

SIMI VALLEY UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2011

SIMI VALLEY UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Simi Valley Unified School District
Simi Valley, California

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, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2010-11,* 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Simi Valley Unified School District, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 54 for the year ended June 30, 2011, as discussed in Note 1.

As discussed in the Notes to the basic financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding requirements of the State of California to the K-12 educational community.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011, on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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The required supplementary information, such as management's discussion and analysis on pages 4 through 17 and budgetary comparison and other postemployment information on pages 66 and 67, are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards which is required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations,* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 5, 2011

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Assistant Superintendent
Business Services
Lowell Schultze

SIMI VALLEY SCHOOLS
A World of Learners

Board of Education
Rob Collins
Jeanne Davis
Janice DiFatta
Arleigh Kidd
Debbie Sandland

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, 2011, with comparative information from 2010. 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 Assets and the Statement of Activities

The *Statement of Net Assets* 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 assets and changes in them. Net assets are 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 assets are one indicator of whether its financial health is improving or deteriorating.

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

In the *Statement of Net Assets* 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 Assets* and the *Statement of Revenues, Expenses, and Changes in Fund Net Assets*. 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 Assets*. 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 Assets

The District's net assets were $154.8 million for the fiscal year ended June 30, 2011. Of this amount, $21.6 million was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

Table 1

(Amounts in millions)	Governmental Activities	
	2011	2010
Assets		
Current and other assets	$ 157.8	$ 172.3
Capital assets, net	201.5	188.0
Total Assets	359.3	360.3
Liabilities		
Current liabilities	22.4	17.4
Long-term obligations	182.2	181.5
Total Liabilities	204.6	198.9
Net Assets		
Invested in capital assets, net of related debt	32.4	26.7
Restricted	100.8	122.6
Unrestricted	21.6	12.1
Total Net Assets	$ 154.8	$ 161.4

Changes in Net Assets

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 19. 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	
	2011	2010
Revenues		
Program revenues:		
Charges for services	$ 2.9	$ 3.7
Operating grants and contributions	29.4	32.7
Capital grants and contributions	3.8	0.1
General revenues:		
State and Federal revenue limit sources - unrestricted	86.5	80.5
Property taxes	47.1	48.3
Other general revenues	12.5	17.0
Total Revenues	182.2	182.3
Expenses		
Instruction related	127.8	126.9
Student support services	14.5	14.7
Administration	9.2	7.6
Plant services	16.4	17.0
Other	20.8	17.6
Total Expenses	188.7	183.8
Change in Net Assets	$ (6.5)	$ (1.5)

Note: Total may not add due to rounding.

Governmental Activities

As reported in the *Statement of Activities* on page 19, the cost of all of our governmental activities this year was $188.7 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $47.1 million because the cost was paid by those who benefited from the programs or by other governments and organizations who subsidized certain programs with grants and contributions $36.1 million. We paid for the remaining "public benefit" portion of our governmental activities with $105.5 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)	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 109.6	$ 85.7	$ 108.9	$ 87.0
School administration	18.2	15.7	18.0	15.4
Pupil transportation	2.8	1.3	2.7	1.4
Food services	4.8	0.3	4.7	0.1
Other student support services	6.9	5.6	7.3	4.8
Administration	9.2	8.2	7.6	6.5
Plant services	16.4	15.4	17.0	14.9
Other	20.8	20.4	17.6	17.1
Total	$ 188.7	$ 152.6	$ 183.8	$ 147.2

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $131.3 million, which is a decrease of $15.3 million from last year.

Table 4

	Balances and Activity			
	July 01, 2010	Revenues	Expenditures	June 30, 2011
General Fund	$ 26,554,559	$ 148,256,344	$ 148,959,687	$ 25,851,216
Building Fund	88,812,344	1,743,797	13,836,361	76,719,780
Non-Major Governmental Funds	31,192,170	34,185,159	36,669,387	28,707,942
Total	$ 146,559,073	$ 184,185,300	$ 199,465,435	$ 131,278,938

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 decreased from $26.6 million to $25.9 million. This recognized decrease is due to:

    - The 2010-11 fiscal year is the fourth year of sustained reductions in funding for public education. Overall, K-12 funding was cut by nearly 20% in 2008-09, and funding for education has remained at or below that level through 2010-11. Given the additional constraints due to declining enrollment and significant program decreases and cuts to revenues, the District experienced deficit spending. To help minimize the problem, 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, attrition savings realized, HMO/PPO medical plan changes were implemented, employee co-pays were increased over prior year, site and department savings were realized. In addition, one-time federal American Recovery Reinvestment Act (ARRA) funds were expended to support lower grades K-3 class sizes for a second and final year. Tightening the budget and expending one-time ARRA funds was required to meet the State standards *and* criteria multi-year projection certification.

2. Two of the District's three Special Revenue Funds (Adult Education Fund and Cafeteria Fund) generated more revenue than operating expense resulting in a net increase from the prior year of $1,315,040 and $230,906, respectively, mainly due to a slight increase in revenues and significant reductions in expenditures.

    The Deferred Maintenance Fund had a net decrease of $824,350 due to expenditures exceeding State revenues and a flexibility transfer out to the Unrestricted General Fund.

3. 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 budget crisis. For prior year approved projects, the district did receive $3,819,018. The General Obligation Bond projects at various school sites expended approximately $11.9 million, and Modernization expenditures were almost $5.4 million from the County School Facilities Fund.

4. Developer Fees were used for various modernization projects, with expenditures of $2.1 million. Revenues did not exceed expenditures, resulting in a decrease in fund balance over the prior year of $1.9 million.
5. The Bond Interest and Redemption Fund ending balance decreased over the prior year by about $60 thousand due to lower property tax collections that offset the debt payment.

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Final amendments to the budget were approved in June 2011, 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 66.)

- Revenue revisions made to the 2010-2011 Budget were mainly due to significant funding changes recognized after the budget adoption, including an incease to the Revenue Limit due to the elimination of an additional significant proposed State funding cut.

- Federal revenues increased due to prior year deferred revenues and program carry-forwards in Title I, Title III, Title V, Medi-Cal, MAA and NCLB.

- 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 mid-year enacted legislation.

Local revenues reflect adjustments mainly for changes in interest earnings rates, school gift funds, field trip receipts, Education Foundation, E.I.S.S. program, 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, 2011, the District had a net of $201.5 million in a broad range of capital assets, including land, buildings, vehicles, construction in progress, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of $13.5 million, or 7.2 percent, from last year.

Table 5

(Amounts in millions)	Governmental Activities	
	2011	2010
Land	$ 17.3	$ 17.3
Construction in progress	24.5	35.4
Buildings and improvements, site improvements, net	154.6	130.3
Furniture and equipment, net	5.1	5.0
Total	$ 201.5	$ 188.0

This year's net additions of $13.5 million (including depreciation) included Bond projects at several sites, new and retro-fit vehicles, asphalt paving, painting, re-roofing, copier equipment, virtual classroom hardware and software, upgrades to the Data Center.

A number of capital projects were completed during the 2010-2011 year. The District budgeted multi-year bond projects to be approximately $10 million to start the 2010-2011 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 $182.2 million in long-term obligations. Those bonds consisted of:

Table 6

(Amounts in millions)	Governmental Activities	
	2011	2010
General obligation bonds	$ 69.1	$ 67.1
General obligation bonds Financing Authority	93.0	93.5
General obligation bond premiums	2.1	2.3
General obligation bond premiums Financing Authority	3.9	4.2
Certificates of participation	11.3	11.7
Capital leases	0.6	1.1
Compensated absences	0.8	0.8
OPEB obligation	1.4	0.8
Total	$ 182.2	$ 181.5

The District's general obligation bond rating continues to be "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 $69.1 million is significantly below the statutorily - imposed limit.

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

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2010-2011 ARE NOTED BELOW:

The District continues to support and monitor student achievement, as measured by state and federally mandated assessments, including but not limited to the CELDT, CAHSEE and STAR battery of tests.

Summary points: District-Wide Results

- Five elementary schools continue with an API above 900.
- Seventeen elementary and five secondary schools continue with an API above 800. Two elementary schools have an API 800. Abraham Lincoln and Arroyo had the strongest growth on the API in the District, each increasing by 32 points.
- Despite continued improvement, Berylwood and Park View Elementary Schools have advanced to Y4 Program Improvement. Due to strong improvement, Abraham Lincoln remains in Year 1 Program Improvement through Safe Harbor.
- Monte Vista and seven elementary schools met *all* AYP criteria: Arroyo, Big Springs, Hollow Hills, Lincoln, Santa Susana, Vista and Wood Ranch
- District-wide, Simi Valley Unified went up 12 points in their API, from a 20010Base of 816 to a 2011 Growth API of 828.
- 93 percent of District schools met their API target (27)
- 35 percent of District schools had an API that either remained the same or declined (10)
- Three of our four Title I schools are in Program Improvement
- The District as a whole met 33 out of 42 AYP criteria.
- For the first time, the grade span of 2nd through 5th grade did not meet AYP criteria in either English/Language Arts or Mathematics. Failure to meet the grade span AYP criteria resulted in the District entering Year I Program Improvement.

The District met one of the three Annual Measurable Achievement Objectives (AMAOs) as measured by the Title III program accountability report standards as follows:

AMAO1: The percent of students making annual progress in learning English: The target for AMAO I was 54.6% of the students progressing one or more levels. District students met this objective at 57.7%, exceeding the federal target by approximately 3%.

AMAO2 – The percent of students' achieving English Proficiency each year as measured by the CELDT. The target for Cohort 1 (students attending US schools for less than five years) attaining English proficiency was 18.7 % District students exceeded this target (29.5%) by approximately 11%. Cohort 2 (students attending US schools for more than five years) had an English proficiency target goal of 43.2%; District students did not exceed the federal target with only 42% attaining the targeted proficiency. The target was missed by approximately 1%.

