

**PLEASANT VALLEY SCHOOL DISTRICT
VENTURA COUNTY**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2019**



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PLEASANT VALLEY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Pleasant Valley School District
Camarillo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Valley School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to in the aforementioned table of contents 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 District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information schedules as listed in the aforementioned table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, the other supplementary schedules and the combining major and non-major fund financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Average Daily Attendance (ADA), Schedule of Instructional Time, Schedule of Expenditures of Federal Awards, Reconciliation of the Annual Financial and Budget Report with the Audited Financial Statements, the Notes to the Supplementary Information and the combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

Board of Trustees
Pleasant Valley School District

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The History and Organization, Schedule of Financial Trends and Analysis and Schedule of Charter Schools have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP
Glendora, California
December 6, 2019

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the District for the fiscal year ending June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

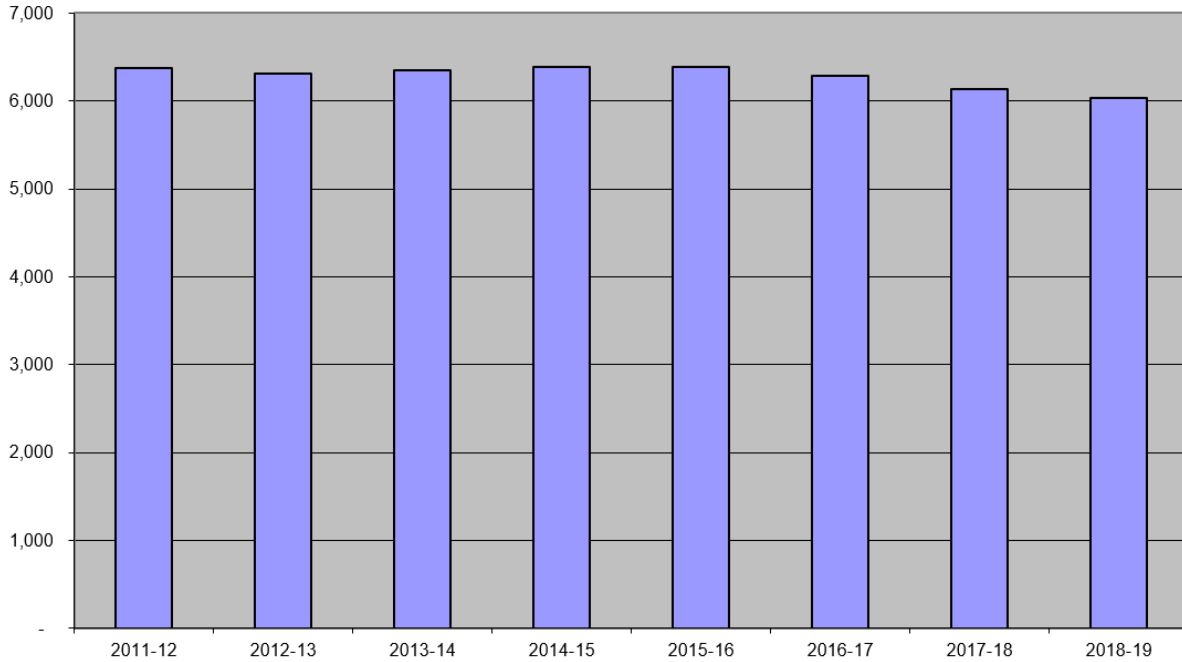
Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB). Certain comparative information between the current and the prior year is required to be presented in the MD&A.

This section provides an overview of the District's financial activities.

- Total net position of the District decreased by 15%. Although the general fund saw a \$2.008M excess of revenues over expenditures, the spending down of developer fees offset excess revenues of other non-major governmental funds. This, combined with \$3.496 in depreciation, and increased pension liabilities, pushed the net position downward.
- During the adoption of the 2018-19 budget, the District Management Team kept priorities aligned with Board goals and the Local Control Accountability Plan within the parameters of the State Budget.
- At year-end, the government-wide revenues were \$84.575 million, representing an increase of 11.6% from the prior year. This increase was mainly due to increased revenue in the Bond Interest and Redemption Fund, and increased Local Control Funding Formula revenues.
- The District continues to maintain reserves sufficient to meet the state required minimum Reserve for Economic Uncertainties of 3% of General Fund expenditures. It is important to note that 3% reserves are a statutory minimum and represent less than two weeks of payroll expenditures. The Government Finance Officers Association recommends a minimum of 17% reserves.
- The following chart shows the District's Average Daily Attendance (ADA) for the previous eight-year period. Since 2008-09, ADA has fluctuated between a high of 6,388 to a low of 6,067. ADA has decreased slightly over the past three years. The District should include this recent enrollment decrease in any financial planning. The risks associated with declining enrollment must be factored into financial decision-making processes.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Average Daily Attendance (ADA)



Fund Financial Statements

More detailed information about the District's most significant funds are provided in the fund financial statements. Funds are accounting formats used to keep track of specific sources of funding and expenditures in particular programs. Some funds are required by bond covenants and by state law and other funds are established by the District to control and manage a variety of activities for particular purposes (such as childcare activities). Other funds may also address specific accounting requirements for certain revenue and expenditure classifications (such as federal grants).

The District maintains two classes of funds:

Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on how cash and other financial assets can readily be converted to cash flow (in and out) and the balances left at year-end that are available for expenditure in subsequent years. A detailed short-term view is provided by the governmental fund statements. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information is provided in the reconciliation provided after the governmental fund statements that explains the differences (or relationships).

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Fiduciary fund: The District has several Associated Student Body Funds. For assets that belong to others, such as the student activities funds, the District acts as the trustee, or fiduciary, and is responsible for ensuring that the assets reported in these funds are only used for their intended purpose and by those to whom the assets belong. These activities are excluded from the government-wide financial statements, as the assets cannot be used to finance other District operations.

Funds used by the District for the current fiscal year are outlined on page 11 of the report.

Statement of Net Position

The Statement of Net Position presents the assets and liabilities of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning assets (current and non-current), deferred outflows of resources, liabilities (current and non-current), deferred inflows of resources and net position.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine the amount owed by the District to vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and the availability of those assets for expenditure.

The net between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources (net position) is one indicator of the current financial condition of the District, and the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation.

The District has implemented GASB standards, which requires districts to report their proportionate share of CalSTRS and CalPERS unfunded portion of pension benefits. Notes 11 to the financial statements provide additional information on employee retirement plans.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

	June 30, 2018	June 30, 2019
Assets		
Cash	\$ 24,970,394	\$ 68,679,816
Accounts receivable	3,885,995	4,830,663
Prepaid expenses	12,231	-
Capital assets, net	71,693,327	71,335,050
Total Assets	100,561,947	144,845,529
Deferred Outflows of Resources		
Deferred outflows - OPEB	-	193,209
Deferred outflows - pensions	22,611,879	20,567,121
Total Deferred Outflows of Resources	22,611,879	20,760,330
Liabilities		
Other liabilities	7,700,318	7,944,201
Long-term debt outstanding	106,184,255	149,178,607
Total Liabilities	113,884,573	157,122,808
Deferred Inflows of Resources		
Deferred inflows - pensions	3,908,205	3,918,149
Net Position		
Net investment in capital assets	44,366,827	39,521,910
Restricted	11,322,286	18,338,143
Unrestricted	(50,308,065)	(53,295,151)
Total Net Position	\$ 5,381,048	\$ 4,564,902

- Cash with the District is also explained in the notes to the financial statements and is invested with the Ventura County Treasury to maximize interest income. The significant increase in cash is due to the sale of general obligation bonds. As bond proceeds are expended cash balance will decrease.
- Accounts receivable are mainly amounts due from federal and state government sources for the operation of categorical programs as well as for ongoing operational costs.
- Other liabilities consist mainly of the cost of supplies and/or employee and contractor services received during the 2018-19 fiscal year and paid in the 2019-20 year.
- The \$42.994 million increase in long-term debt is primarily attributable to the sale of general obligation bonds.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Statement of Activities

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Activities. The purpose of this statement is to present the revenues earned, whether received or not, by the District, and the expenses incurred, whether paid or not, by the District. Thus, this statement presents the District's results of operations.

