate	5.95%	5.95%

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, 2015, are presented above and the District's total contributions were $5,948,974.

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

At June 30, 2015, 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	$ 81,168,535
State's proportionate share of the net pension liability associated with the District	49,013,066
Total	$ 130,181,601

The net pension liability was measured as of June 30, 2014. 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. At June 30, 2015, the District's proportion was 0.1389 percent.

For the year ended June 30, 2015, the District recognized pension expense of $7,034,652 and revenue of $82,971 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,948,974	$ -
Difference between projected and actual earnings on pension plan investments	-	19,987,597
Total	$ 5,948,974	$ 19,987,597

The deferred outflow 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 year ended June 30, 2016.

The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	$ 4,996,899
2017	4,996,899
2018	4,996,899
2019	4,996,900
Total	$ 19,987,597

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, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
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' investment practice, a best estimate range was determined be assuming the portfolio is re-balanced annually and that the annual returns are log normally distributed and independently from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on 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%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

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%)	$ 126,520,518
Current discount rate (7.60%)	81,168,535
1% increase (8.60%)	43,353,223

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) [and the Safety Risk Pool] under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. 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, 2013 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety, 2013. 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, 2015, 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	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

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, 2015, are presented above and the total District contributions were $2,798,300.

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $28,938,222. The net pension liability was measured as of June 30, 2014. 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. At June 30, 2015, the District's proportion was 0.4453 percent.

For the year ended June 30, 2015, the District recognized pension expense of $2,343,726. At June 30, 2015, 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	$ 2,798,300	$ -
Net change in proportionate share of net pension liability	-	2,463,322
Difference between projected and actual earnings on pension plan investments	-	9,078,431
Total	$ 2,798,300	$ 11,541,753

The deferred outflow 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 year ended June 30, 2016.

Year Ended June 30,	Amortization
2016	$ 821,107
2017	821,107
2018	821,108
Total	$ 2,463,322

The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	$ 2,269,608
2017	2,269,608
2018	2,269,608
2019	2,269,607
Total	$ 9,078,431

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, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

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	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

Discount Rate

The discount rate used to measure the total pension liability was 7.50 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 (6.50%)	$ 48,865,423
Current discount rate (7.50%)	28,938,222
1% increase (8.50%)	12,287,037

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 $4,148,439 (5.679 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, 2015. 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. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

NOTE 13 - 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, 2015.

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, 2015.

Construction Commitments

As of June 30, 2015, 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	$ 149,557	September 30, 2016
Atherwood Elementary School	30,804	September 30, 2016
Berylwood Elementary School	317,159	September 30, 2016
Big Springs Elementary School	901,035	September 30, 2016
Crestview Elementary School	378,910	September 30, 2016
Garden Grove Elementary School	175,584	September 30, 2016
Hollow Hills Elementary School	635,265	September 30, 2016
Justin Elementary School	203,543	September 30, 2016
Katherine Elementary School	754,367	September 30, 2016
Knolls Elementary School	441,557	September 30, 2016
Lincoln Elementary School	25,945	September 30, 2016
Madera Elementary School	78,504	September 30, 2016
Mountain View Elementary School	1,917,348	October 30, 2015
Park View Elementary School	413,108	September 30, 2016
Santa Susana Elementary School	442,177	September 30, 2016
Simi Valley Elementary School	254,662	December 30, 2015
Sycamore Elementary School	135,416	September 30, 2016
Township Elementary School	303,547	September 30, 2016
Vista Elementary School	728,675	September 30, 2016
White Oak Elementary School	229,163	September 30, 2016
Wood Ranch Elementary School	247,911	September 30, 2016

CAPITAL PROJECTS	Remaining Construction Commitment	Expected Date of Completion
Middle Schools:		
Hillside Middle School	$ 77,476	September 30, 2016
Sinaloa Middle School	241,070	September 30, 2016
Valley View Middle School	708,540	September 30, 2016
High Schools:		
Royal High School	271,222	September 30, 2016
Santa Susana High School	264,533	September 30, 2016
Simi Valley High School	311,257	December 31, 2015
Apollo Continuation School	37,544	September 30, 2016
Others:		
Adult Education	141,188	September 30, 2016
Monte Vista Independent Study	25,945	September 30, 2016
Transportation	26,130	January 31, 2016
Education Services Building	58,682	September 30, 2016
Undesignated	111,190	February 28, 2017
Total	$ 11,039,014	

NOTE 14 - 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, 2015, the District made payments of $849,367, $228,750, and $309,790, to VCSSFA, YRSG, and VCFAST, respectively, for services received.