District-wide performance on the CAHSEE continues to be strong, with 96% of 10th grade students passing the English/Language Arts portion 95% passing the math portion on their first attempt (grade 10). District student performance exceeded the state passage rate by 10%.

On March 4, 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 Citizen's Oversight Committee.

Through the fiscal year ending on June 30, 2011, the Office of Facilities and Planning has completed C4 Bond funded modernization projects at Apollo and Royal High schools. An upgrade of the boys locker room at Royal High School, modernization projects at Hillside and Sinaloa Middle schools, and Berylwood, Justin, and Katherine Elementary schools. Also completed was the construction of the new Performing Arts Center at Santa Susanna High School.

In the same fiscal year, we have started modernization projects at Hollow Hills and Parkview Elementary schools, plus the installation of a new modular building at Monte Vista School. We also have begun a project to add five new permanent classrooms at Sinaloa Middle School to replace the portable classrooms that were no longer adequate for occupation.

The Maintenance and Operations Department has completed Deferred Maintenance projects to paint the building exteriors at Big Springs, Township, Sycamore, Knolls Elementary schools, and Valley View Middle School. We have implemented a team cleaning system with the custodians at all of the elementary schools for summer school cleaning and preparation of the sites for the new school year. We have changed our policy of turning off air conditioning unit during summer break, but instead turned up thermostats to the highest position to allow the units to operate during the hottest hour of the day if the temperature rose above 95 degrees. This has resulted in 60 percent fewer repair work orders for air conditioning in the first month at the start of the new school year, thereby disrupting the education process far less than in previous years.

During the 2010-2011, the Energy Management program was successful in saving $1,308,092. The savings accrued at $109,000 each and every month of the fiscal year. The District saved 26 percent or more than one in every four dollars that would have been spent on energy. A grand success by any measure! The savings are compared to the period before District's Energy Management program.

Savings during the Fiscal Year were as follows:

Electricity kWh saved = 4.33 million kWh
Electricity $$$ saved = $850,802
Percent saved = 26%

Natural Gas Therms saved = 117,540 Therms
Natural Gas $$$ saved = $104,535
Percent saved = 40%

Water KGal saved = 79,350 KGal
Water $$$ saved = $352,756
Percent saved = 30%

These numbers reflect the commitment made by our employees to "just stop the waste" and the culture to use resources only as needed.

Our District has also helped the environment:

Savings of electricity by our employees removed the equivalent of 422 cars off the road for the year and produced the same environmental result as planting 60,110 trees and letting them grow for ten years (EPA formula). We further conserved our environment by avoiding the production of 2,350 metric tons of CO2.

These are impressive results! Our employees have adopted conservation and the prudent use of resources as part of their daily routines.

The Food Services program has continued to be self-supporting even during these economically trying times. Salad bars were started at Royal High School and Hillside Middle School which have been well received. Equipment was purchased in order for this expansion of service. Additional schools will be added to this service, as determined possible.

Food Services made soy and lactose free milk available for students who are intolerant or allergic to milk. The Food Service Department continues to work with the school Nurses to make available the nutritional analysis of the meals served. This process assists the Nurses in their quest of helping students with Diabetes or other food issues.

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 2011-2012 year, the District Board and management used the following criteria:

The key assumptions in our 2011-2012 revenue forecast are:

1. Two work furlough days implemented for both Certificated and Classified employees.
2. Employee co-pay for those eligible for Health and Welfare benefits implemented.
3. Student enrollment to decrease from prior year by approximately 511 students, due to the State of the economy, unemployment and housing market. (Actual Revenue Limit funding based on prior year average daily attendance; however, multi-year projections are negatively affected.)
4. Zero Equalization funding.
5. Revenue limit income decreased by a negative Cost of Living Adjustment (COLA) of ($143.00) per ADA, or (2.24) percent. Plus ADA for meals for the needy and beginning teacher salary add-on.
6. Revenue limit income decreased by a deficit factor of $1,287.78 per ADA, or 19.754 percent.
7. ABX4 2 provided clean up language that establishes 2007-08 as the base year for calculating the revenue for all Tier III programs which equates to approximately a 15.43 percent cut to these programs in 2008-09 and an additional cut of 4.47 percent in 2009-10 for a total cut continued of 19.9 percent in 2010-11.

8. In 2008-09 through 2014-15, SBX3 4 moves several categorical program funds, supplemental hourly funding, the Adult Ed Block Grant and the Deferred Maintenance Fund apportionment to Tier III Programs which transferred these funds to the unrestricted general fund. Adult Ed Block Grant funds and Deferred Maintenance apportionments will subsequently be transferred to the Adult Education Fund and Deferred Maintenance Fund. Estimated Lottery receipts at $128.75 per Annual ADA ($111.75 Unrestricted; $17.00 Restricted).
9. CalPERS Reduction rate of 10.923 percent with a partial CalPERS Reduction Buyout of 37.2 percent.
10. Interest earnings are estimated at.85 percent and California CPI is estimated at 3.2 percent.
11. 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.
12. Special Education is budgeted with zero COLA, with no growth due to the continuing decline in total ADA. A SELPA-wide hold harmless agreement will predominately backfill District funding to the prior year level, except for mental health projected at $225,000 unless significant cuts are made to funding mid-year.
13. Federal income is expected to decrease by approximately ten to eighteen percent or more with population of qualified students remaining stable (excluding the impact of one-time ARRA Federal Funds).
14. K - 3 Class Size Reduction is budgeted at $1,071 for full day program, fewer penalties for higher class sizes over 20:1 on a sliding scale basis. Currently, K-3 class sizes are to be staffed at 24:1. Reduced penalties for K-3 class-size to be implemented through June 30, 2014.
15. Ninth Grade Class Size Reduction is now a Tier III program, and will be funded at the 2007-2008 funding level of $213 per participating pupil count, less the statewide funding ratio.
16. MAA Administrative Services Program (Medicaid-eligible students with disabilities) was implemented in 2007. This special education reimbursement billing process generated cash receipts of $410,756 in 2010-11 and is expected to generate at least that much if not more in 2011-12. In the budget year, the program will be expanded to include site administrators. Currently, this revenue source is funded by the Department of Health Care Services.
17. Routine restricted maintenance set-aside reduced to zero, until June 30, 2015.
18. Suspension of Deferred Maintenance local match requirements, until June 30, 2015.
19. Flexibility of Tier III categorical programs available, until June 30, 2015. In the budget year, the District has a transfer to the Unrestricted General Fund from the Deferred Maintenance Fund in the amount of $750,000, but subsequently reverted back for the 2011-12 year.
20. 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. No salary schedule increases have been included in the Adopted Budget; negotiations are unsettled at this time. Step and Column increases are included in the Budget at an estimated $1.5 million. The District expects approximately 20 certificated retirees.

	Staffing Ratio	Enrollment
Grades kindergarten through third	24:1*	5,616
Grades four through six	31:1	4,483
Grades seven through eight	32:1	2,954
Grades nine through twelve	32:1	6,364

*The Districts four Title Schools are staffed at 20:1

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 the mid-1990s, a major increase in state revenues led to an unprecedented new program to reduce class size in grades K-3. 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 depression. Currently, State funding deficits are up to 19.754 percent of what is owed to school districts. In addition, the State has deferred apportionment payments which continues to plague districts in meeting their financial obligations.

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 2011-2012 continues to acknowledge the growing State Budget crisis, identifying a June 2012 deficit of approximately $30.0 billion if left unaddressed. As a result, the Governor's 2011-2012 mid-year budget analysis will need to include significant budget changes to try to close the critical growing budget gap. This may be done by a number of methods which are unknown at this time. Currently, the brunt of the proposed State funding reductions will reduce school district funding even further since school district funding is approximately 40 to 50 percent of the State's budget.

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: lschultz@simi.k12.ca.us.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
ASSETS	
Deposits and investments	$ 119,293,596
Receivables	31,450,261
Stores inventories	395,090
Prepaid expenditures	494,567
Deferred cost of issuance	6,207,228
Capital assets	
Land and construction in progress	41,761,069
Other capital assets	284,913,774
Less: accumulated depreciation	(125,132,445)
Capital assets, net of accumulated depreciation	201,542,398
Total Assets	359,383,140
LIABILITIES	
Accounts payable	6,548,468
Interest payable	3,410,597
Deferred revenue	3,715,336
Claims liability	8,736,304
Long-term obligations	
Current portion of long-term obligations	5,940,102
Noncurrent portion of long-term obligations	176,235,257
Total Long-Term Obligations	182,175,359
Total Liabilities	204,586,064
NET ASSETS	
Invested in capital assets, net of related debt	32,412,745
Restricted for:	
Debt service	4,911,713
Capital projects	85,896,822
Educational programs	3,335,249
Other activities	6,600,303
Unrestricted	21,640,244
Total Net Assets	$ 154,797,076