The Statement of Activities is summarized below:

	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Revenues		
Program revenues:		
Charges for services	\$ 3,280,370	\$ 2,081,212
Operating grants and contributions	11,979,213	15,084,390
General revenues:		
Property taxes	28,923,376	33,791,632
Grants, subsidies and contributions unrestricted	27,658,339	29,816,866
Interest and investment earnings	279,454	465,391
Miscellaneous	3,680,857	3,336,142
Total revenues	<u>75,801,609</u>	<u>84,575,633</u>
Expenses		
Instruction	45,619,740	46,940,741
Instruction-related services	7,489,038	8,688,120
Pupil services	6,115,563	6,364,338
Ancillary services	25,143	18,403
Community services	1,977,628	2,082,692
General administration	5,055,438	4,644,779
Plant services	6,501,199	8,134,796
Other outgo & debt service	3,496,294	5,021,883
Depreciation (unallocated)	3,173,617	3,496,027
Total expenses	<u>79,453,660</u>	<u>85,391,779</u>
Change in net position	\$ (3,652,051)	\$ (816,146)

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

- Governmental funds expenses increased by 7.47% from the prior year due to expenditures on capital improvement projects, a salary increase for employees, increase in healthcare contributions for employees, increased contributions to employee pension programs, increased encroachment of restricted programs, and planned spending of prior year program carryover funds.
- Representing 87% of the unrestricted General Fund, salaries and benefits comprise the largest expenditures of the District. Certificated and classified salaries are adjusted annually for compensation increases, step and column adjustments and staffing changes.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the District had \$39.5 million invested in capital assets, net of associated debt, primarily related to school construction and other capital improvements.

Note 7 to the financial statements provide additional information on capital assets. A summary of capital assets is presented below:

	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Land	\$ 14,908,761	\$ 14,908,761
Buildings and improvements	105,346,999	106,646,439
Site improvements	3,569,578	3,912,149
Machinery and equipment	5,162,737	5,147,061
Construction in progress	-	1,472,815
Total	<u>128,988,075</u>	<u>132,087,225</u>
Less: accumulated depreciation	<u>(54,274,980)</u>	<u>(60,752,175)</u>
Net capital assets	<u>\$ 74,713,095</u>	<u>\$ 71,335,050</u>

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Debt

Note 8 to the financial statements provides additional information on outstanding debt. A summary of the District's outstanding debt at year-end is presented below:

	<u>June 30, 2018</u>	<u>June 30, 2019</u>
General obligation bonds, including bond premium	\$ 27,640,000	\$ 69,264,999
Other postemployment benefits (OPEB)	10,150,934	9,881,554
Net pension liability	67,963,043	69,627,141
Compensated absences	430,278	404,913
Total long-term liabilities	<u>\$ 106,184,255</u>	<u>\$ 149,178,607</u>

Governmental Funds

All Governmental Funds are summarized below:

Governmental Funds	Fund Balance		
	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>Difference</u>
General	\$ 11,136,483	\$ 13,145,460	\$ 2,008,977
Child Development	757,612	746,346	(11,266)
Cafeteria	644,376	676,406	32,030
Deferred Maintenance	616,114	902,626	286,512
Building	313,500	37,451,859	37,138,359
Capital Facilities	5,861,104	4,577,370	(1,283,734)
Debt Service	2,512,838	9,428,691	6,915,853
Totals	<u>\$ 21,842,027</u>	<u>\$ 66,928,758</u>	<u>\$ 45,086,731</u>

- The increase in the General Fund of \$2.01 million is due to the receipt of restricted grant funds that will fund expenditures in a subsequent fiscal year.
- The decrease in the Capital Facilities Fund of \$1.28 million is due to the completion of facilities projects in the 2019 fiscal year utilizing funding received in prior fiscal years.
- The Cafeteria Fund ending balance increased by \$32 thousand due to revenues exceeding expenditures during the fiscal year. Planned investment in the Food Service program will result in the spending down of these funds in subsequent years.
- The increase in the Building Fund of \$37.14 million is due to the sale of general obligation bonds, less expenditures on facilities projects.
- The increase in Debt Service is similarly due to the sale of general obligation bonds.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

General Fund Budget Information

During the fiscal year, the Board of Trustees authorized revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A budgetary comparison schedule for the General Fund is presented on page 46.

Variations between the original and final budget amounts were in part created by increased state funding and carryover of program funds from one year to the next. These amounts were unknown at the time the original budget was adopted.

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in January of each year, to be completed by June 30th. After updating changes in revenue and expenditure assumptions, the operating budget begins at the school level. The District uses staffing allocation formulas, per pupil allocations for site supplies, and a review of historical cost data to develop a preliminary budget. The Board of Trustees begins the budget process by establishing District goals and budget priorities. The Local Control Accountability Plan (LCAP) outlines the instructional and financial goals for the District and is written using the input of staff, students, parents, and community members. The budget is aligned to support the goals identified in the LCAP.

The budget cycle continues into the following fiscal year with the preparation of a 45-day budget revision (accepted 45 days from the date the governor signs the state budget) and two Interim reports (October 31st and January 31st) reviewed and approved by the Board. Site and department budgets are reviewed regularly to ensure management is aware of any significant variations during the year.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Economic Factors that May Affect the Future

LOCAL CONTROL FUNDING FORMULA - On July 1, 2013, the Local Control Funding Formula (LCFF) replaced revenue limit funding and more than 40 categorical programs with base grants per pupil, plus supplemental and concentration grants based on “Unduplicated Pupil” counts (students who are English Learners, from low-income families, or are homeless/in foster care). The LCFF calculates a target for each district and determines the gap between that target and prior year funding. In the 2018-19 fiscal year Budget Act the LCFF gap funding was set at 100%, fulfilling the “full funding” of the LCFF. With gap funding fully met, the year over year LCFF gap funding increases will cease, leaving the possibility of a COLA only funding increase environment. Simultaneously, districts face growing pension contribution costs, continued salary growth due to contractual step and column increases, growing expenditures for Special Education programs, inflationary cost increases on necessary goods and services, and unfunded state mandates. The accumulated effect of these cost pressures, relative to COLA-only increases in revenues, forces districts to consider cost cutting measures in order to avoid deficit spending.

Projected Student Average Daily Attendance (ADA) - ADA has decreased over the last three years. The planned construction of 2,000 housing units within district boundaries is only partially complete. Many projects are behind schedule, and one significant development was cancelled. Those housing units that are complete currently yield students at a lower rate than existing neighborhoods, possibly due to purchase prices that preclude many families with children. Whereas the additional housing units should result in increases in enrollment, the unpredictability of project completion and student generation rates necessitates conservative enrollment projections. Until further data develops that shows otherwise, the district should make financial plans for declining enrollment.

Year	ADA	Percent Growth %
2011-12 (actual)	6,376	1.1%
2012-13 (actual)	6,310	(1.0%)
2013-14 (actual)	6,354	0.7%
2014-15 (actual)	6,387	0.5%
2015-16 (actual)	6,388	0.0%
2016-17 (actual)	6,287	(1.6%)
2017-18 (actual)	6,136	(2.4%)
2018-19 (actual)	6,032	(1.7%)

Note: The above figures reflect total District P2 ADA, including Special Education.

Ending Fund Balance Projection - The District’s 2018-19 ending fund balance exceeds the required 3% contingency reserve requirement. Reserves beyond the 3% requirement are maintained to buffer against economic volatility, preserve the instructional program in the face of economic uncertainties, fund future curriculum adoptions, and maintain cash flow.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

While reserves are not necessarily equivalent to cash on hand, districts with higher reserves generally have more cash available than other districts. Districts use cash to meet payroll and pay bills as they arise. The largest recurring expenditure for any school district consists of salaries for employees, which districts pay throughout the year. Districts, however, do not receive all of their revenue on an even schedule. Property tax revenue, for example, arrive in two large installments (in December and April). State funding, while historically paid more evenly throughout the year has been subject to large payment deferrals since 2008-09. By having adequate reserves the District is able to manage cash flow without borrowing funds at interest, thus operating more efficiently.

California's tax system relies heavily on income taxes paid by individuals and businesses, which are quite volatile revenue sources. Since more than 40 percent of the state's General Fund expenditures relate to K-12 education, this volatility affects school funding. Districts can use reserves to even out fluctuations in state funding by increasing spending more slowly in strong economic times and reducing spending more slowly during downturns. In addition to revenue volatility, certain district expenditures (such as healthcare benefits or pension costs) can be difficult to predict precisely. Districts sometimes use reserves to address these cost increases rather than immediately reduce spending in other parts of their budgets.

Whereas districts can anticipate some measure of volatility in their revenues and expenditures, other costs can arise unexpectedly. Examples include (1) special education costs for students with highly specialized needs; (2) an emergency facility repair related to a leaking roof, malfunctioning fire system, or gas leak; (3) a natural disaster, such as a drought or wildfire, that reduces student attendance and associated state funding; and (4) a lawsuit that results in a costly settlement or judgment against the district. Districts facing these unanticipated costs often draw down their reserves to address them.

Districts often build up reserves in order to make large one-time purchases. This approach avoids the need to borrow money. For example, districts commonly save for the upcoming replacement of (1) textbooks and related curricula; (2) computers and technology equipment; (3) school buses; and (4) equipment and facility components that have reached the end of their useful lives, such as worn out flooring or heating and cooling systems.