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Statement of Net Position

Net Position - Beginning	$ 149,510,252
Inclusion of net pension liability from the adoption of GASB 68 No. 68	(137,693,751)
Inclusion of deferred outflow of resources from the adoption of GASB No. 68	7,899,344
Net Position - Beginning as Restated	$ 19,715,845

REQUIRED SUPPLEMENTARY INFORMATION

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local Control Funding Formula	$ 122,021,014	$ 122,430,687	$ 122,882,288	$ 451,601
Federal sources	5,473,340	6,337,520	5,867,768	(469,752)
Other State sources	4,777,507	6,109,082	11,094,305	4,985,223
Other local sources	10,444,982	11,594,033	13,151,053	1,557,020
Total Revenues [1]	142,716,843	146,471,322	152,995,414	6,524,092
EXPENDITURES				
Current				
Certificated salaries	64,445,988	66,300,953	66,444,191	(143,238)
Classified salaries	25,403,554	25,304,786	24,467,241	837,545
Employee benefits	37,443,710	36,666,869	39,910,359	(3,243,490)
Books and supplies	4,376,979	7,546,499	5,781,745	1,764,754
Services and operating expenditures	11,998,105	14,529,376	12,249,903	2,279,473
Other outgo	16,411	102,459	-	102,459
Capital outlay	283,696	519,238	479,508	39,730
Total Expenditures [1]	143,968,443	150,970,180	149,332,947	1,637,233
Excess (Deficiency) of Revenues Over Expenditures	(1,251,600)	(4,498,858)	3,662,467	8,161,325
Other Financing Sources (Uses)				
Transfers out	(655,885)	(775,500)	(807,299)	(31,799)
Net Financing Sources (Uses)	(655,885)	(775,500)	(807,299)	(31,799)
NET CHANGE IN FUND BALANCES	(1,907,485)	(5,274,358)	2,855,168	8,129,526
Fund Balance - Beginning	13,153,217	13,153,217	13,153,217	-
Fund Balance - Ending	$ 11,245,732	$ 7,878,859	$ 16,008,385	$ 8,129,526

[1] On behalf payments of $4,148,439 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015

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)
May 4, 2009	$ -	$ 8,950,578	$ 8,950,578	0%	$ 112,016,980	8%
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%

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015

	2015
CalSTRS	
District's proportion of the net pension liability (asset)	0.1389%
District's proportionate share of the net pension liability (asset)	$ 81,168,535
State's proportionate share of the net pension liability (asset) associated with the District	49,013,066
Total	$ 130,181,601
District's covered - employee payroll	$ 69,081,685
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	117.50%
Plan fiduciary net position as a percentage of the total pension liability	77%
CalPERS	
District's proportion of the net pension liability (asset)	0.4453%
District's proportionate share of the net pension liability (asset)	$ 28,938,222
District's covered - employee payroll	$ 23,752,517
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	121.83%
Plan fiduciary net position as a percentage of the total pension liability	83%

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015

	2015
CalSTRS	
Contractually required contribution	$ 5,948,974
Contributions in relation to the contractually required contribution	(5,948,974)
Contribution deficiency (excess)	$ -
District's covered - employee payroll	$ 66,992,946
Contributions as a percentage of covered - employee payroll	8.88%
CalPERS	
Contractually required contribution	$ 2,798,300
Contributions in relation to the contractually required contribution	(2,798,300)
Contribution deficiency (excess)	$ -
District's covered - employee payroll	$ 23,774,853
Contributions as a percentage of covered - employee payroll	11.77%

Note : In the future, as data become 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, 2015