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, 2011

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 Assets: Governmental Activities
Governmental Activities					
Instruction	$ 109,559,388	$ 385,296	$ 19,589,454	$ 3,837,683	$ (85,746,955)
Instruction related activities:					
Supervision of instruction	3,960,388	23,190	1,760,505	-	(2,176,693)
Instructional library, media, and technology	985,235	7,394	124,610	-	(853,231)
School site administration	13,293,710	25,623	559,207	-	(12,708,880)
Pupil services:					
Home-to-school transportation	2,829,733	2,481	1,541,849	-	(1,285,403)
Food services	4,786,940	1,966,710	2,533,501	-	(286,729)
All other pupil services	6,904,735	23,740	1,314,352	-	(5,566,643)
Administration:					
Data processing	1,629,379	-	18,274	-	(1,611,105)
All other administration	7,573,183	127,609	848,377	-	(6,597,197)
Plant services	16,434,612	236,330	785,857	-	(15,412,425)
Ancillary services	1,243,302	36,377	107,673	-	(1,099,252)
Community services	595,721	20,245	67,647	-	(507,829)
Enterprise services	39,430	-	-	-	(39,430)
Interest on long-term obligations	18,487,339	-	-	-	(18,487,339)
Other (outgo)	426,255	6,195	132,778	-	(287,282)
Total Governmental Activities	$ 188,749,350	$ 2,861,190	$ 29,384,084	$ 3,837,683	(152,666,393)
General revenues and subventions:					
Property taxes, levied for general purposes					38,186,255
Property taxes, levied for debt service					8,926,964
Federal and State aid not restricted to specific purposes					86,464,834
Interest and investment earnings					1,468,996
Interagency revenues					241,841
Miscellaneous					10,785,861
Special and extraordinary items					2,392
Subtotal, General Revenues					146,077,143
Changes in Net Assets					(6,589,250)
Net Assets - Beginning					161,386,326
Net Assets - Ending					$ 154,797,076

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 3,837,969	$ 79,080,105	$ 26,793,012	$ 109,711,086
Accounts receivable	29,741,173	525,453	746,690	31,013,316
Due from other funds	553,528	2,106	2,028,156	2,583,790
Stores inventories	323,073	-	72,017	395,090
Prepaid expenditures	491,697	-	-	491,697
Total Assets	$ 34,947,440	$ 79,607,664	$ 29,639,875	$ 144,194,979
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 3,096,567	$ 2,608,186	$ 843,715	$ 6,548,468
Due to other funds	2,284,321	279,698	88,218	2,652,237
Deferred revenue	3,715,336	-	-	3,715,336
Total Liabilities	9,096,224	2,887,884	931,933	12,916,041
Fund Balances:				
Nonspendable	900,075	-	72,717	972,792
Restricted	3,335,249	76,719,780	23,684,510	103,739,539
Committed	-	-	4,950,715	4,950,715
Assigned	9,018,453	-	-	9,018,453
Unassigned	12,597,439	-	-	12,597,439
Total Fund Balances	25,851,216	76,719,780	28,707,942	131,278,938
Total Liabilities and Fund Balances	$ 34,947,440	$ 79,607,664	$ 29,639,875	$ 144,194,979

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 ASSETS
JUNE 30, 2011

Total Fund Balance - Governmental Funds		$ 131,278,938
Amounts Reported for Governmental Activities in the *Statement of Net Assets* 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:	$ 326,674,843	
Accumulated depreciation is:	(125,132,445)	201,542,398
Expenditures relating to issuance of debt of next fiscal year were recognized in modified accrual basis, but should not be recognized in accrual basis.		6,207,228
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.		(3,410,597)
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.		1,354,468
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	(162,118,925)	
Premium on bonds issued	(6,001,343)	
Certificates of participation payable	(11,255,000)	
Compensated absences (vacations)	(799,999)	
Capital leases payable	(589,670)	
Other postemployment benefits	(1,410,422)	(182,175,359)
Total Net Assets - Governmental Activities		$ 154,797,076

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, 2011

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Revenue limit sources	$ 102,596,124	$ -	$ -	$ 102,596,124
Federal sources	10,045,920	-	3,072,864	13,118,784
Other State sources	22,252,774	-	10,877,935	33,130,709
Other local sources	12,369,694	1,466,552	18,795,437	32,631,683
Total Revenues	147,264,512	1,466,552	32,746,236	181,477,300
EXPENDITURES				
Current				
Instruction	100,898,572	-	3,630,266	104,528,838
Instruction related activities:				
Supervision of instruction	3,480,184	-	268,086	3,748,270
Instructional library, media, and technology	934,742	-	-	934,742
School site administration	10,787,583	-	1,810,063	12,597,646
Pupil services:				
Home-to-school transportation	2,668,910	-	-	2,668,910
Food services	293,171	-	4,308,618	4,601,789
All other pupil services	6,343,783	-	250,378	6,594,161
Administration:				
Data processing	1,566,942	-	-	1,566,942
All other administration	5,253,311	-	246,261	5,499,572
Plant services	13,946,143	193,474	1,498,969	15,638,586
Facility acquisition and construction	324,294	12,539,053	8,446,844	21,310,191
Ancillary services	1,189,474	-	-	1,189,474
Community services	473,722	-	101,012	574,734
Other outgo	426,255	-	-	426,255
Enterprise services	39,430	-	-	39,430
Debt service				
Principal	221,799	423,181	3,210,000	3,854,980
Interest and other	111,372	13,821	11,731,021	11,856,214
Total Expenditures	148,959,687	13,169,529	35,501,518	197,630,734
Excess (Deficiency) of Revenues Over Expenditures	(1,695,175)	(11,702,977)	(2,755,282)	(16,153,434)
OTHER FINANCING SOURCES (USES)				
Transfers in	991,832	-	842,869	1,834,701
Other sources	-	277,245	596,054	873,299
Transfers out	-	(666,832)	(1,167,869)	(1,834,701)
Net Financing Sources (Uses)	991,832	(389,587)	271,054	873,299
NET CHANGE IN FUND BALANCES	(703,343)	(12,092,564)	(2,484,228)	(15,280,135)
Fund Balances - Beginning	26,554,559	88,812,344	31,192,170	146,559,073
Fund Balances - Ending	$ 25,851,216	$ 76,719,780	$ 28,707,942	$ 131,278,938

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, 2011

Total Net Change in Fund Balances - Governmental Funds		$ (15,280,135)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the Statement of Net Assets 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	$ 20,605,741	
Depreciation expense	(7,098,778)	13,506,963
An internal service fund is used by the District's management to charge the costs of the unemployment compensation insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		(1,820,218)
Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. However, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term obligations in the Statement of Net Assets.		(274,853)
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:		30,938
The District does not recognize the liability for postemployment health care benefits in the governmental funds. However, GASB Statement No. 45 requires the inclusion of the liability in the government-wide financial statements. This represents the difference between the District's annual required contribution and the contribution made (amounts paid in the current year for retiree health benefits).		(646,313)
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. This adjustment combines the net changes of the following balances:		
Amortization of debt premium	481,375	
Amortization of debt discount	(50,953)	
Amortization of cost of issuance	(393,173)	
Combined adjustment		37,249

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, 2011

Repayment of long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Assets and does not affect the Statement of Activities.		
General obligation bonds	$ 2,730,000	
General obligation bonds - Financing Authority	530,000	
Certificates of participation	480,000	
Capital leases	510,640	
Combined adjustment		$ 4,250,640
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 Assets and increases interest expense in the Statement of Activities.		(4,772,457)
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.		(1,621,064)
Change in Net Assets of Governmental Activities		$ (6,589,250)

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities		
	Internal Service Funds		
	Workers' Compensation	Medical	Total
ASSETS			
Current Assets			
Deposits and investments	$ 8,153,913	$ 1,428,597	$ 9,582,510
Receivables	85,373	351,572	436,945
Due from other funds	253,655	404	254,059
Prepaid expenditures	-	2,870	2,870
Total Current Assets	8,492,941	1,783,443	10,276,384
LIABILITIES			
Current Liabilities			
Claim liabilities	6,706,652	2,029,652	8,736,304
Due to other funds	72,999	112,613	185,612
Total Current Liabilities	6,779,651	2,142,265	8,921,916
NET ASSETS			
Unrestricted	1,713,290	(358,822)	1,354,468
Total Net Assets	$ 1,713,290	$ (358,822)	$ 1,354,468

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 ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Governmental Activities		
	Internal Service Funds		
	Workers' Compensation	Medical	Total
OPERATING REVENUES			
Local and intermediate sources	$ 2,442,435	$ 12,575,774	$ 15,018,209
Total Operating Revenues	2,442,435	12,575,774	15,018,209
OPERATING EXPENSES			
Payroll costs	185,479	116,705	302,184
Professional and contract services	2,587,877	14,031,977	16,619,854
Supplies and materials	320	423	743
Total Operating Expenses	2,773,676	14,149,105	16,922,781
Operating Loss	(331,241)	(1,573,331)	(1,904,572)
NONOPERATING REVENUES			
Interest income	74,377	9,977	84,354
Total Nonoperating Revenues	74,377	9,977	84,354
Change in Net Assets	(256,864)	(1,563,354)	(1,820,218)
Total Net Assets - Beginning	1,970,154	1,204,532	3,174,686
Total Net Assets - Ending	$ 1,713,290	$ (358,822)	$ 1,354,468

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, 2011

	Governmental Activities		
	Internal Service Funds		
	Workers' Compensation	Medical	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from assessments made to other funds	$ 2,437,474	$ 13,288,735	$ 15,726,209
Cash payments to employees for services	(185,479)	(116,705)	(302,184)
Cash payments for insurance claims	(2,474,387)	(14,270,726)	(16,745,113)
Cash payments for other operating expenses	(320)	(423)	(743)
Net Cash Provided by Operating Activities	(222,712)	(1,099,119)	(1,321,831)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	74,377	9,977	84,354
Net Increase (Decrease) in Cash and Cash Equivalents	(148,335)	(1,089,142)	(1,237,477)
Cash and Cash Equivalents - Beginning	8,302,248	2,517,739	10,819,987
Cash and Cash Equivalents - Ending	$ 8,153,913	$ 1,428,597	$ 9,582,510
CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating gain/(loss)	$ (331,241)	$ (1,573,331)	$ (1,904,572)
Changes in assets and liabilities:			
Receivables	245,920	(322,442)	(76,522)
Prepaid expenditures	-	41,828	41,828
Due from other funds	(250,881)	1,035,403	784,522
Accrued liabilities	(78,969)	(543,508)	(622,477)
Claims liability	191,816	258,768	450,584
Due to other funds	643	4,163	4,806
Net Cash Provided by Operating Activities	$ (222,712)	$ (1,099,119)	$ (1,321,831)

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Agency Funds
ASSETS	
Deposits and investments	$ 1,493,070
Receivables	23,268
Stores inventories	143,850
Total Assets	$ 1,660,188
LIABILITIES	
Accounts payable	$ 212,478
Due to student groups	1,447,710
Total Liabilities	$ 1,660,188

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 15 to the financial statements. These organizations are:

- Ventura County Schools Self-Funding Authority (VCSSFA)
- York Risk Services Group (YRSA)
- Ventura County Fast Action School Transit Authority (VCFAST)

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for and report all financial resources not accounted for and reported in another 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 of specific revenue sources that are restricted or committed to expenditures for the specific purpose (other than debt service or capital projects) of the individual funds.