To finance the construction of school buildings and other capital projects, districts usually borrow money from investors. Before borrowing, most districts obtain a rating from one of three major credit rating agencies (Moody's Investors Service, Standard & Poor's Ratings Services, and Fitch Ratings). These ratings indicate the likelihood that districts will be able to repay their loans. Districts with the strongest ratings tend to pay the lowest interest rates because they represent a lower risk of defaulting on their loans. All three rating agencies consider reserves a significant factor in determining a district's rating, noting that reserves provide additional flexibility in times of stress. Moody's, for example, indicates that measures of General Fund reserves (in combination with cash on hand) are responsible for about 30 percent of its overall rating.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019

Contacting the District's Financial Management

This financial report is designed to provide the community, investors, and creditors with a general overview of the District's financial condition and to show the District's accountability for the funding it receives. If you have questions regarding this report or need additional financial information, contact:

Chris Johnston
Assistant Superintendent, Business Services
Pleasant Valley School District
600 Temple Avenue, Camarillo, California 93010
PHONE (805) 445-8628 FAX (805) 987-5511

FINANCIAL SECTION

PLEASANT VALLEY SCHOOL DISTRICT

**STATEMENT OF NET POSITION
June 30, 2019**

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash in county treasury	\$ 68,674,565
Cash and cash equivalents	5,251
Accounts receivable	4,830,663
Land	14,908,761
Construction in progress	1,472,815
Depreciable assets, net	<u>54,953,474</u>
Total Assets	<u>144,845,529</u>
 <u>Deferred Outflows of Resources</u>	
Deferred outflows - OPEB	193,209
Deferred outflows - pensions	<u>20,567,121</u>
Total Deferred Outflows of Resources	<u>20,760,330</u>
 <u>Liabilities</u>	
Accounts payable	6,567,765
Accrued interest	1,362,480
Unearned revenue	13,956
Current portion of long-term liabilities	6,483,497
Non-current portion of long term liabilities	<u>142,695,110</u>
Total Liabilities	<u>157,122,808</u>
 <u>Deferred Inflows of Resources</u>	
Deferred inflows - pensions	<u>3,918,149</u>
Total Deferred Inflows of Resources	<u>3,918,149</u>
 <u>Net Position</u>	
Net investment in capital assets	39,521,910
Restricted for:	
Capital projects	4,577,370
Debt service	8,066,211
Educational programs	5,018,156
Other programs	676,406
Unrestricted	<u>(53,295,151)</u>
Total Net Position	<u>\$ 4,564,902</u>

See accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 46,940,741	\$ 1,139,719	\$ 9,731,038	\$ (36,069,984)
Instruction - related services	8,688,120	71,607	880,246	(7,736,267)
Pupil services	6,364,338	684,776	1,571,099	(4,108,463)
Ancillary services	18,403	200	4,015	(14,188)
Community services	2,082,692	4,589	374,521	(1,703,582)
General administration	4,644,779	37,457	426,676	(4,180,646)
Plant services	8,134,796	10,940	1,393,701	(6,730,155)
Other outgo	2,244,436	131,924	703,094	(1,409,418)
Debt service - interest	2,777,447	-	-	(2,777,447)
Depreciation (unallocated)	3,496,027	-	-	(3,496,027)
Total Governmental Activities	\$ 85,391,779	\$ 2,081,212	\$ 15,084,390	(68,226,177)
General Revenues				
Property taxes levied for				
General purposes				26,015,034
Debt service				7,776,598
Federal and state aid not restricted to specific purposes				29,816,866
Interest and investment earnings				465,391
Miscellaneous				3,336,142
Total General Revenues				67,410,031
Change in net position				(816,146)
Net Position - Beginning of Year				5,381,048
Net Position - End of Year				\$ 4,564,902

See accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019**

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash in county treasury	\$ 14,201,752	\$ 37,855,414	\$ 9,351,944	\$ 7,265,455	\$ 68,674,565
Cash and cash equivalents	5,251	-	-	-	5,251
Accounts receivable	4,067,662	367,462	76,747	318,792	4,830,663
Due from other funds	433,158	478,945	-	-	912,103
Total Assets	<u>\$ 18,707,823</u>	<u>\$ 38,701,821</u>	<u>\$ 9,428,691</u>	<u>\$ 7,584,247</u>	<u>\$ 74,422,582</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 5,084,732	\$ 1,249,962	\$ -	\$ 233,071	\$ 6,567,765
Due to other funds	477,631	-	-	434,472	912,103
Unearned revenue	-	-	-	13,956	13,956
Total Liabilities	<u>5,562,363</u>	<u>1,249,962</u>	<u>-</u>	<u>681,499</u>	<u>7,493,824</u>
Fund Balances					
Nonspendable	5,251	-	-	-	5,251
Restricted	5,018,156	37,451,859	9,428,691	5,253,776	57,152,482
Committed	-	-	-	902,626	902,626
Assigned	6,168,478	-	-	746,346	6,914,824
Unassigned	1,953,575	-	-	-	1,953,575
Total Fund Balances	<u>13,145,460</u>	<u>37,451,859</u>	<u>9,428,691</u>	<u>6,902,748</u>	<u>66,928,758</u>
Total Liabilities and Fund Balances	<u>\$ 18,707,823</u>	<u>\$ 38,701,821</u>	<u>\$ 9,428,691</u>	<u>\$ 7,584,247</u>	<u>\$ 74,422,582</u>

See accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

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

Total fund balances - governmental funds \$ 66,928,758

Amounts reported for governmental funds are different than the statement of net position because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of:

Land	\$ 14,908,761	
Construction in progress	1,472,815	
Depreciable assets, net	<u>54,953,474</u>	71,335,050

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

General obligation bonds, including bond premium	(69,264,999)	
Other postemployment benefits (OPEB)	(9,881,554)	
Net pension liability	(69,627,141)	
Compensated absences	<u>(404,913)</u>	(149,178,607)

In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of:

Deferred outflows - OPEB	193,209	
Deferred outflows - pensions	20,567,121	
Deferred inflows - pensions	<u>(3,918,149)</u>	16,842,181

Interest expense related to general obligation bonds was incurred but not accrued through June 30, 2019. (1,362,480)

Total net position - governmental activities \$ 4,564,902

See accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019**

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local control funding formula sources:					
State apportionments	\$ 28,872,461	\$ -	\$ -	\$ 488,212	\$ 29,360,673
Local sources	23,466,707	-	-	-	23,466,707
Total local control funding formula sources	52,339,168	-	-	488,212	52,827,380
Federal sources	2,581,015	-	-	1,252,829	3,833,844
Other state sources	9,965,940	-	51,799	519,142	10,536,881
Other local sources	7,544,947	718,893	7,442,009	3,517,677	19,223,526
Total Revenues	<u>72,431,070</u>	<u>718,893</u>	<u>7,493,808</u>	<u>5,777,860</u>	<u>86,421,631</u>
Expenditures					
Instruction	46,315,639	-	-	3,934	46,319,573
Instruction - related services	8,506,272	-	-	114,003	8,620,275
Pupil services	3,992,920	-	-	1,986,785	5,979,705
Ancillary services	16,921	-	-	-	16,921
Community services	172,720	-	-	1,802,236	1,974,956
General administration	4,186,785	160,000	114,262	232,586	4,693,633
Plant services	4,986,400	3,420,534	-	2,614,774	11,021,708
Other outgo	2,244,436	-	-	-	2,244,436
Debt service	-	-	3,881,937	-	3,881,937
Total Expenditures	<u>70,422,093</u>	<u>3,580,534</u>	<u>3,996,199</u>	<u>6,754,318</u>	<u>84,753,144</u>
Excess (deficiency) of revenues over expenditures	2,008,977	(2,861,641)	3,497,609	(976,458)	1,668,487
Other Financing Sources					
Proceeds from sale of bonds	-	40,000,000	-	-	40,000,000
Premium from sale of bonds	-	-	3,418,244	-	3,418,244
Total Other Financing Sources	<u>-</u>	<u>40,000,000</u>	<u>3,418,244</u>	<u>-</u>	<u>43,418,244</u>
Net changes in fund balance	2,008,977	37,138,359	6,915,853	(976,458)	45,086,731
Fund Balances at Beginning of Year	<u>11,136,483</u>	<u>313,500</u>	<u>2,512,838</u>	<u>7,879,206</u>	<u>21,842,027</u>
Fund Balances at End of Year	<u>\$ 13,145,460</u>	<u>\$ 37,451,859</u>	<u>\$ 9,428,691</u>	<u>\$ 6,902,748</u>	<u>\$ 66,928,758</u>

See accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019**

Net change in fund balances - total governmental funds \$ 45,086,731

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	3,137,750	
Depreciation expense	<u>(3,496,027)</u>	
Deficiency of capital outlay over depreciation expense		(358,277)

Issuance of general obligation bonds, including premium, is reported as proceeds in governmental funds but increases to long-term liabilities in the statement of net position (43,418,244)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,690,000

In governmental funds, pension costs are recognized when the employer contribution is made, but in the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual basis pension costs and actual employer contributions was: (3,718,800)

In governmental funds, OPEB costs are recognized when the health and welfare payments are made, but in the statement of activities, OPEB costs are recognized on the accrual basis. The difference between accrual basis OPEB costs and actual health and welfare payments was: 462,589

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Increase in accrued interest expense	(688,755)	
Amortization of general obligation bonds premium	103,245	
Decrease in compensated absences	<u>25,365</u>	<u>(560,145)</u>

Change in net position of governmental activities \$ (816,146)

See accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

	<u>Associated Student Body Funds</u>
<u>Assets</u>	
Cash in county treasury	\$ 165,307
Cash and cash equivalents	<u>17,604</u>
Total Assets	<u>182,911</u>
<u>Liabilities</u>	
Accounts payable	45,381
Funds held in trust	<u>137,530</u>
Total Liabilities	<u>\$ 182,911</u>

See accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements.