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):			
Advance Placement and International Baccalaureate Test Fee Program	84.330B	15204	$ 3,627
Adult Education - Basic Grants to State Programs:			
Adult Basic Education - ABE and ESL Services	84.002A	14508	87,422
Adult Basic Education - Adult Secondary	84.002	13978	73,933
Adult Basic Education - English Literacy and Civic Education	84.002A	14109	60,075
Total Adult Education - Basic Grants to State Programs			221,430
No Child Left Behind of 2001 (NCLB)			
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	1,485,085
Title I, Part A - Program Improvement LEA Corrective Action	84.010	14957	147,484
Total Title I, Part A Cluster			1,632,569
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	371,794
Title III - Limited English Proficiency Program	84.365	10084	118,948
Passed through Ventura County Special Education Local Plan Area:			
Individuals with Disabilities Education Act (IDEA):			
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,864,593
Preschool Local Entitlement, Part B, Section 611	84.027A	13682	202,125
Preschool Grants, Part B, Section 619	84.173	13430	93,834
Local Assistance, Part B, Section 611, Private School ISPs	84.027	10115	21,731
Total Special Education Cluster			3,182,283
Total U.S. Department of Education			5,530,651
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13524	2,285,266
Basic Breakfast	10.553	13525	3,611
Especially Needy Breakfast	10.553	13526	300,703
Meal Supplement	10.555	13396	3,271
Food Distribution	10.555	13524	373,219
Total U.S. Department of Agriculture			2,966,070
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medicaid Cluster:			
Medi-Cal Billing Option	93.778	10013	317,910
Medi-Cal Administrative Activities	93.778	10060	729,429
Total U.S. Department of Health and Human Services			1,047,339
Total Federal Programs			$ 9,544,060

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2015

ORGANIZATION

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

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Dan White	President	2015
Scott Blough	Clerk	2018
Rob Collins	Member	2016
Bill Daniels	Member	2016
Debbie Sandland	Member	2013

ADMINISTRATION

Dr. Jason Peplinski, Ed.D	Superintendent
Daniel Houghton	Assistant Superintendent, Personnel Services
Ron Todo	Assistant Superintendent, Business and Facilities

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2015

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,935.77	4,922.68
Fourth through sixth	3,802.59	3,791.64
Seventh and eighth	2,663.78	2,644.58
Ninth through twelfth	5,540.11	5,501.66
Total Regular ADA	16,942.25	16,860.56
Extended Year Special Education		
Transitional kindergarten through third	10.60	10.60
Fourth through sixth	7.97	7.97
Seventh and eighth	4.38	4.38
Ninth through twelfth	11.51	11.51
Total Extended Year Special Education	34.46	34.46
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	2.17	2.26
Fourth through sixth	2.01	2.03
Seventh and eighth	4.67	4.97
Ninth through twelfth	26.20	25.82
Total Special Education, Nonpublic, Nonsectarian Schools	35.05	35.08
Extended Year Program, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.23	0.23
Fourth through sixth	0.19	0.19
Seventh and eighth	0.53	0.53
Ninth through twelfth	2.95	2.95
Total Extended Year Program, Nonpublic, Nonsectarian Schools	3.90	3.90
Total ADA	17,015.66	16,934.00

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2015

Grade Level	1986-87 Minutes Requirement	Reduced 1986-87 Minutes Requirement	2014-15 Actual Minutes	Number of Days		Status
				Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	35,000	45,845	180	N/A	Complied
Grades 1 - 3	50,400	49,000				
Grade 1			54,579	180	N/A	Complied
Grade 2			54,579	180	N/A	Complied
Grade 3			54,579	180	N/A	Complied
Grades 4 - 6	54,000	52,500				
Grade 4			54,579	180	N/A	Complied
Grade 5			54,579	180	N/A	Complied
Grade 6			54,579	180	N/A	Complied
Grades 7 - 8	54,000	52,500				
Grade 7			63,625	180	N/A	Complied
Grade 8			63,625	180	N/A	Complied
Grades 9 - 12	64,800	63,000				
Grade 9			65,112	180	N/A	Complied
Grade 10			65,112	180	N/A	Complied
Grade 11			65,112	180	N/A	Complied
Grade 12			65,112	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, 2015

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2015.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