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, except for State revenues which, as a result of Senate Bill 4 of the 2009-10 Third Extraordinary Session (SBX3 4), may be used for any educational purpose.

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, except for State apportionments which, as a result of Senate Bill 4 of the 2009-10 Third Extraordinary Session (SBX3 4), may be used for any educational purpose.

Capital Project Funds The Capital Project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including 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 and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on 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 assets, 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 fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

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 exclude 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 assets should be reported as restricted when constraints placed on net asset use 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 assets restricted for other activities result from special revenue funds and the restrictions on their net asset 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 assets. The statement of changes in fund net assets 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.

Deferred Revenue Deferred 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 deferred revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as deferred revenue. On the governmental fund financial statements, when applicable, receivables that will not be collected within the available period are also recorded as deferred 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, 2011, 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.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the General, Capital Projects and Debt Service Funds represent investments required by Federal and State agencies to be set aside by the District for the purpose of satisfying certain requirements of the Federal, State programs, and debt service requirements.

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 assets. 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 assets.

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 assets. 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.

Deferred 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

Fund Balances - Governmental Funds

As of June 30, 2011, 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. The District currently does not have any committed funds.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

In fiscal year 2010-2011, 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 four percent of General Fund expenditures and other financing uses. If a fund balance drops below four percent, it shall be recovered at a rate of one percent minimally each year.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets 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 assets are available. The government-wide financial statements report $100,744,087 of restricted net assets.

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 is 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.

Changes in Accounting Principles

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The District has implemented the provisions of this statement for the year ended June 30, 2011.

New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2011, are classified in the accompanying financial statements as follows:

Governmental activities	$ 119,293,596
Fiduciary funds	1,493,070
Total Deposits and Investments	$ 120,786,666

Deposits and investments as of June 30, 2011, consist of the following:

Cash on hand and in banks	$ 9,205,255
Cash in revolving	161,005
Investments	111,420,406
Total Deposits and Investments	$ 120,786,666

Policies and Practices

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the county 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	Weighted Average Maturity
County Pool	$ 108,287,737	353*
AIG Investment Agreement	1,454,723	7/27/2022
First American Treasury Obligations	2,049,640	7/1/2011
Total	$ 111,792,100	

* Weighted Average Maturity in days.

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, 2011. The mutual fund investment is rated "AAA" 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, 2011, the District's bank balances are collateralized in accordance with State law.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in the certificates of participation trustee accounts, the District has a custodial credit risk exposure of the entire balance because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2011, 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
Federal Government			
Categorical aid	$ 1,869,776	$ -	$ 535,752
State Government			
Apportionment	17,379,161	-	-
Categorical aid	5,941,363	-	31,783
Lottery	1,469,665	-	-
Local Government			
Interest	52,145	154,077	42,377
Other Local Sources	3,029,063	371,376	136,778
Total	$ 29,741,173	$ 525,453	$ 746,690

	Proprietary Funds	Total Governmental Activities	Fiduciary Funds
Federal Government			
Categorical aid	$ -	$ 2,405,528	$ -
State Government			
Apportionment	-	17,379,161	-
Categorical aid	-	5,973,146	-
Lottery	-	1,469,665	-
Local Government			
Interest	17,612	266,211	-
Other Local Sources	419,333	3,956,550	23,268
Total	$ 436,945	$ 31,450,261	$ 23,268

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 17,254,066	$ -	$ -	$ 17,254,066
Construction in progress	35,399,185	11,160,556	22,052,738	24,507,003
Total Capital Assets Not Being Depreciated	52,653,251	11,160,556	22,052,738	41,761,069
Capital Assets Being Depreciated				
Land improvements	22,152,850	2,724,926	-	24,877,776
Buildings and improvements	214,234,741	27,437,757	-	241,672,498
Furniture and equipment	17,657,251	1,335,240	628,991	18,363,500
Total Capital Assets Being Depreciated	254,044,842	31,497,923	628,991	284,913,774
Less Accumulated Depreciation				
Land improvements	12,282,304	1,002,139	-	13,284,443
Buildings and improvements	93,743,592	4,868,019	-	98,611,611
	12,636,762	1,228,620	628,991	13,236,391
Total Accumulated Depreciation	118,662,658	7,098,778	628,991	125,132,445
Governmental Activities Capital Assets, Net	$ 188,035,435	$ 35,559,701	$ 22,052,738	$ 201,542,398

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

Governmental Activities	
Instruction	$ 4,690,873
Supervision of instruction	169,661
Instructional library, media, and technology	51,111
School site administration	562,223
Home-to-school transportation	124,938
Food services	186,698
All other pupil services	263,365
Data processing	62,469
All other administration	166,111
Plant services	746,082
Ancillary services	53,951
Community services	21,296
Total Depreciation Expenses All Activities	$ 7,098,778

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2011, 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	Proprietary Funds	Total
General Fund	$ -	$ 279,698	$ 88,218	$ 185,612	$ 553,528
Building Fund	2,106	-	-	-	2,106
Non-Major Governmental Funds	2,028,156	-	-	-	2,028,156
Proprietary Funds	254,059	-	-	-	254,059
Total	$ 2,284,321	$ 279,698	$ 88,218	$ 185,612	$ 2,837,849

The balance of $2,019,903 is due to the Adult Education (Non-Major Governmental) Fund from the General Fund for the adult education block grant.
The balance of $252,676 is due to the Workers' Compensation Self-Insurance (Proprietary) Fund from the General Fund for workers' compensation benefits.
The balance of $279,698 is due to the General Fund from the Building Fund for salaries and equipment purchases.
The balance of $112,613 is due to the General Fund from the Medical Self-Insurance (Proprietary) Fund to cover salaries and benefits.
The balance of $72,999 is due to the General Fund from the Workers' Compensation Self-Insurance (Proprietary) Fund to cover salaries and benefits.

The 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, 2011, consisted of the following:

	Transfer From		
Transfer To	Building Fund	Non-Major Governmental Funds	Total
General Fund	$ 241,832	$ 750,000	$ 991,832
Non-Major Governmental Funds	425,000	417,869	842,869
Total	$ 666,832	$ 1,167,869	$ 1,834,701

The Building Fund transferred to the Special Reserve Fund for Capital Outlay Projects (Non-Major Governmental) for COP debt payment.	$ 425,000
The Building Fund transferred to the General Fund for equipment purchases/capital outlay.	241,832
The Deferred Maintenance (Non-Major Governmental) Fund transferred to the General Fund for the Tier III flexibility transfer.	750,000
The Special Reserve Fund for Capital Outlay Projects (Non-Major Governmental) transferred to the COP Facilities (Non-Major Governmental) Fund for the COP debt service payments.	417,869
Total	$ 1,834,701

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, 2011, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds
Vendor payables	$ 1,980,605	$ 184,616	$ 492,367
Salaries and benefits	1,104,624	-	36,205
Ventura County Office of Education	11,338	-	-
Construction	-	2,423,570	315,143
Total	$ 3,096,567	$ 2,608,186	$ 843,715

	Total Governmental Funds	Fiduciary Funds
Vendor payables	$ 2,657,588	$ 212,478
Salaries and benefits	1,140,829	-
Ventura County Office of Education	11,338	-
Construction	2,738,713	-
Total	$ 6,548,468	$ 212,478

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2011, consisted of the following:

	General Fund
Federal financial assistance	$ 3,710,228
State categorical aid	5,108
Total	$ 3,715,336

NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 1, 2010, the District issued $5,000,000 Tax and Revenue Anticipation Notes bearing interest at 1.02 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 1, 2011. By May 27, 2011, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes. As the District has in substance defeased the debt, the tax anticipation notes of $5,000,000 and related accrued interest and cash held in trust are not included in these financial statements.

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due in One Year
General Obligation (G.O.) Bonds	$ 67,086,468	$ 4,772,457	$ 2,200,000	$ 69,658,925	$ 4,453,907
G.O. Bond Financing Authority	93,520,000	-	530,000	92,990,000	715,000
G.O. Bond Premiums	2,315,736	-	249,876	2,065,860	-
G.O. Bond Premiums Financing Authority	4,166,982	-	231,499	3,935,483	-
Certificates of Participation	11,735,000	-	480,000	11,255,000	515,000
Capital Leases	1,100,310	134,340	644,980	589,670	256,195
Compensated Absences	830,937	-	30,938	799,999	-
Other Postemployment Benefits	764,109	1,180,913	534,600	1,410,422	-
Total	$ 181,519,542	$ 6,087,710	$ 4,901,893	$ 182,705,359	$ 5,940,102

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 1997, Refunding of Series C. The Election of 1997, 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 6.65 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, 2011, the principal balance outstanding was $1,335,000, ($1,711,108 in current interest and $3,046,108 in capital interest).

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 refund 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, 2011, the principal balance outstanding was $7,195,000.