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position, a Statement of Activities, and fund financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the District as a whole. These statements include the financial activities of the primary government. Fiduciary funds are excluded.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. Depreciation and interest expense have not been allocated to specific functions.

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

Instruction: includes the activities directly dealing with the interaction between teachers and students.

Instruction-Related Services: includes supervision of instruction, instructional library, media and technology, and school site administration.

Pupil Services: includes home to school transportation, food services, and other pupil services.

Ancillary Services: includes activities that are generally designed to provide students with experiences outside the regular school day.

Community Services: includes activities that provide services to community participants other than students.

General Administration: includes data processing services and all other general administration services.

Plant Services: includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Other Outgo: includes transfers to other agencies.

Debt Service: includes principal and interest payments for long term debt.

Fund Accounting

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Statement of Revenues, Expenditures and Changes in Fund Balances are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

Governmental Funds – Major

General Fund: used to account for all financial resources except those accounted for in another fund.

Building Fund: used to account for resources received from old bond issues and the sale of school sites. The resources are to be used for future construction.

Bond Interest and Redemption Fund: used to collect taxes and pay for debt service associated with general obligation bonds.

Governmental Funds – Non-Major

Special Revenue Funds: used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Child Development Fund: used to account for resources committed to child development programs.

Cafeteria Fund: used to account for revenues received and expenditures made to operate the District's cafeterias.

Deferred Maintenance Fund: used for the purpose of major repair or replacement of District property. The District has taken formal action to commit state apportionment funding from the local control funding formula to this fund for the continued operation of the original program. The fund, therefore, meets the requirements to be reported as a Special Revenue fund.

Capital Projects Funds: used to account for the financial resources that are restricted, committed or assigned for the acquisition and/or construction of major governmental general fixed assets.

Capital Facilities Fund: used to account for resources received from residential and commercial developer impact fees.

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiduciary Funds

Associated Student Body Fund: used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the student body. All school site student body fund activity is processed through the District and reported as a single fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

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 in the county treasury is recorded at cost, which approximates fair value.

Receivables

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible. Per Education Code Section 33128.1, a local education agency may recognize for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Statement of Net Position, but are not reported in the fund financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined by GASB. 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.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and improvements	15-40 years
Furniture and equipment	5-20 years
Vehicles	10-20 years

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expenses) until then. These amounts are reported in the government-wide statement of net position.

Deferred Outflows – OPEB: The deferred outflows of resources related to OPEB benefits results from the effects of actuarially-determined changes to the OPEB plan. These amounts are deferred and amortized as detailed in Note 10 to the financial statements.

Deferred Outflows – Pensions: The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 11 to the financial statements.

Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent eligibility requirements have not been met.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken. However, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements.

Postemployment Benefits Other Than Pensions (OPEB).

For purposes of measuring the District's OPEB liability related to the Medicare Premium Payment (MPP) Program, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net Pension Liability

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

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future reporting period.

Deferred Inflows – Pensions: The deferred inflows of resources related to pensions resulted from the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 11 to the financial statements.

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws or regulations of other governments or by enabling legislation adopted by the District.

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: Amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Trustees. These amounts cannot be used for any other purpose unless the District Board of Trustees removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assigned: Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Trustees, through a formal action has given authority to Chief Business Official to assign amounts for a specific purpose that is neither restricted nor committed.

Unassigned: The residual fund balance for the General Fund and all other spendable amounts.

Spending Order Policy

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment functions.

Minimum Fund Balance Policy

The District does not have a written minimum fund balance policy. To protect against revenue shortfalls and unexpected one-time expenditures, the District has maintained a reserve for economic uncertainties consisting of unassigned amounts equivalent to 3% of budgeted General Fund expenditures and other financing uses. These amounts represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education. In addition, the District has maintained an additional Budget Stabilization consisting of unassigned amounts to assist in economic uncertainties.

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1st. Taxes are payable in two installments on November 1st and February 1st. Unsecured property taxes are payable in one installment on or before August 31st.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Real and personal property tax revenues are reported in the same manner in which the county auditor records and reports actual property tax receipts to the California Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the state for local control funding formula purposes. Property taxes for debt service purposes cannot be estimated and have not been accrued in the government-wide financial statements.

On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all school districts in California. During the current fiscal year, the State of California made additional one time contributions to the State Teachers' Retirement System (STRS) and to the California Public Employees' Retirement System (PERS). On-behalf payments of \$4,506,330 made to STRS and \$677,777 made to PERS have been recorded in the fund financial statements.

Contributed Services

Generally accepted accounting principles require that contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are to be recorded at fair value in the period received. Although the District receives numerous hours of volunteer time, it is not deemed necessary to record these hours on the books of the District based on the above guidelines. In addition, the District receives donations of immaterial equipment and supplies which are not recorded upon receipt.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed above, the following potential component units have been excluded from the District's reporting entity:

The Pleasant Valley Education Foundation: The Foundation is a separate not-for-profit corporation. The Foundation is not included as a component unit because the third criterion was not met; the economic resources received and held by the Foundation are not significant to the District. Separate financial statements for the Foundation may be obtained through the District.

Various PTA, PTO, and Booster Clubs: Each of these types of organizations at each of the school sites within the District were evaluated using the three criterion listed above. Each entity has been excluded as a component unit because the third criterion was not met in all cases; the economic resources received and held by the PTA, PTO, and Booster Club individually are not significant to the District.

The University Preparation Charter School at CSU Channel Islands (UPS): A charter school approved by the District's Board of Trustees on October 11, 2001 which started operations in September 2002. UPS is a separate not-for-profit corporation. The Board of

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Directors are elected independent of any District Board of Trustee's appointments. The UPS Board is responsible for approving their own budgets and accounting related activities. Separate financial statements for UPS may be obtained through the District.

NOTE 2: BUDGETS

By state law, the District's Governing Board must approve a budget no later than July 1, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with GAAP.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk 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 deposit policy for custodial risk. As of June 30, 2019, none of the District's bank balance was exposed to credit risk as uninsured and uncollateralized.

Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Ventura County Treasury as part of the common investment pool. These pooled funds are carried at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2019 is measured at 100.57% of amortized cost. The District's deposits in the fund are considered to be highly liquid.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 3: DEPOSITS AND INVESTMENTS

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635 and 53648. The county is restricted to invest time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase of reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasury follow. The method used to determine the value of the participant’s equity withdrawn is based on the book value, which is amortized costs, of the participant’s percentage participation on the date of such withdrawals.

The pool sponsor’s annual financial report may be obtained from the Ventura County Board of Supervisors, County Government Center, 800 South Victoria Avenue, Ventura, CA 93009.

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2019 consists of the following:

<u>Accounts Receivable</u>	<u>General Fund</u>	<u>Building Funds</u>	<u>Bond Interest Redemption Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Federal and state	\$ 3,096,126	\$ -	\$ -	\$ 248,274	\$ 3,344,400
Miscellaneous	971,536	367,462	76,747	70,518	1,486,263
Total accounts receivable	<u>\$ 4,067,662</u>	<u>\$ 367,462</u>	<u>\$ 76,747</u>	<u>\$ 318,792</u>	<u>\$ 4,830,663</u>

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 5: INTERFUND TRANSACTIONS

Interfund activity has been eliminated in the government-wide statements. The following balances and transactions are reported in the fund financial statements.