	(Budget) 2016 [1]	2015	2014	2013
GENERAL FUND				
Revenues	$ 151,108,887	$ 148,846,975	$ 148,457,163	$ 145,004,381
Other sources and transfers in	159,000	-	3,032,666	-
Total Revenues and Other Sources	151,267,887	148,846,975	151,489,829	145,004,381
Expenditures	145,224,275	145,184,508	149,333,616	153,010,518
Other uses and transfers out	775,500	807,299	771,592	855,622
Total Expenditures and Other Uses	145,999,775	145,991,807	150,105,208	153,866,140
INCREASE (DECREASE) IN FUND BALANCE	$ 5,268,112	$ 2,855,168	$ 1,384,621	$ (8,861,759)
ENDING FUND BALANCE	$ 21,276,497	$ 16,008,385	$ 13,153,217	$ 11,768,596
AVAILABLE RESERVES [2]	$ 18,284,708	$ 10,921,198	$ 5,483,778	$ 8,121,272
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [3]	12.52%	7.48%	3.76%	5.40%
LONG-TERM OBLIGATIONS	N/A	$ 175,712,846	$ 176,897,488	$ 178,576,319
K-12 AVERAGE DAILY ATTENDANCE AT P-2	16,465	17,016	17,560	18,113

The General Fund balance has increased by $4,239,789 over the past two years. The fiscal year 2015-2016 budget projects a further increase of $5,268,112 (33 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 two of the past three years and anticipates incurring an operating surplus during the 2015-2016 fiscal year. Total long-term obligations have decreased by $2,863,473 over the past two years.

Average daily attendance has decreased by 1,097 over the past two years. Additional decline of 551 ADA is anticipated during fiscal year 2015-2016.

[1] Budget 2016 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, $4,088,984, and $3,589,664, has been excluded from the calculation of available reserves for the fiscal years ending June 30, 2015, 2014, and 2013, respectively.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

BUILDING SUB-FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	2004 General Obligation Bond	Surplus Property	Total Building Fund
ASSETS			
Deposits and investments	$ 55,423,710	$ 3,836,058	$ 59,259,768
Receivables	1,285,202	39,877	1,325,079
Due from other funds	71,657	-	71,657
Total Assets	$ 56,780,569	$ 3,875,935	$ 60,656,504
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 4,214,089	$ 123,743	$ 4,337,832
Due to other funds	27,384	66,355	93,739
Total Liabilities	4,241,473	190,098	4,431,571
Fund Balances:			
Restricted	52,539,096	3,685,837	56,224,933
Total Liabilities and Fund Balances	$ 56,780,569	$ 3,875,935	$ 60,656,504

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

BUILDING SUB-FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	2004 General Obligation Bond	1998 General Obligation Bond	Surplus Property	Total Building Fund
REVENUES				
Other local sources	$ 191,281	$ 797	$ 734,989	$ 927,067
EXPENDITURES				
Current				
Plant services	107,386	-	-	107,386
Facility acquisition and construction	17,426,809	797,030	1,579,063	19,802,902
Debt service				
Principal	-	-	269,973	269,973
Total Expenditures	17,534,195	797,030	1,849,036	20,180,261
Excess (Deficiency) of Revenues Over Expenditures	(17,342,914)	(796,233)	(1,114,047)	(19,253,194)
OTHER FINANCING SOURCES				
Transfers in	202,416	-	-	202,416
Other sources	-	-	4,370,327	4,370,327
Net Financing Sources	202,416	-	4,370,327	4,572,743
NET CHANGE IN FUND BALANCES	(17,140,498)	(796,233)	3,256,280	(14,680,451)
Fund Balances - Beginning	69,679,594	796,233	429,557	70,905,384
Fund Balances - Ending	$ 52,539,096	$ -	$ 3,685,837	$ 56,224,933

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	COP Facilities Fund
ASSETS					
Deposits and investments	$ 2,600,593	$ 1,623,999	$ 1,844,276	$ 7,378,786	$ 1,430,196
Receivables	264,578	82,295	1,658	6,597	-
Due from other funds	10,981	-	-	-	-
Stores inventories	-	123,878	-	-	-
Total Assets	$ 2,876,152	$ 1,830,172	$ 1,845,934	$ 7,385,383	$ 1,430,196
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 204,780	$ 180,674	$ 59,688	$ 321,200	$ -
Due to other funds	69,950	-	119,113	18,305	-
Total Liabilities	274,730	180,674	178,801	339,505	-
Fund Balances:					
Nonspendable	700	123,878	-	-	-
Restricted	2,620	1,525,620	-	7,045,878	1,430,196
Committed	2,598,102	-	1,667,133	-	-
Total Fund Balances	2,601,422	1,649,498	1,667,133	7,045,878	1,430,196
Total Liabilities and Fund Balances	$ 2,876,152	$ 1,830,172	$ 1,845,934	$ 7,385,383	$ 1,430,196