General Obligation Bonds, Election of 2004, Series A

In May 2004, the District issued $59,055,000 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. At portion of the issue was refunded in July 2007 with the 2007 District Refunding Bonds. At June 30, 2011, the principal balance outstanding was $6,394,856, ($4,740,000 in current interest and $1,654,856 in capital appreciation).

General Obligation Bonds, Election of 2004, Series B

In November 2005, the District issued $39,505,000 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. At portion of the issue was refunded in July 2007 with the 2007 District Refunding Bonds. At June 30, 2011, the principal balance outstanding was $1,443,097, ($625,000 in current interest and $818,097 in capital appreciation).

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 4.79 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, 2011, the principal balance outstanding was $51,579,864, ($10,920,000 in current interest and $40,659,864 in capital appreciation).

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, 2011, the principal balance outstanding was $92,990,000.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2010	Additions/ Accreted Interest	Redeemed and Refunded	Bonds Outstanding June 30, 2011
Current Interest							
August 6, 1998	2018	5.55-6.65%	$ 5,385,000	$ 1,790,000	$ -	$ 455,000	$ 1,335,000
January 12, 2004	2019	5.00%	16,150,000	8,160,000	-	965,000	7,195,000
May 12, 2004	2029	1.60-5.06%	59,055,000	5,520,000	-	780,000	4,740,000
November 30, 2005	2018	3.10-4.54%	39,505,000	625,000	-	-	625,000
October 4, 2007	2025	4.00-5.00%	10,920,000	10,920,000	-	-	10,920,000
Financing Authority							
June 27, 2007	2028	3.70-5.00%	95,675,000	93,520,000	-	530,000	92,990,000
Capital Appreciation							
August 6, 1998	2017	6.75-6.80%	746,757	1,604,417	106,691	-	1,711,108
May 12, 2004	2029	5.92%	944,969	1,537,314	117,542	-	1,654,856
November 30, 2005	2018	4.56-4.60%	494,199	691,904	126,193	-	818,097
October 4, 2007	2033	4.63-4.79%	34,080,619	36,237,833	4,422,031	-	40,659,864
				$ 160,606,468	$ 4,772,457	$ 2,730,000	$ 162,648,925

Debt Service Requirements to Maturity

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:

Year Ending June 30,	Current Interest Bonds		Capital Appreciation Bonds		
	Principal	Interest	Principal	Accreted Interest	Total
2012	$ 2,520,000	$ 1,190,153	$ -	$ -	$ 3,710,153
2013	2,815,000	1,054,949	-	-	3,869,949
2014	3,105,000	897,668	172,513	80,950	4,256,131
2015	3,255,000	746,007	424,644	199,619	4,625,270
2016	3,350,000	650,000	1,699,164	-	5,699,164
2017-2021	2,825,000	1,838,301	-	-	4,663,301
2022-2026	6,945,000	962,625	-	-	7,907,625
2027-2031	-	-	16,630,980	-	16,630,980
2032-2033	-	-	25,916,624	-	25,916,624
Total	$ 24,815,000	$ 7,339,703	$ 44,843,925	$ 280,569	$ 77,279,197

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

Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
2012	$ 715,000	$ 4,625,288	$ 5,340,288
2013	910,000	4,588,725	5,498,725
2014	985,000	4,543,625	5,528,625
2015	1,035,000	4,493,125	5,528,125
2016	1,085,000	4,385,000	5,470,000
2017-2021	18,620,000	15,729,375	34,349,375
2022-2026	37,550,000	13,104,250	50,654,250
2027-2028	32,090,000	2,456,250	34,546,250
Total	$ 92,990,000	$ 53,925,638	$ 146,915,638

General Obligation Bond Premiums

The 2004 Refunding, Series 2004 A, and 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 $2,065,860 at June 30, 2011. The remaining unamortized premium for the Financing Authority's General Obligation Bonds was $3,935,483 at June 30, 2011.

Prior-Year Defeasance of Debt

The District defeased the outstanding balance of certain prior bonds by placing available resources or the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the prior bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the following District's financial statements. At June 30, 2011, the outstanding balance of defeased bonds was as follows:

Defeased Debt Issued	Defeased Debt Outstanding June 30, 2011
2007 General Obligation Refunding Bonds	$ 90,000,000

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 5.150 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
2012	$ 515,000	$ 570,098	$ 1,085,098
2013	560,000	543,760	1,103,760
2014	605,000	515,218	1,120,218
2015	655,000	484,348	1,139,348
2016	705,000	449,792	1,154,792
2017-2021	5,085,000	1,572,497	6,657,497
2022-2023	3,130,000	171,936	3,301,936
Total	$ 11,255,000	$ 4,307,649	$ 15,562,649

Capital Leases

The District's liability on lease agreements with options to purchase are summarized below:

	Energy Conservation	Equipment	Total
Balance, July 1, 2010	$ 436,448	$ 724,512	$ 1,160,960
Additions	-	148,855	148,855
Payments and adjustments	(436,448)	(253,969)	(690,417)
Balance, June 30, 2011	$ -	$ 619,398	$ 619,398

The capital leases are paid by the Building Fund. The capital leases have minimum lease payments as follows:

Year Ending June 30,	RICOH Equipment Lease	Equipment Lease	Total
2012	$ 29,771	$ 241,504	$ 271,275
2013	29,771	241,504	271,275
2014	29,771	-	29,771
2015	29,771	-	29,771
2016	17,306	-	17,306
Total	136,390	483,008	619,398
Less: Amount Representing Interest	13,249	16,479	29,728
Present Value of Minimum Lease Payments	$ 123,141	$ 466,529	$ 589,670

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2011, amounted to $799,999. Accumulated vacation will be paid by the fund for which the employee worked.

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2011, was $1,142,708, and contributions made by the District during the year were $500,755. Interest on the net OPEB obligation and adjustments to the annual required contribution were $38,205 and $(33,845), respectively, which resulted in an increase to the net OPEB obligation of $646,313. As of June 30, 2011, the net OPEB obligation was $1,410,422. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 85,305	$ -	$ 700	$ 86,005
Stores inventories	323,073	-	72,017	395,090
Prepaid expenditures	491,697	-	-	491,697
Total Nonspendable	900,075	-	72,717	972,792
Restricted				
Legally restricted programs	3,335,249	-	1,649,588	4,984,837
Capital projects	-	76,719,780	13,712,612	90,432,392
Debt services	-	-	8,322,310	8,322,310
Total Restricted	3,335,249	76,719,780	23,684,510	103,739,539
Committed				
Adult education program	-	-	4,884,401	4,884,401
Deferred maintenance program	-	-	66,314	66,314
Total Committed	-	-	4,950,715	4,950,715
Assigned				
Instructional materials	2,448,273	-	-	2,448,273
School and library block grant	1,842,254	-	-	1,842,254
Declining enrollment	1,500,000	-	-	1,500,000
Technology	1,000,000	-	-	1,000,000
Deferred maintenance	750,000	-	-	750,000
CAHSEE	445,062	-	-	445,062
MAA	364,196	-	-	364,196
Equipment replacements-Vehicles/Buses	300,000	-	-	300,000
SSP grants -SSHS	175,067	-	-	175,067
Discontinued block grants	117,809	-	-	117,809
CBET - Adult education	75,792	-	-	75,792
Total Assigned	9,018,453	-	-	9,018,453
Unassigned				
Reserve for economic uncertainties	4,576,812	-	-	4,576,812
Remaining unassigned	8,020,627	-	-	8,020,627
Total Unassigned	12,597,439	-	-	12,597,439
Total	$ 25,851,216	$ 76,719,780	$ 28,707,942	$ 131,278,938

NOTE 11- 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 149 retirees currently receiving benefits and 1,544 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 2010-2011, the District contributed $500,755 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	$ 1,142,708
Interest on net OPEB obligation	38,205
Adjustment to annual required contribution	(33,845)
Annual OPEB cost (expense)	1,147,068
Contributions made	(500,755)
Increase in net OPEB obligation	646,313
Net OPEB obligation, beginning of year	764,109
Net OPEB obligation, end of year	$ 1,410,422

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
2009	$ 787,771	$ 522,202	66.29%	$ 418,108
2010	789,684	443,683	56.18%	764,109
2011	1,147,068	500,755	43.66%	1,410,422

Funded Status and Funding Progress

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. As of June 13, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $12,002,559, and the actuarial value of assets was zero, resulting in an UAAL of $12,002,559. The covered payroll (annual payroll of active employees covered by the plan) was $150,031,987, and the ratio of the UAAL to the covered payroll was eight percent.

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.

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, investment returns, 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.

NOTE 12 - RISK MANAGEMENT

Medical

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

All funds with payroll costs participate in the program and make payments to the Medical Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve. The claims liability of $2,029,652 reported in the fund at June 30, 2011, 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 2011 and 2010 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, 2011, the District operated a Workers' Compensation Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. The District purchases excess insurance coverage self-insured workers' compensation program with a $500,000 Self-Insured Retention (SIR) and a statutory limit per occurrence for employer's liability. Settled claims have not exceeded coverage provided by the Southern California Schools Risk Management JPAs in any of the past three fiscal years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. The claims liability of $6,706,652 reported in the fund at June 30, 2011, 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 represent the changes in approximate aggregate liabilities for the District from July 1, 2009 to June 30, 2011:

	Workers' Compensation	Medical	Total
Liability Balance, July 1, 2009	$ 5,036,607	$ 1,770,884	$ 6,807,491
Claims and changes in estimates	3,427,779	12,741,810	16,169,589
Claims payments	1,949,550	12,741,810	14,691,360
Liability Balance, June 30, 2010	6,514,836	1,770,884	8,285,720
Claims and changes in estimates	2,104,590	13,456,511	15,561,101
Claims payments	1,912,774	13,197,743	15,110,517
Liability Balance, June 30, 2011	$ 6,706,652	$ 2,029,652	$ 8,736,304
Assets available to pay claims at June 30, 2011	$ 8,492,941	$ 1,783,443	$ 10,276,384

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

The District contributes to CalSTRS; a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2010-2011, was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2011, 2010, and 2009, were $5,906,134, $5,992,506, and $6,423,359, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to CalPERS; a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010-2011 was 10.707 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2011, 2010, and 2009, were $2,600,760, $2,349,249, and $2,369,432, respectively, and equal 100 percent of the required contributions for each year.