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2019 are temporary loans and are detailed as follows:

Fund	Interfund Receivables	Interfund Payables
Major Fund:		
General Fund	\$ 433,158	\$ 477,631
Building Fund	478,945	-
Non-Major Governmental Funds:		
Child Development Fund	-	140,261
Cafeteria Fund	-	99,462
Deferred Maintenance Fund	-	184,128
Capital Facilities Fund	-	10,621
Total	<u>\$ 912,103</u>	<u>\$ 912,103</u>

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 6: FUND BALANCES

The following amounts were nonspendable, restricted, committed, assigned or unassigned as shown below:

	General Fund	Building Fund	Bond Interest Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:					
Cash in revolving fund	\$ 5,251	\$ -	\$ -	\$ -	\$ 5,251
Total nonspendable	<u>5,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,251</u>
Restricted:					
Legally restricted programs	5,018,156	-	-	676,406	5,694,562
Construction projects	-	37,451,859	-	4,577,370	42,029,229
Debt service	-	-	9,428,691	-	9,428,691
Total restricted	<u>5,018,156</u>	<u>37,451,859</u>	<u>9,428,691</u>	<u>5,253,776</u>	<u>57,152,482</u>
Committed:					
Deferred maintenance	-	-	-	902,626	902,626
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>902,626</u>	<u>902,626</u>
Assigned:					
One time discretionary funds	6,168,478	-	-	-	6,168,478
Child care program	-	-	-	746,346	746,346
Total assigned	<u>6,168,478</u>	<u>-</u>	<u>-</u>	<u>746,346</u>	<u>6,914,824</u>
Unassigned:					
Economic uncertainties	1,953,575	-	-	-	1,953,575
Total unassigned	<u>1,953,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,953,575</u>
Total fund balance	<u>\$ 13,145,460</u>	<u>\$ 37,451,859</u>	<u>\$ 9,428,691</u>	<u>\$ 6,902,748</u>	<u>\$ 66,928,758</u>

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 7: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

Capital asset activity for the year ended June 30, 2019 is shown below.

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 14,908,761	\$ -	\$ -	\$ 14,908,761
Construction in progress	-	1,472,815	-	1,472,815
Total capital assets not being depreciated	<u>14,908,761</u>	<u>1,472,815</u>	<u>-</u>	<u>16,381,576</u>
Capital assets being depreciated:				
Buildings	105,346,999	1,299,440	-	106,646,439
Site improvements	3,569,578	342,571	-	3,912,149
Machinery, equipment and vehicles	5,162,737	22,924	38,600	5,147,061
Total capital assets being depreciated	<u>114,079,314</u>	<u>1,664,935</u>	<u>38,600</u>	<u>115,705,649</u>
Less accumulated depreciation for:				
Buildings	51,874,706	3,088,189	-	54,962,895
Site improvements	1,786,554	190,865	-	1,977,419
Machinery, equipment and vehicles	3,633,488	216,973	38,600	3,811,861
Total accumulated depreciation	<u>57,294,748</u>	<u>3,496,027</u>	<u>38,600</u>	<u>60,752,175</u>
Depreciable assets, net	<u>56,784,566</u>	<u>(1,831,092)</u>	<u>-</u>	<u>54,953,474</u>
Capital assets, net	<u>\$ 71,693,327</u>	<u>\$ (358,277)</u>	<u>\$ -</u>	<u>\$ 71,335,050</u>

NOTE 8: LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2019 is shown below.

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount Due in One Year
General obligation bonds	\$ 27,640,000	\$ 40,000,000	\$ 1,690,000	\$ 65,950,000	\$ 5,735,000
Premium on general obligation bonds	-	3,418,244	103,245	3,314,999	-
Total general obligation bonds	<u>27,640,000</u>	<u>43,418,244</u>	<u>1,793,245</u>	<u>69,264,999</u>	<u>5,735,000</u>
Other postemployment benefits (OPEB)	10,150,934	-	269,380	9,881,554	748,497
Net pension liability	67,963,043	1,664,098	-	69,627,141	-
Compensated absences	430,278	-	25,365	404,913	-
Total	<u>\$ 106,184,255</u>	<u>\$ 45,082,342</u>	<u>\$ 2,087,990</u>	<u>\$ 149,178,607</u>	<u>\$ 6,483,497</u>

Liabilities for the OPEB, net pension liability and compensated absences are liquidated by the fund recording the associated salary expenses. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 9: GENERAL OBLIGATION BONDS

Measure T

On November 4, 1997, the voters approved the issuance of bonds (Measure T) not to exceed \$49,000,000 for the construction of new classrooms and other school facilities. Between 1998 and 2001, the District issued bonds, Series A through Series D, totaling \$49,000,000. In 2002, the District issued a refunding bond for \$45,825,000 to advance refund the outstanding Series A through Series D bonds.

Measure C

On June 5, 2018, the voters approved the issuance of bonds (Measure C) not to exceed \$118,000,000 for the renovation, construction and improvement of school facilities. On October 2, 2018 the District issued \$40,000,000 of Series A bonds. The bonds were sold with an interest rate of 3.0% to 5.0% and have a final maturity in August 2043.

The outstanding general obligation bonded debt of the District at June 30, 2019 is:

General Obligation Bonds	Date of Issue	Date of Final Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2019
Measure T: Refunding Bond	10/2/2002	8/1/2031	2.20-5.85	\$ 45,825,000	\$ 25,950,000
Measure C: Series A	10/2/2018	8/1/2043	3.00-5.00	40,000,000	40,000,000
Total				<u>\$ 85,825,000</u>	<u>\$ 65,950,000</u>

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	5,735,000	3,206,463	8,941,463
2021	6,105,000	2,958,063	9,063,063
2022	2,025,000	2,762,328	4,787,328
2023	2,140,000	2,643,865	4,783,865
2024	2,250,000	2,518,383	4,768,383
2025-2029	15,260,000	10,284,113	25,544,113
2030-2034	8,735,000	6,305,385	15,040,385
2035-2039	9,525,000	4,433,988	13,958,988
2040-2044	14,175,000	1,873,600	16,048,600
Total	<u>\$ 65,950,000</u>	<u>\$ 36,986,188</u>	<u>\$ 102,936,188</u>

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 10: POSTEMPLOYMENT HEALTHCARE BENEFITS

The District administers a single-employer defined benefit, post-employment medical benefit plan (Retiree Health Plan) for qualified employees. In addition some qualified certificated employees are participant in the Medicare Premium Payment Program, a cost-sharing defined benefit program administered through the California State Teachers' Retirement System (CalSTRS).

As of June 30, 2019, the District's total liability for post-employment healthcare benefits consisted of the following:

<u>OPEB Plan</u>	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Benefits Plan	\$ 9,560,028	\$ 193,209	\$ -	\$ 558,907
Medicare Premium Payment Program	321,526	-	-	(266,613)
Total	<u>\$ 9,881,554</u>	<u>\$ 193,209</u>	<u>\$ -</u>	<u>\$ 292,294</u>

Retiree Benefits Plan

Plan Description and Eligibility

The District provides medical coverage to retirees based on the following provisions:

Retiree benefits for employees who retired on or before June 30, 1984:

The District shall provide fully paid medical, dental and/or vision insurance premiums for employees and dependents of employees who retired on or before June 30, 1984, after reaching their 55th birthday, provided said employee had given ten (10) years of satisfactory service to the District. This coverage shall extend for the life of the retired employee.

Retiree benefits for employees hired on or before June 30, 1984, who retire after June 30, 1984:

The District shall contribute not more than three thousand nine hundred dollars (\$3,900) per year per retiree and dependents toward medical, dental and/or vision insurance premiums for all qualified employees and dependents of employees who retire after June 30, 1984, after reaching their 55th birthday, provided said employee had given twelve (12) consecutive years of satisfactory service to the District. This coverage shall extend for the life of the retired employee.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 10: POSTEMPLOYMENT HEALTHCARE BENEFITS

Retiree benefits for employees hired after June 30, 1984:

The District shall contribute not more than twenty-four hundred dollars (\$2,400) per year per employee and dependents of employees toward medical, dental and/or vision premiums for all employees hired subsequent to June 30, 1984. The employee shall be required to have reached their 60th birthday and shall be required to have served the District for fifteen (15) consecutive years. This coverage shall extend for the life of the retired employee.

Retiree benefits for employees hired after June 30, 1986 who are eligible for Medicare through District employment and who meet the qualifications of subsection C above receive benefits as outlined below:

The District shall contribute not more than twenty-four hundred (\$2,400) per year per employee and dependents of employees toward medical, dental and/or vision premiums until such time as the employee meets the eligibility requirements for Medicare.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The Retiree Health Plan does not issue a separate financial report.

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. The District contributes the cost of current year premiums for eligible retired plan members and their dependents as applicable. For the year ended June 30, 2019, the District contributed \$754,031 to the plan for current year premiums.

Actuarial Methods and Assumptions

Actuarial assumptions

The total OPEB liability was determined based on an actuarial valuation as of June 30, 2018. The following actuarial assumptions used in the June 30, 2018 valuation, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry age normal
Salary increases	2.75%
Healthcare costs trend rate	4.00%

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 10: POSTEMPLOYMENT HEALTHCARE BENEFITS

Mortality assumptions are based on the 2009 CalSTRS mortality experience study for certificated employee types and the 2014 CalPERS mortality experience study for the classified employee types. CalSTRS and CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. These table incorporates mortality projection as deemed appropriate based on CalSTRS and CalPERS analysis.