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
$ (27,254)	$ 485,461	$ 10,406,506	$ 96,334	$ 25,838,897
79	449	8,471	-	364,127
27,254	807,299	-	-	845,534
-	-	-	-	123,878
$ 79	$ 1,293,209	$ 10,414,977	$ 96,334	$ 27,172,436
$ -	$ -	$ -	$ -	$ 766,342
-	-	-	-	207,368
-	-	-	-	973,710
-	-	-	-	124,578
79	1,293,209	10,414,977	96,334	21,808,913
-	-	-	-	4,265,235
79	1,293,209	10,414,977	96,334	26,198,726
$ 79	$ 1,293,209	$ 10,414,977	$ 96,334	$ 27,172,436

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, 2015

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	COP Facilities Fund
REVENUES					
Local Control Funding Formula	$ 3,921,679	$ -	$ 600,000	$ -	$ -
Federal sources	221,430	2,966,070	-	-	-
Other State sources	2,000	203,713	-	-	-
Other local sources	1,813,655	1,893,253	5,253	633,785	1,139,347
Total Revenues	5,958,764	5,063,036	605,253	633,785	1,139,347
EXPENDITURES					
Current					
Instruction	2,400,334	-	-	-	-
Instruction-related activities:					
Supervision of instruction	266,247	-	-	-	-
School site administration	1,778,001	-	-	-	-
Pupil services:					
Food services	-	4,702,306	-	-	-
All other pupil services	232,996	-	-	-	-
Administration:					
All other administration	243,395	219,258	-	18,305	-
Plant services	557,108	82,169	126,538	9,733	-
Facility acquisition and construction	-	-	156,225	1,605,901	-
Community services	81,688	-	-	-	-
Debt service					
Principal	6,741	-	-	-	655,000
Interest and other	-	-	-	-	484,347
Total Expenditures	5,566,510	5,003,733	282,763	1,633,939	1,139,347
Excess (Deficiency) of Revenues Over Expenditures	392,254	59,303	322,490	(1,000,154)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net Financing Sources (Uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	392,254	59,303	322,490	(1,000,154)	-
Fund Balances - Beginning	2,209,168	1,590,195	1,344,643	8,046,032	1,430,196
Fund Balances - Ending	$ 2,601,422	$ 1,649,498	$ 1,667,133	$ 7,045,878	$ 1,430,196

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
$ -	$ -	$ -	$ -	$ 4,521,679
-	-	-	-	3,187,500
202,416	-	106,365	-	514,494
735	2,028	10,758,851	29,030	16,275,937
203,151	2,028	10,865,216	29,030	24,499,610
-	-	-	-	2,400,334
-	-	-	-	266,247
-	-	-	-	1,778,001
-	-	-	-	4,702,306
-	-	-	-	232,996
-	-	-	-	480,958
-	-	-	-	775,548
449,237	3,612	-	-	2,214,975
-	-	-	-	81,688
-	1,139,348	4,437,226	-	6,238,315
-	-	5,618,338	-	6,102,685
449,237	1,142,960	10,055,564	-	25,274,053
(246,086)	(1,140,932)	809,652	29,030	(774,443)
-	807,299	-	-	807,299
(202,416)	-	-	-	(202,416)
(202,416)	807,299	-	-	604,883
(448,502)	(333,633)	809,652	29,030	(169,560)
448,581	1,626,842	9,605,325	67,304	26,368,286
$ 79	$ 1,293,209	$ 10,414,977	$ 96,334	$ 26,198,726