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.

Tax 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 $3,154,911 (4.267 percent of salaries subject to CalSTRS) no contributions were made to CalPERS for the year ended June 30, 2011. 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 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

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, 2011.

Construction Commitments

As of June 30, 2011, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECTS	Remaining	Expected
Elementary Schools:		
Arroyo Elementary School		
Atherwood Elementary School	$ 13,698	June 30, 2011
Berylwood Elementary School	78,718	September 30, 2011
Big Springs Elementary School	14,871	June 30, 2011
Crestview Elementary School	508	June 30, 2011
Garden Grove Elementary School	2,643	June 30, 2011
Hollow Hills Elementary School	2,114,357	August 30, 2012
Justin Elementary School	246,893	June 30, 2011
Katherine Elementary School	121,459	July 30, 2011
Madera Elementary School	57,071	September 30, 2011
Mountain View Elementary School	268,140	April 30, 2013
Park View Elementary School	1,767,361	June 30, 2012
Santa Susana Elementary School	10,124	June 30, 2011
Simi Valley Elementary School	2,788	December 31, 2013
Sycamore Elementary School	450	June 30, 2011
Township Elementary School	17,458	June 30, 2011
Vista Elementary School	108,272	June 30, 2013
White Oak Elementary School	101,883	June 30, 2013
Wood Ranch Elementary School	19,139	April 30, 2013
Middle Schools:		
Hillside Middle School	450,294	August 30, 2011
Sinaloa Middle School	1,042,664	December 31, 2011
Valley View Middle School	2,395	June 30, 2011
High Schools:		
Royal High School	666,086	November 30, 2011
Santa Susana High School	744,744	June 30, 2012
Simi Valley High School	48,007	June 30, 2011
Apollo Continuation School	37,851	June 30, 2011
Others:		
Adult Education	347,162	June 30, 2012
Monte Vista Independent Study	427,719	December 31, 2011
Transportation	194,143	June 30, 2011
Education Services Building	465,240	August 31, 2013
Undesignated	25,866	June 30, 2015
Total	$ 9,398,004	

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

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

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

During the year ended June 30, 2011, the District made payments of $1,092,938, $207,440, and $3,269, to VCSSFA, YRSG, and VCFAST, respectively, for services received.

NOTE 16 - SUBSEQUENT EVENTS

The District issued $5,000,000 of Tax and Revenue Anticipation Notes dated July 1, 2011. The notes mature on June 1, 2012, and yield .513 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning January 2012, until 100 percent of principal and interest due is on account in May 2012.

NOTE 17 - FISCAL ISSUES RELATING TO BUDGET REDUCTIONS

The State of California continues to suffer the effects of a recessionary economy. California school districts are reliant on the State of California to appropriate the funding necessary to continue the level of educational services expected by the State constituency. With the implementation of education trailer bill Senate Bill 16 of the 2009-10 Fourth Extraordinary Session (SBX4 16) (Chapter 23, Statutes of 2009), and Assembly Bill 1610 (AB 1610) (Chapter 724, Statutes of 2010), 28 percent of current year appropriations have now been deferred to a subsequent period, creating significant cash flow management issues for districts in addition to requiring substantial budget reductions, ultimately impacting the ability of California school districts to meet their goals for educational services.

REQUIRED SUPPLEMENTARY INFORMATION

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Revenue limit sources	$ 97,406,108	$ 102,598,687	$ 102,596,124	$ (2,563)
Federal sources	6,310,890	13,994,315	10,045,920	(3,948,395)
Other State sources	23,817,343	25,943,205	22,252,774	(3,690,431)
Other local sources	10,892,385	11,831,674	12,369,694	538,020
Total Revenues [1]	138,426,726	154,367,881	147,264,512	(7,103,369)
EXPENDITURES				
Current				
Certificated salaries	68,705,033	71,939,089	71,057,903	881,186
Classified salaries	24,872,889	24,604,923	24,199,330	405,593
Employee benefits	33,815,387	35,425,675	37,096,642	(1,670,967)
Books and supplies	5,185,748	7,772,532	4,738,098	3,034,434
Services and operating expenditures	10,451,769	11,953,320	10,738,575	1,214,745
Other outgo	414,516	230,162	(34,460)	264,622
Capital outlay	280,344	1,448,575	830,428	618,147
Debt service - principal	221,799	221,799	221,799	-
Debt service - interest	111,372	111,372	111,372	-
Total Expenditures [1]	144,058,857	153,707,447	148,959,687	4,747,760
Excess (Deficiency) of Revenues Over Expenditures	(5,632,131)	660,434	(1,695,175)	(2,355,609)
Other Financing Sources (Uses)				
Transfers in	850,000	1,039,837	991,832	(48,005)
Transfers out	(6,298,680)	(6,753,364)	-	6,753,364
Net Financing Sources (Uses)	(5,448,680)	(5,713,527)	991,832	6,705,359
NET CHANGE IN FUND BALANCES	(11,080,811)	(5,053,093)	(703,343)	4,349,750
Fund Balance - Beginning	26,554,559	26,554,559	26,554,559	-
Fund Balance - Ending	$ 15,473,748	$ 21,501,466	$ 25,851,216	$ 4,349,750

[1] On behalf payments of $3,154,911 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, 2011

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)
August 7, 2006	$ -	$ 8,950,578	$ 8,950,578	0%	$ 112,016,980	8%
May 4, 2009	-	8,950,578	8,950,578	0%	112,016,980	8%
June 13, 2011	-	12,002,559	12,002,559	0%	150,031,987	8%

SUPPLEMENTARY INFORMATION

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education - Basic Grants to States Cluster			
Adult Basic Education - ABE and ESL Services	84.002A	14508	$ 115,436
Adult Basic Education - Adult Secondary	84.002	13978	41,653
Adult Basic Education - English Literacy and Civics Education	84.002A	14109	55,205
Total Adult Education - Basic Grants to States Cluster			212,294
Vocational Programs Postsecondary and Adult II C, Sec 132 (Carl Perkins Act)	84.048	14893	82,877
ARRA State Fiscal Stabilization Fund	84.394	25008	5,097,843
No Child Left Behind of 2001 (NCLB)			
Title I, Part A Cluster:			
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	1,452,060
ARRA Title I Part A - Basic Grants Low Income and Neglected	84.389	15005	676,082
Total Title I, Part A Cluster			2,128,142
Improving Teacher Quality State Grants Cluster:			
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	237,826
Title II, Part A - Administrator Training	84.367	14344	1,962
Total Improving Teacher Quality State Grants Cluster			239,788
Education Technology State Grants Cluster:			
Title II, Part D - Enhancing Education Through Technology, Formula Grants	84.318	14334	6,379
ARRA Title II Part D -Enhancing Education Through Technology, Formula Grants	84.386	15019	30,220
Total Education Technology State Grants Cluster			36,599
English Language Acquisition Grants Cluster:			
Title III - Immigrant Education Program	84.365	14346	7,206
Title III - Limited English Proficiency Program	84.365	10084	214,516
Total English Language Acquisition Grants Cluster			221,722
Title IV, Part A - Safe and Drug Free Schools and Communities, Formula Grants	84.186	14347	12,297
Title V, Part A - Innovative Education Strategies	84.298A	14354	42,978
Education of Homeless Children and Youth Cluster			
Title X - McKinney-Vento Homeless Children Assistance Grants	84.196	14332	28,105
ARRA Title X - McKinney-Vento Homeless Assistance	84.387	15007	2,945
Total Education of Homeless Children and Youth Cluster			31,050

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

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 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	$ 3,238,550
ARRA Basic Local Assistance, Part B, Section 611	84.391	15003	609,804
Preschool Local Entitlement, Part B, Section 611	84.027A	13682	111,217
ARRA Preschool Local Entitlement, Part B, Section 611	84.391	15002	84,302
Preschool Grants, Part B, Sec 619	84.173	13430	82,346
ARRA Preschool Grants, Part B, Sec 619	84.392	15000	25,344
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	16,450
ARRA Local Assistance, Part B, Sec 611 Private School ISP's	84.391	10123	8,342
Total Special Education Cluster			4,176,355
Total U.S. Department of Education			12,281,945
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	2,105,007
Basic Breakfast	10.553	13525	21,009
Especially Needy Breakfast	10.553	13526	261,022
Meal Supplement	10.555	13396	14,613
Food Distribution	10.555	[1]	376,042
Total Child Nutrition Cluster			2,777,693
Total U.S. Department of Agriculture			2,777,693
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medicaid Cluster			
Medi-Cal Billing Option	93.778	10013	588,255
Medical Administrative Activities	93.778	10060	196,670
Total Medicaid Cluster			784,925
Total U.S. Department of Health and Human Services			784,925
Total Federal Programs			$ 15,844,563

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2011

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, one adult school, and one continuation high school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Debbie Sandland	President	2012
Janice DiFatta	Clerk	2012
Rob Collins	Member	2012
Jeanne Davis	Member	2014
Arleigh Kidd	Member	2014

ADMINISTRATION

Kathryn Scroggin, Ed.D.	Superintendent
Don Gaudioso	Assistant Superintendent, Personnel Services
Lowell Schultze	Associate 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, 2011