Discount Rate

The discount rate used to measure the OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate was based on the Bond Buyer 20 Bond Index.

Changes in the Total OPEB Liability

Total OPEB liability	2019
Service cost	\$ 212,015
Interest	325,183
Employer contributions	(754,031)
Changes in assumptions	214,918
Net change in total OPEB liability	(1,915)
Total OPEB liability - beginning	9,561,943
Total OPEB liability - ending	\$ 9,560,028

Sensitivity

The following present the District's OPEB liability calculated using the discount rate of 3.50% as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Discount rate	Total OPEB Liability
1% decrease	\$ 10,261,349
Current discount rate	9,560,028
1% increase	8,949,575

The following present the District's OPEB liability calculated using the healthcare cost trend rate of 4.0%, as well as what the OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 10: POSTEMPLOYMENT HEALTHCARE BENEFITS

Healthcare trend rate	Total OPEB Liability
1% decrease	\$ 9,314,422
Current healthcare trend rate	9,560,028
1% increase	9,757,661

Amortization of Deferred Outflows and Deferred Inflows of Resources

The deferred outflows of resources related to OPEB resulted from changes in actuarial assumptions which will be amortized over the expected average remaining service life (EARSLS) of the plan participants. The EARSLS for the plan from the June 30, 2019 measurement date is 9.9 years. The first year of amortization is recognized in OPEB expense for the year the change occurs. The remaining amount will be recognized to OPEB expense as follows:

Fiscal Year Ending June 30,	Amortization
2020	\$ 21,709
2021	21,709
2022	21,709
2023	21,709
2024	21,709
Thereafter	84,664
Total	\$ 193,209

Medicare Premium Payment Program (MPP)

Plan Description and Eligibility

The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to California state statute. CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible California full-time and part-time public school teachers from pre-kindergarten through community college who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program. For the years ending June 30, 2018 and 2017, 5,984 and 6,271 retirees participated in the MPP Program, respectively. The number of retired members who will participate in the program in the future is unknown because eligibility cannot be pre-determined.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 10: POSTEMPLOYMENT HEALTHCARE BENEFITS

Funding Policy

The MPP Program is funded on a pay-as-you go basis from a portion of monthly employer contributions. In accordance with California Education Code, contributions that would otherwise be credited to the CalSTRS defined benefit pension program (STRP) each month are instead credited to the MPP Program to fund monthly program and administrative costs. These contributions are generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds remaining within the MPP Program as of June 30, 2018 were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program. Total aggregate employer contributions of all participating employers to the MPP Program for fiscal year 2017-18 were \$28.2 million.

Because amounts credited to the MPP Program are deducted from the employer's regular STRP contributions, there are no contribution rates specific to the MPP Plan. Employer contributions to the STRP are calculated by CalSTRS based on creditable compensation for active members reported by employers. Employer contributions are accrued when required by statute, and the employer has made a formal commitment to provide the contributions. Cash remittances of contributions due are received from employers prior to their reports of creditable earnings by member. As a result, CalSTRS accrues employer contributions due monthly using current contribution rates and estimates based on historical creditable compensation. CalSTRS recognizes MPP Program expenses when due and payable.

Net OPEB Liability

As of June 30, 2019, the District reported a net OPEB liability for its proportionate share of the MPP total OPEB liability, fiduciary net position and net OPEB liability as follows:

	Balance
Proportionate Share of OPEB Liability	June 30, 2019
Total OPEB liability	\$ 320,232
Plan fiduciary net position	(1,294)
District's net OPEB liability	<u>\$ 321,526</u>

As the MPP Program is funded on a pay-as-you-go basis from redirected contributions from the STRP, the District has elected to calculate their proportionate share based on Schedule C of the audited proportionate share schedules of the MPP Program This schedule presents the projection

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 10: POSTEMPLOYMENT HEALTHCARE BENEFITS

of the District's long-term share of contributions to the STRP relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.0840%.

Actuarial Methods and Assumptions

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

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

In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (for example, Medicare premiums) and assumptions about the probability of occurrence of events far into the future (for example, mortality, disabilities and retirees eligible for the program). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 10: POSTEMPLOYMENT HEALTHCARE BENEFITS

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective and take into account the premiums and surcharges paid after termination of employment until the death of the employee. In many cases, actuarial calculations reflect several decades of payments after termination of employment.

Discount Rate

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

The following table presents the net OPEB liability of employers as of June 30, 2018, using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

<u>Discount rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.87%)	\$ 355,624
Current discount rate (3.87%)	321,526
1% increase (4.87%)	290,738

Medicare Costs Trend Rate

The June 30, 2017, valuation uses the 2018 Medicare Part A and Part B premiums as the basis for future premium calculations. Future premiums are assumed to increase with a medical trend rate that varies by year. The Part A trend is approximately equivalent to assuming a fixed 3.7 percent increase each year. The Part B trend is approximately equivalent to assuming a fixed 4.1 percent increase each year.

The following table presents as of June 30, 2018, the net OPEB liability of employers using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are 1 percent lower and 1 percent higher than the current rate:

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 10: POSTEMPLOYMENT HEALTHCARE BENEFITS

Healthcare trend rate	Net OPEB Liability
1% decrease (2.7% Part A, 3.1% Part B)	\$ 293,199
Current healthcare trend rate (3.7% Part A, 4.1% Part B)	321,526
1% increase (4.7% Part A, 5.1% Part B)	351,991

Amortization of Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources are the consumption of net position by CalSTRS that is applicable to future reporting periods. As the MPP Program is a retiree only OPEB plan with no average remaining service life, other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in OPEB expense in the current period. The net deferred inflows and outflows relating to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. As of June 30, 2018, the deferred outflows of resources and deferred inflows of resources related to the MPP Program are not material and have not been recognized in these financial statements:

MPP Program Net OPEB Liability

Detailed information about the MPP Program net OPEB liability is available in a separate financial report available on the CalSTRS website. Copies of the CalSTRS annual financial report may also be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

NOTE 11: EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2019, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expense for each of the retirement plans are as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	\$ 49,629,780	\$ 15,245,651	\$ 3,723,732	\$ 6,445,920
CalPERS (Schools Pool Plan)	19,997,361	5,321,470	194,417	3,845,802
Total	\$ 69,627,141	\$ 20,567,121	\$ 3,918,149	\$ 10,291,722

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 11: EMPLOYEE RETIREMENT PLANS

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes to the STRP Defined Benefit Program and STRP Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 11: EMPLOYEE RETIREMENT PLANS

Provisions and Benefits	STRP Defined Benefit Program and Supplement Program	
	On or Before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age		
Monthly benefits as a percentage of eligible compensation	2.0%-2.4%	2.0%-2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

Contributions

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2019 are presented above and the total District contributions were \$4,774,323.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

Proportionate Share of Net Pension Liability	Balance June 30, 2019
District proportionate share of net pension liability	\$ 49,629,780
State's proportionate share of the net pension liability associated with the District	28,415,509
Total	<u>\$ 78,045,289</u>

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2018, the District's proportion was 0.0540%.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 11: EMPLOYEE RETIREMENT PLANS

For the year ended June 30, 2019, the District recognized pension expense of \$6,445,920. In addition, the District recognized revenue and corresponding expense of \$3,338,182 for support provided by the state. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Pension Deferred Outflows and Inflows of Resources</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,774,323	\$ -
Differences between expected and actual experience	153,900	720,900
Changes of assumptions	7,710,120	-
Changes in proportion	2,607,308	1,091,772
Net differences between projected and actual earnings on pension plan investments	-	1,911,060
Total	<u>\$ 15,245,651</u>	<u>\$ 3,723,732</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement periods.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2018 measurement date is seven years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed six years.

The remaining amount will be recognized to pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2020	\$ 2,401,329
2021	1,685,289
2022	383,078
2023	938,031
2024	1,347,158
2025	(7,290)
Total	<u>\$ 6,747,595</u>

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 11: EMPLOYEE RETIREMENT PLANS

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017 used the following methods and assumptions, applied to all prior periods included in the measurement:

<u>Actuarial Methods and Assumptions</u>	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant and adopted by the CalSTRS Board in February 2017. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2017, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 11: EMPLOYEE RETIREMENT PLANS

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 72,701,820
Current discount rate (7.10%)	49,629,780
1% increase (8.10%)	30,500,820

Plan Fiduciary Net Position

Detailed information about the STRP’s plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 11: EMPLOYEE RETIREMENT PLANS

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (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 Law.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

Provisions and Benefits	Schools Pool Plan (CalPERS)	
	On or Before December 31, 2012	On or after January 1, 2013
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1%-2.5%	1.0%-2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 11: EMPLOYEE RETIREMENT PLANS

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019 are as presented above and the total District contributions were \$1,849,845.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$19,997,361. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.0750%.