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, 2015

(Amounts in thousands)	Actual Results for the Years					
	2014-2015		2013-2014		2012-2013	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	$ 5,868	3.8	$ 6,055	4.1	$ 6,354	4.4
State and local revenue included in Local Control Funding Formula	122,882	80.3	116,108	78.2	98,721	68.1
Other State revenue	11,094	7.3	13,771	9.3	24,604	17.0
Other local revenue	3,669	2.4	3,754	2.5	5,683	3.9
Tuition and transfers in	9,482	6.2	8,769	5.9	9,642	6.6
Total Revenues	152,995	100.0	148,457	100.0	145,004	100.0
EXPENDITURES						
Salaries and Benefits						
Certificated salaries	66,444	43.4	68,528	46.2	71,352	49.2
Classified salaries	24,467	16.0	24,789	16.7	24,811	17.1
Employee benefits	39,910	26.1	39,368	26.5	40,662	28.0
Total Salaries and Benefits	130,821	85.5	132,685	89.4	136,825	94.3
Books and supplies	5,782	3.8	3,434	2.3	3,244	2.2
Contracts and operating expenses	12,250	8.0	11,928	8.0	11,890	8.2
Other outgo	-	0.0	-	0.0	218	0.2
Capital outlay	480	0.3	1,286	0.9	834	0.6
Debt service	-	0.0	-	0.0	-	0.0
Total Expenditures	149,332	97.6	149,333	100.6	153,011	105.5
Excess of Revenues Over (Under) Expenditures	3,663	2.4	(876)	(0.6)	(8,007)	(5.5)
OTHER FINANCING SOURCES (USES)	(807)	(0.5)	2,261	1.5	(855)	(0.6)
INCREASE (DECREASE) IN FUND BALANCE	2,856	1.9	1,385	0.9	(8,862)	(6.1)
FUND BALANCE, BEGINNING	13,153		11,768		20,630	
FUND BALANCE, ENDING	$ 16,009		$ 13,153		$ 11,768	

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balance:		$ 9,055,268
Medi-Cal Administrative Activities	93.778	77,591
Medi-Cal Billing Option	93.778	411,201
Total Schedule of Expenditures of Federal Awards		$ 9,544,060

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015

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.

Building Sub-Funds – Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

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

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, 2015, 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, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Notes 1 and 15 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

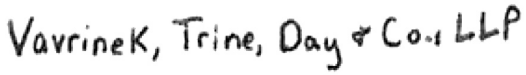
Compliance and Other Matters

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

We noted certain matters that we reported to management of Simi Valley Unified School District in a separate letter dated December 15, 2015.

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.



Rancho Cucamonga, California
December 15, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2015. 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 requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2015.

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 OMB Circular A-133, 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2015

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 *2014-2015 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, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Simi Valley Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Simi Valley Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Simi Valley Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

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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
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time:	
School Districts	Yes
Instructional Materials:	
General Requirements	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
Regional Occupational Centers or Programs Maintenance of Effort	Yes
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	No, see below
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
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Charter Schools:	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study	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 an Early Retirement Incentive Program; 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 School program.

The District did not have expenditures related to the California Clean Energy Jobs Act Program; therefore, we did not perform any procedures related to the California Clean Energy Jobs Act Program.

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

The District does not 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, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2015

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

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
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, 2015

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

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

Governing Board
Simi Valley Unified School District
Simi Valley, California

In planning and performing our audit of the financial statements Simi Valley Unified School District (the District), for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent a condition noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 15, 2015, on the financial statements of Simi Valley Unified School District.

2014-2015 OBSERVATIONS AND RECOMMENDATIONS

ROYAL HIGH SCHOOL

Associated Student Body – Missing Backup

Observation

Student body disbursements are not always adequately supported by proper documentation. One of the disbursements tested was missing the invoice or receipt:

- Check # 23995; paid to "See's Candies"; on September 9, 2014 for $423. The check was issued to pay for a fundraiser by the Home EC Club (2380).

Recommendation

All disbursements should be accompanied by invoices or receipts and signed receiving documentation. This reduces the risk of unauthorized spending, and items being paid for and not received.

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HILLSIDE MIDDLE SCHOOL

Associated Student Body – Prohibited Expenditures

Observation

During disbursement testing auditor noted expenditures which may not generally be considered as an allowable expenditures by the Associated Student Body:

- Check number 7952 written out to student as a cash prize.

Recommendation

The District should be aware of expenditures which may be considered gifts of public funds, responsibility of the District, or not directly promoting the general welfare, morale, or educational experience of students.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2015