	Final Report	
	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	1,304	1,303
First through third	4,036	4,040
Fourth through sixth	4,244	4,241
Seventh and eighth	2,778	2,772
Home and hospital	5	5
Special education	352	351
Total Elementary	12,719	12,712
SECONDARY		
Regular classes	5,759	5,707
Continuation education	233	237
Home and hospital	11	11
Special education	288	284
Total Secondary	6,291	6,239
Total K-12	$ 19,010	$ 18,951

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2011

Grade Level	1982-83 Actual Minutes	Reduced 1982-83 Actual Minutes	1986-87 Minutes Requirement	Reduced 1986-87 Minutes Requirement	2010-11 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	34,710	33,746	36,000	35,000	43,115	178	N/A	Complied
Grades 1 - 3	44,535	43,298	50,400	49,000				
Grade 1					53,978	178	N/A	Complied
Grade 2					53,978	178	N/A	Complied
Grade 3					53,978	178	N/A	Complied
Grades 4 - 6	51,655	50,220	54,000	52,500				
Grade 4					53,978	178	N/A	Complied
Grade 5					53,978	178	N/A	Complied
Grade 6					53,978	178	N/A	Complied
Grades 7 - 8	63,190	61,435	54,000	52,500				
Grade 7					62,874	178	N/A	Complied
Grade 8					62,874	178	N/A	Complied
Grades 9 - 12	51,655	50,220	64,800	63,000				
Grade 9					64,364	178	N/A	Complied
Grade 10					64,364	178	N/A	Complied
Grade 11					64,364	178	N/A	Complied
Grade 12					64,364	178	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, 2011

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2011.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

	(Budget) 2012 [1]	2011	2010	2009
GENERAL FUND				
Revenues	$ 141,510,482	$ 147,264,512	$ 152,813,247	$ 165,800,130
Other sources and transfers in	750,000	991,832	886,322	1,035,467
Total Revenues and Other Sources	142,260,482	148,256,344	153,699,569	166,835,597
Expenditures	145,131,339	148,959,687	147,854,110	159,081,010
Other uses and transfers out	4,753,364	-	6,752,022	2,463,000
Total Expenditures and Other Uses	149,884,703	148,959,687	154,606,132	161,544,010
INCREASE (DECREASE) IN FUND BALANCE	$ (7,624,221)	$ (703,343)	$ (906,563)	$ 5,291,587
ENDING FUND BALANCE	$ 18,226,995	$ 25,851,216	$ 26,554,559	$ 27,461,122
AVAILABLE RESERVES [2]	$ 16,219,109	$ 12,597,439	$ 12,635,641	$ 10,637,216
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [3]	10.82%	8.64%	8.35%	6.74%
LONG-TERM OBLIGATIONS	N/A	$ 182,705,359	$ 181,519,542	$ 185,577,681
K-12 AVERAGE DAILY ATTENDANCE AT P-2 [4]	18,680	19,010	19,480	19,870

The General Fund balance has decreased by $1,609,906 over the past two years. The fiscal year 2011-2012 budget projects a further decrease of $7,624,221 (29 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 deficits in two of the past three years and anticipates incurring an operating deficit during the 2011-2012 fiscal year. Total long-term obligations have decreased by $2,872,322over the past two years.

Average daily attendance has decreased by 860 over the past two years. Additional decline of 330 ADA is anticipated during fiscal year 2011-2012.

[1] Budget 2012 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 $3,154,911, $3,206,281, and $3,640,406, have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2011, 2010, and 2009, respectively.

[4] Excludes Adult Education ADA.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

BUILDING SUB-FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	2004 General Obligation Bond	1998 General Obligation Bond	Surplus Property	Total Building Fund
ASSETS				
Deposits and investments	$ 77,310,611	$ 1,042,753	$ 726,741	$ 79,080,105
Receivables	521,560	2,089	1,804	525,453
Due from other funds	2,106	-	-	2,106
Total Assets	$ 77,834,277	$ 1,044,842	$ 728,545	$ 79,607,664
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 2,418,313	$ 5,257	$ 184,616	$ 2,608,186
Due to other funds	8	443	279,247	279,698
Total Liabilities	2,418,321	5,700	463,863	2,887,884
Fund Balances:				
Restricted	75,415,956	1,039,142	264,682	76,719,780
Total Fund Balances	75,415,956	1,039,142	264,682	76,719,780
Total Liabilities and Fund Balances	$ 77,834,277	$ 1,044,842	$ 728,545	$ 79,607,664

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, 2011

	2004 General Obligation Bond	1998 General Obligation Bond	Surplus Property	Total Building Fund
REVENUES				
Other local sources	$ 754,540	$ 10,276	$ 701,736	$ 1,466,552
Total Revenues	754,540	10,276	701,736	1,466,552
EXPENDITURES				
Current				
Plant services	-	-	204,740	204,740
Facility acquisition and construction	11,881,781	10,453	646,819	12,539,053
Debt service				
Principal	-	-	425,736	425,736
Total Expenditures	11,881,781	10,453	1,277,295	13,169,529
Excess (Deficiency) of Revenues Over Expenditures	(11,127,241)	(177)	(575,559)	(11,702,977)
OTHER FINANCING SOURCES (USES)				
Other sources	-	-	277,245	277,245
Transfers out	-	-	(666,832)	(666,832)
Net Financing Sources (Uses)	-	-	(389,587)	(389,587)
NET CHANGE IN FUND BALANCES	(11,127,241)	(177)	(965,146)	(12,092,564)
Fund Balances - Beginning	86,543,197	1,039,319	1,229,828	88,812,344
Fund Balances - Ending	$ 75,415,956	$ 1,039,142	$ 264,682	$ 76,719,780

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
ASSETS				
Deposits and investments	$ 2,914,961	$ 1,421,646	$ 145,837	$ 8,678,392
Receivables	280,561	424,386	325	20,380
Due from other funds	2,026,919	-	-	-
Stores inventories	-	72,017	-	-
Total Assets	$ 5,222,441	$ 1,918,049	$ 146,162	$ 8,698,772
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 332,128	$ 196,444	$ 24,719	$ 290,424
Due to other funds	5,212	-	55,129	11,777
Total Liabilities	337,340	196,444	79,848	302,201
Fund Balances:				
Nonspendable	700	72,017	-	-
Restricted	-	1,649,588	-	8,396,571
Committed	4,884,401	-	66,314	-
Total Fund Balances	4,885,101	1,721,605	66,314	8,396,571
Total Liabilities and Fund Balances	$ 5,222,441	$ 1,918,049	$ 146,162	$ 8,698,772

See accompanying note to supplementary information.

COP Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Financing Authority Debt Service Fund	Non-Major Governmental Funds
$ 2,058,627	$ 1,824,676	$ 1,440,968	$ 8,301,914	$ 5,991	$ 26,793,012
-	3,745	2,888	14,405	-	746,690
-	1,237	-	-	-	2,028,156
-	-	-	-	-	72,017
$ 2,058,627	$ 1,829,658	$ 1,443,856	$ 8,316,319	$ 5,991	$ 29,639,875
$ -	$ -	$ -	$ -	$ -	$ 843,715
-	3,046	13,054	-	-	88,218
-	3,046	13,054	-	-	931,933
-	-	-	-	-	72,717
2,058,627	1,826,612	1,430,802	8,316,319	5,991	23,684,510
-	-	-	-	-	4,950,715
2,058,627	1,826,612	1,430,802	8,316,319	5,991	28,707,942
$ 2,058,627	$ 1,829,658	$ 1,443,856	$ 8,316,319	$ 5,991	$ 29,639,875

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, 2011

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
REVENUES				
Federal sources	$ 295,171	$ 2,777,693	$ -	$ -
Other State sources	5,934,462	193,781	832,170	-
Other local sources	1,967,528	2,375,000	4,240	244,751
Total Revenues	8,197,161	5,346,474	836,410	244,751
EXPENDITURES				
Current				
Instruction	3,630,266	-	-	-
Instruction-related activities:				
Supervision of instruction	268,086	-	-	-
School site administration	1,810,063	-	-	-
Pupil services:				
Food services	-	4,308,618	-	-
All other pupil services	250,378	-	-	-
Administration:				
All other administration	33,242	205,676	-	7,343
Plant services	789,074	413,330	211,118	45,832
Facility acquisition and construction	-	187,944	699,642	2,090,779
Community services	101,012	-	-	-
Principal	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	6,882,121	5,115,568	910,760	2,143,954
Excess (Deficiency) of Revenues Over Expenditures	1,315,040	230,906	(74,350)	(1,899,203)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Other sources	-	-	-	-
Transfers out	-	-	(750,000)	-
Net Financing Sources (Uses)	-	-	(750,000)	-
NET CHANGE IN FUND BALANCES	1,315,040	230,906	(824,350)	(1,899,203)
Fund Balances - Beginning	3,570,061	1,490,699	890,664	10,295,774
Fund Balances - Ending	$ 4,885,101	$ 1,721,605	$ 66,314	$ 8,396,571

See accompanying note to supplementary information.