For the year ended June 30, 2019, the District recognized pension expense of \$3,845,802. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,849,845	\$ -
Differences between expected and actual experience	1,310,954	-
Changes of assumptions	1,996,648	-
Changes in proportion	-	194,417
Net differences between projected and actual earnings on pension plan investments	164,023	-
Total	\$ 5,321,470	\$ 194,417

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 11: EMPLOYEE RETIREMENT PLANS

recognized in pension expense during the measurement period and remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2018 measurement date is 4.0 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 3.0 years.

The remaining amount will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2020	\$ 1,983,769
2021	1,460,600
2022	(49,127)
2023	(118,034)
Total	<u>\$ 3,277,208</u>

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017 used the following methods and assumptions, applied to all prior periods included in the measurement:

<u>Actuarial Methods and Assumptions</u>	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 11: EMPLOYEE RETIREMENT PLANS

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90 percent of scale MP 2016 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 11: EMPLOYEE RETIREMENT PLANS

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 29,115,202
Current discount rate (7.15%)	19,997,361
1% increase (8.15%)	12,432,807

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2018, the CalPERS Board adopted new mortality assumptions for the plan. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%. The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. Deferred outflows of resources for changes of assumptions represents the unamortized portion of this assumption change.

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 12: JOINT POWERS AGREEMENTS

The District participates in two joint power agreement (JPA) entities, the Ventura County Schools Self-Funding Authority (VCSSFA) and the Self Insured Schools of California (SISC).

VCSSFA provides workers' compensation, property and liability coverage for its member school districts. The District pays a contribution commensurate with the level of coverage requested. SISC arranges for health and welfare benefits for employees and retirees of participating school districts and their eligible dependents. Member districts pay a monthly premium per eligible participant.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 12: JOINT POWERS AGREEMENTS

Each JPA is independently accountable for its fiscal matters. VCSSFA and SISC maintain their own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. Claims have not exceeded coverage in any of the past three fiscal years. Separate financial statements for each JPA may be obtained from the respective entity.

The relationships between the District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes.

Condensed financial information is as follows:

<u>JPA Condensed Financial Information</u>	VCSSFA (Audited) June 30, 2019	SISC (Audited) September 30, 2018
Total assets and deferred outflows of resources	\$ 129,370,132	\$ 642,346,557
Total liabilities and deferred inflows of resources	<u>54,135,779</u>	<u>197,341,183</u>
Net position	<u>\$ 75,234,353</u>	<u>\$ 445,005,374</u>
Total revenues	29,793,799	2,314,300,371
Total expenditures	<u>24,474,102</u>	<u>2,236,274,883</u>
Change in net position	<u>\$ 5,319,697</u>	<u>\$ 78,025,488</u>

NOTE 13: COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes, including reimbursement of mandated costs, which are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

Litigation

The District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

**NOTE 14: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS
ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2019, that have effective dates that will impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 84, Fiduciary Activities

Issued in January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activities and (2) the beneficiary with whom a fiduciary relationship exists. The statement is effective for the fiscal year 2019-20.

Statement No. 87 – Leases

This statement was issued in June 2017 and addresses accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The statement is effective for the fiscal year 2020-21

Statement No. 90 – Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61

The statement modifies previous guidance for reporting a majority equity interest in a legally separate organization and provides guidance for reporting a component unit if 100 percent equity interest is acquired in that component unit. The statement is effective for the fiscal year 2019-20.

Statement No. 91 – Conduit Debt Obligations

The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement is effective for the fiscal year 2021-22.

REQUIRED SUPPLEMENTARY INFORMATION

PLEASANT VALLEY SCHOOL DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2019**

	Budgetary Amounts - General Fund		Actual Amounts
	Original	Final	General Fund
Revenues			
Local control funding formula sources:			
State apportionments	\$ 30,542,454	30,190,929	\$ 28,872,461
Local sources	20,878,356	21,829,233	23,466,707
Total local control funding formula sources:	51,420,810	52,020,162	52,339,168
Federal sources	2,664,572	2,903,110	2,581,015
Other state sources	3,637,132	4,472,955	9,965,940
Other local sources	5,986,525	6,610,451	7,544,947
Total Revenues	<u>63,709,039</u>	<u>66,006,678</u>	<u>72,431,070</u>
Expenditures			
Certificated salaries	29,296,947	29,879,083	30,377,409
Classified salaries	9,144,491	9,557,681	9,737,855
Employee benefits	13,825,388	15,443,935	19,781,072
Books and supplies	3,199,074	2,632,285	2,093,047
Services and other operating expenditures	6,352,889	7,002,204	6,410,230
Capital outlay	80,000	318,123	10,631
Other outgo	1,754,893	1,557,534	2,011,849
Total Expenditures	<u>63,653,682</u>	<u>66,390,845</u>	<u>70,422,093</u>
Net change in fund balances	<u>\$ 55,357</u>	<u>\$ (384,167)</u>	2,008,977
Fund Balance - Beginning of Year			<u>11,136,483</u>
Fund Balance - End of Year			<u>\$ 13,145,460</u>

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS – RETIREE BENEFITS PLAN**

For the Fiscal Year Ended June 30, 2019

Total OPEB Liability - Retiree Benefits Plan	2018	2019
Service cost	\$ 206,341	\$ 212,015
Interest	359,442	325,183
Employer contributions	(725,030)	(754,031)
Changes in assumptions	-	214,918
Net change in total OPEB liability	(159,247)	(1,915)
Total OPEB liability - beginning	9,721,190	9,561,943
Total OPEB liability - ending	\$ 9,561,943	\$ 9,560,028
 Covered employee payroll	 \$ 39,185,756	 \$ 39,185,756
 Net OPEB liability (asset) as a percentage of covered-employee payroll	 24.40%	 24.40%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY – MEDICARE PREMIUM PAYMENT PLAN
For the Fiscal Year Ended June 30, 2019**

<u>Total OPEB Liability - Medicare Premium Payment Program</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.140%	0.084%
District's proportionate share of the net OPEB liability	\$ 588,991	\$ 321,526
Covered-employee payroll	N/A	N/A
Net OPEB liability (asset) as a percentage of covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%	-0.40%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

Plan participants are limited to retirees; therefore covered-employee payroll is not applicable.

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2019**

<u>California State Teachers' Retirement Plan System - State Teachers' Retirement Plan</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.0480%	0.0550%	0.0560%	0.0540%	0.0540%
District's proportionate share of the net pension liability	\$ 28,049,760	\$ 37,028,200	\$ 45,293,360	\$ 49,939,200	\$ 49,629,780
State's proportionate share of the net pension liability associated with the District	16,937,826	19,583,783	25,788,498	29,543,849	28,415,509
Total	<u>\$ 44,987,586</u>	<u>\$ 56,611,983</u>	<u>\$ 71,081,858</u>	<u>\$ 79,483,049</u>	<u>\$ 78,045,289</u>
District's covered payroll	\$ 24,300,000	\$ 25,650,000	\$ 27,770,000	\$ 28,640,000	\$ 29,100,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	115%	144%	163%	174%	171%
Plan fiduciary net position as a percentage of the total pension liability	77%	74%	70%	69%	71%
<u>California Public Employees' Retirement System - Schools Pool Plan</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.0744%	0.0770%	0.0770%	0.0755%	0.0750%
District's proportionate share of the net pension liability	\$ 8,446,212	\$ 11,349,876	\$ 15,207,548	\$ 18,023,843	\$ 19,997,361
District's covered payroll	\$ 7,800,000	\$ 8,538,000	\$ 9,230,000	\$ 9,650,000	\$ 9,920,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108%	133%	165%	187%	202%
Plan fiduciary net position as a percentage of the total pension liability	83%	79%	74%	72%	71%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2019

<u>State Teachers' Retirement System - State Teachers' Retirement Plan</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 2,278,095	\$ 2,979,394	\$ 3,602,313	\$ 4,199,622	\$ 4,774,323
Contributions in relation to the contractually required contributions	<u>2,278,095</u>	<u>2,979,394</u>	<u>3,602,313</u>	<u>4,199,622</u>	<u>4,774,323</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered payroll	 \$ 25,650,000	 \$ 27,770,000	 \$ 28,640,000	 \$ 29,100,000	 \$ 29,300,000
Contributions as a percentage of its covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%
 <u>California Public Employees' Retirement System - Schools Pool Plan</u>	 <u>2015</u>	 <u>2016</u>	 <u>2017</u>	 <u>2018</u>	 <u>2019</u>
Contractually required contribution	\$ 1,005,080	\$ 1,093,764	\$ 1,340,193	\$ 1,541,147	\$ 1,849,845
Contributions in relation to the contractually required contributions	<u>1,005,080</u>	<u>1,093,764</u>	<u>1,340,193</u>	<u>1,541,147</u>	<u>1,849,845</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered payroll	 \$ 8,538,000	 \$ 9,230,000	 \$ 9,650,000	 \$ 9,920,000	 \$ 10,240,000
Contributions as a percentage of its covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Budgetary Comparison For The General Fund

A budgetary comparison is presented for the general fund. This schedule presents the budget as originally adopted, the revised budget as of the fiscal year end, actual amounts at fiscal year end, and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

Schedule of Changes in the Total OPEB Liability and Related Ratios – Retiree Benefits Plan

The schedule is intended to show trends about the changes in the District’s actuarially determined liability for postemployment benefits other than pension associated with the District’s retiree benefits plan. The District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors.