COP Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Financing Authority Debt Service Fund	Non-Major Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 3,072,864
-	3,819,018	-	98,504	-	10,877,935
88,587	18,665	15,729	8,897,637	5,183,300	18,795,437
88,587	3,837,683	15,729	8,996,141	5,183,300	32,746,236
-	-	-	-	-	3,630,266
-	-	-	-	-	268,086
-	-	-	-	-	1,810,063
-	-	-	-	-	4,308,618
-	-	-	-	-	250,378
-	-	-	-	-	246,261
39,615	-	-	-	-	1,498,969
-	5,395,081	73,398	-	-	8,446,844
-	-	-	-	-	101,012
480,000	-	-	2,730,000	-	3,210,000
594,234	-	-	5,953,487	5,183,300	11,731,021
1,113,849	5,395,081	73,398	8,683,487	5,183,300	35,501,518
(1,025,262)	(1,557,398)	(57,669)	312,654	-	(2,755,282)
417,869	-	425,000	-	-	842,869
596,054	-	-	-	-	596,054
-	-	(417,869)	-	-	(1,167,869)
1,013,923	-	7,131	-	-	271,054
(11,339)	(1,557,398)	(50,538)	312,654	-	(2,484,228)
2,069,966	3,384,010	1,481,340	8,003,665	5,991	31,192,170
$ 2,058,627	$ 1,826,612	$ 1,430,802	$ 8,316,319	$ 5,991	$ 28,707,942

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, 2011

(Amounts in thousands, except for Base Revenue Limit)	Actual Results for the Years					
	2010-2011		2009-2010		2008-2009	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	$ 10,046	6.8	$ 9,832	6.4	$15,288	9.2
State and local revenue included in revenue limit	102,596	69.7	99,068	64.8	113,825	68.7
Other State revenue	22,253	15.1	30,312	19.8	21,387	12.9
Other local revenue	3,080	2.1	3,531	2.4	5,329	3.2
Tuition and transfers in	9,290	6.3	10,070	6.6	9,971	6.0
Total Revenues	147,265	100.0	152,813	100.0	165,800	100.0
EXPENDITURES						
Salaries and Benefits						
Certificated salaries	71,058	48.3	72,225	47.3	77,316	46.6
Classified salaries	24,199	16.4	23,878	15.6	25,604	15.4
Employee benefits	37,097	25.2	37,129	24.3	39,445	23.8
Total Salaries and Benefits	132,354	89.9	133,232	87.2	142,365	85.8
Books and supplies	4,738	3.2	3,518	2.3	4,335	2.6
Contracts and operating expenses	10,739	7.3	10,492	6.9	11,554	7.0
Other outgo	(34)	(0.0)	115	0.1	53	0.0
Capital outlay	830	0.6	347	0.2	543	0.3
Debt Service	333	0.2	149	0.1	231	0.1
Total Expenditures	148,960	101.2	147,853	96.8	159,081	95.9
Excess of Revenues Over Expenditures	(1,695)	(1.2)	4,960	3.2	6,719	4.1
OTHER FINANCING SOURCES (USES)	992	0.7	(5,866)	(3.8)	(1,428)	(0.9)
INCREASE IN FUND BALANCE	(703)	(0.5)	(906)	(0.6)	5,291	3.2
FUND BALANCE, BEGINNING	26,555		27,461		22,170	
FUND BALANCE, ENDING	$ 25,852		$26,555		$27,461	
BASE REVENUE LIMIT PER ADA						
Regular	$ 6,375		$ 6,373		$ 6,111	
Adult	$ 2,645		$ 2,645		$ 2,645	

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2011

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 Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of ARRA State Fiscal Stabilization Funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, ARRA State Fiscal Stabilization Funds have been recorded in the current period as revenues that have not been expended as of June 30, 2011. These unspent balances are reported as legally restricted ending balances within the General Fund.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balance:		$ 13,118,784
ARRA State Fiscal Stabilization Funds (SFSF)	84.394	2,832,117
LEA Medi-Cal Billing Option	93.778	(106,338)
Total Schedule of Expenditures of Federal Awards		$ 15,844,563

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.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2011

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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 either the 1982-83 actual minutes or the 1986-87 requirement, whichever is greater, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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 AUDITORS' REPORTS

INDEPENDENT AUDITORS' 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Simi Valley Unified School District as of and for the year ended June 30, 2011, which collectively comprise Simi Valley Unified School District's basic financial statements and have issued our report thereon dated December 5, 2011. 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.

Internal Control Over Financial Reporting

The management of Simi Valley Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Simi Valley Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Simi Valley Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Simi Valley Unified School District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Simi Valley Unified School District's financial statements are free of 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 5, 2011.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 5, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Governing Board
Simi Valley Unified School District
Simi Valley, California

Compliance

We have audited Simi Valley Unified School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Simi Valley Unified School District's major Federal programs for the year ended June 30, 2011. Simi Valley Unified School District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Simi Valley Unified School District's management. Our responsibility is to express an opinion on Simi Valley Unified School District's compliance based on our audit.

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. Our audit does not provide a legal determination of Simi Valley Unified School District's compliance with those requirements.

In our opinion, Simi Valley Unified School District complied, in all material respects, with the 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, 2011.

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Internal Control Over Compliance

The management of Simi Valley Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Simi Valley Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 the Simi Valley Unified School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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 that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 5, 2011

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Simi Valley Unified School District
Simi Valley, California

We have audited Simi Valley Unified School District's compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2010-11* applicable to Simi Valley Unified School District's government programs as noted below for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of Simi Valley Unified School District's management. Our responsibility is to express an opinion on Simi Valley Unified School District's compliance based on our audit.

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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2010-11* 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.

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, 2011

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 in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten continuance	3	Yes
Independent study	23	Yes
Continuation education	10	Yes
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not Applicable

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	Procedures in Audit Guide	Procedures Performed
Instructional Materials:		
General requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early retirement incentive	4	Not Applicable
Gann limit calculation	1	Yes
School Accountability Report Card	3	Not Applicable
Public hearing requirement - receipt of funds	1	Not Applicable
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not Applicable
District or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	1	Not Applicable
Mode of instruction	1	Not Applicable
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	3	Not Applicable

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, the California Department of Finance, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 5, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2011

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unqualified
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 programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.394 (ARRA)	ARRA: State Fiscal Stabilization Fund (SFSF)
84.010, 84.389 (ARRA)	Title I, Part A Cluster (Includes ARRA)
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 475,337
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Type of auditors' report issued on compliance for programs:	Unqualified

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, 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 5, 2011, on the financial statements of Simi Valley Unified School District.

2010-2011 Observations and Recommendations

ARROYO ELEMENTARY SCHOOL

Observation

Funds received on behalf of the district are only receipted from the District issued three-part receipt book only by request. Deposit totals are verified by another school site employee, but are not reconciled to any supporting documentation such as receipt copies.

Recommendation

Personnel responsible for receiving funds on behalf of the District and making deposits should issue a receipt for all funds received in order to properly record and account for all funds received, ensure deposits are intact, and relieve the personnel of any liability related with the fund deposits.

2009-2010 Observations and Recommendations

ASSOCIATED STUDENT BODY (ASB) - HILLSIDE MIDDLE SCHOOL

Financial Statements (Balance Sheet)

Observation

The petty cash imprest amount is not being reported in the assets section of the balance sheet, and is not noted in any other financial report prepared by the ASB bookkeeper. There is no evidence other than the initial disbursement from the District Office at the beginning of the school year that the petty cash is allocated to the ASB and accounted for in financial records. By not including the petty cash imprest amount on the balance sheet, the assets of the ASB are being understated.

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Recommendation

The site bookkeeper should include the petty cash imprest amount Balance Sheet in order to account for all ASB funds accurately and completely. Once included on the balance sheet, assets will be stated fairly instead of understated.

Current Status

Implemented

Revenue Potentials

Observation

Revenue potential forms are not always being used correctly to document and control fund-raising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

Recommendation

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential also indicates weak control areas in the fund-raising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due and so forth. The revenue potential form used at the site should contain four major elements. These are:

1. Potential Income-This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.

2. Receipts/Fundraiser Deposits-This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.

3. Analysis-This section is used to compare the potential income as calculated in the Potential Income section to the actual funds raised as calculated in the Receipts/Fundraiser Deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.

4. Recap-This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Current Status

Implemented

Prohibited Disbursements

Observation

Auditor noted that Associated Student Body was purchasing gift cards (Disbursement Check #7173, $310 in purchases for gift cards to be distributed at the Renaissance Awards Activity) using Associated Student Body Funds.

Recommendation

Expenditure of ASB funds for the following items is not usually allowable because they do not directly promote the general welfare, morale or educational experience of the students, or are considered a District responsibility, or are a gift of public funds:

- Salaries or supplies that are the responsibility of the District. Some examples are:
    - Teacher's salaries and negotiated stipends, curriculum supplies, and office supplies and equipment.
    - Repair and maintenance of District-owned facilities and equipment
    - Articles for the personal use of District employees
    - Expenses for faculty meetings
    - Expenses for parent-teacher organizations such as the PTA or boosters
    - Large awards
    - Gifts of any kind
    - Employee appreciation meals
    - Employee clothing/attire
    - Donations
    - Cash awards to anyone, because internal controls cannot be established and documented

Because student body funds are to benefit students as a group and not individuals, awards and scholarships are generally discouraged.

Current Status

Implemented

ROYAL HIGH SCHOOL

Observation

Ticket rolls are not safeguarded within the ASB office when not in use. Tickets are kept in an unlocked cabinet in the ASB Office in front of the sales counter.

Recommendation

Tickets should be safeguarded as if they were cash, because stolen tickets would equate to lost revenue for the site because these tickets could be presented for admission rather than an individual paying for admission. When ticket rolls are issued, they should be logged out noting the beginning ticket number in the roll and to whom the roll was issued. When the ticket sales recap form is returned, the form should be reconciled to the log.

Current Status

Implemented

Site Cash

Observation

Blank checks for the revolving checking account are not safeguarded properly. Checks are kept in a binder on the custodian's desk when not in use.

Recommendation

The custodian should safeguard the blank checks as they were, because the checks are assets of the school site and the District. Although the checks are not-pre-signed, improperly safeguarded checks can lead to stolen checks that could be forged or sensitive bank account information being obtained from any stolen checks.

Current Status

Implemented

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

Vavrinek, Trine, Day & Co, LLP
Rancho Cucamonga, California
December 5, 2011