Benefit changes – None.

Changes of Assumptions – The municipal bond rate at June 30, 2018 was 3.80% and 3.50% at June 30, 2019.

Schedule of the District’s Proportionate Share of the Net OPEB Liability – Medicare Premium Payment Plan

The schedule presents information on the District’s proportionate share of the net OPEB liability associated with the District’s Medicare Premium Payment Plan.

Schedules of District’s Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District’s proportionate share of the net pension liability, the plans’ fiduciary net position and, when applicable, the State’s proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District’s required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excesses of expenditures over appropriations, by major object accounts, occurred in the General Fund as follows:

<u>Object Account</u>	<u>Amount</u>
Certificated salaries	\$ 498,326
Classified salaries	180,174
Employee benefits *	4,337,137
Other outgo	454,315

* The excess of expenditures over appropriations for employee benefits is due to the exclusion of the STRS and PERS on-behalf contribution to the General Fund of \$5,075,663 from the budget.

SUPPLEMENTARY INFORMATION

PLEASANT VALLEY SCHOOL DISTRICT

**HISTORY AND ORGANIZATION
For the Fiscal Year Ended June 30, 2019**

The Pleasant Valley School District is comprised of an area of approximately forty-nine (49) square miles located in Ventura County. There were no changes in the boundaries of the District during the current year. The district is currently operating one pre-school, seven elementary schools, two middle schools, and two alternative (Grade K-8) schools.

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2019 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Mr. Ron Speakman	President	December 2022
Mrs. Beckie Cramer	Clerk	December 2022
Mr. Pat FitzGerald	Member	December 2020
Mrs. Suzanne Kitchens	Member	December 2020
Mr. Bob Rust	Member	December 2022

DISTRICT ADMINISTRATORS

Dr. Angelica Ramsey	Superintendent
Mr. Chris Johnston	Assistant Superintendent, Business Services
Dr. Paul Marietti	Assistant Superintendent, Human Resources
Dr. Veronica Ortega	Assistant Superintendent, Educational Services

PLEASANT VALLEY SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Fiscal Year Ended June 30, 2019**

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance, and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education.

ADA statistics reported to the state for the fiscal year ended June 30, 2019 are as follows:

	Revised Second Period	Annual
Grades Transitional Kindergarten through third:		
Regular ADA	2,663	2,667
Extended year special education	6	6
Special education - nonpublic, nonsectarian schools	-	1
Total grades transitional kindergarten through third ADA	2,669	2,674
Grades four through six:		
Regular ADA	1,941	1,939
Extended year special education	3	3
Total grades four through six ADA	1,944	1,942
Grades seven and eight:		
Regular ADA	1,415	1,413
Extended year special education	1	1
Special education - nonpublic, nonsectarian schools	3	3
Total grades seven and eight ADA	1,419	1,417
Total ADA	6,032	6,033

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2019**

Grade Level	Minute Requirement	Actual Minutes	Number of Days	
			Traditional Calendar	Status
Kindergarten	36,000	40,130	180	In Compliance
Grade 1	50,400	50,567	180	In Compliance
Grade 2	50,400	50,567	180	In Compliance
Grade 3	50,400	50,567	180	In Compliance
Grade 4	54,000	55,919	180	In Compliance
Grade 5	54,000	55,919	180	In Compliance
Grade 6	54,000	59,530	180	In Compliance
Grade 7	54,000	59,530	180	In Compliance
Grade 8	54,000	59,530	180	In Compliance

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019**

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
United States Department of Agriculture			
Pass-Through Program From California Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	13390	\$ 359,766
National School Lunch Program	10.555	13396	<u>893,063</u>
Subtotal: Child Nutrition Cluster			<u>1,252,829</u>
Total: United States Department of Agriculture			<u>1,252,829</u>
 United States Department of Education			
Pass-Through Program From California Department of Education:			
Special Education Cluster:			
IDEA Basic Local Assistance Entitlement	84.027	13379	1,299,640
IDEA Local Assistance Part B Private School ISPs	84.027	10115	4,414
IDEA Federal Preschool Grants	84.173	13430	<u>54,663</u>
Subtotal: Special Education Cluster			<u>1,358,717</u>
Every Student Succeeds Act:			
Title I, Part A - Low Income and Neglected	84.010	14329	547,004
Title II, Part A - Improving Teacher Quality	84.367	14341	107,555
Title III - Limited English Proficiency	84.365	14346	65,597
Title IV, Part A - Student Support and Academic Enrichment	84.424	15396	<u>44,506</u>
Total: United States Department of Education			<u>2,123,379</u>
 United States Department of Health and Human Services			
Pass-Through Program From California Department of Education:			
Medi-Cal Billing Option	93.778	10013	<u>29,057</u>
Total: United States Department of Health and Human Services			<u>29,057</u>
 Total Federal Programs			 <u><u>\$ 3,405,265</u></u>
 Reconciliation to Federal Revenue			
Total Federal Program Expenditures			\$ 3,405,265
Revenues in excess (deficiency) of expenditures related to Federal Entitlements:			
Medi-Cal Billing Option			(28,758)
Medi-Cal Administrative Activities (MAA)			190,560
Federal Impact Aid: Maintenance and Operations			<u>266,777</u>
Total Federal Program Revenue			<u><u>\$ 3,833,844</u></u>

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted \$101,018 of commodities under the National School Lunch Program (CFDA 10.555) which is included in the total reported above for this program.

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30, 2019**

	2020 (Budgeted)	2019	2018	2017
Revenue				
Local control funding formula sources	\$ 53,225,925	\$ 52,339,168	\$ 49,703,096	\$ 49,376,651
Federal sources	3,075,675	2,581,015	2,354,970	2,513,294
Other state sources	1,782,961	9,965,940	4,855,355	5,408,914
Other local sources	6,017,233	7,544,947	7,734,042	6,869,961
Total revenue	<u>64,101,794</u>	<u>72,431,070</u>	<u>64,647,463</u>	<u>64,168,820</u>
Expenditures				
Certificated salaries	29,871,906	30,377,409	30,193,256	29,538,604
Classified salaries	9,198,971	9,737,855	9,247,805	9,099,063
Employee benefits	14,905,794	19,781,072	15,965,348	15,636,118
Books and supplies	3,056,546	2,093,047	2,774,791	4,433,967
Services and other operating expenditures	7,077,200	6,410,230	6,108,458	5,210,721
Capital outlay	1,153,579	10,631	501,312	277,572
Other outgo	1,922,777	2,011,849	1,707,105	1,540,324
Debt service	-	-	659,497	326,963
Interfund transfers out	-	-	-	56,286
Total expenditures	<u>67,186,773</u>	<u>70,422,093</u>	<u>67,157,572</u>	<u>66,119,618</u>
Change in fund balance	<u>\$ (3,084,979)</u>	<u>\$ 2,008,977</u>	<u>\$ (2,510,109)</u>	<u>\$ (1,950,798)</u>
Ending fund balance	<u>\$ 10,060,481</u>	<u>\$ 13,145,460</u>	<u>\$ 11,136,483</u>	<u>\$ 13,646,592</u>
Available reserve	<u>\$ 2,015,078</u>	<u>\$ 1,953,575</u>	<u>\$ 2,134,133</u>	<u>\$ 5,576,677</u>
Available reserve %	3.0%	3.0%	3.2%	8.4%
ADA	<u>6,054</u>	<u>6,032</u>	<u>6,136</u>	<u>6,287</u>
Total long term debt	<u>\$ 143,443,607</u>	<u>\$ 149,178,607</u>	<u>\$ 106,184,255</u>	<u>\$ 101,352,989</u>

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund.

For a District this size, the state recommends a 3% reserve of total General Fund expenditures, transfers out and other uses. The state on-behalf payments to CalSTRS & CalPERS have been excluded from the calculation of available reserve %. For all years presented, the District has met or is projected to meet the reserve requirement.

The 2020 budget is the original budget adopted on June 20, 2019.

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
For the Fiscal Year Ended June 30, 2019**

<u>Charter School Number</u>	<u>Charter School</u>	<u>Included in District Audit Report</u>
0464	University Preparation Charter School at CSU Channel Islands	No

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT
RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT
WITH THE AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

There were no differences between the fund balances reported on the June 30, 2019 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has met or exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46207 through 46208.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal governmental for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District did not have any sub-recipients during the year. The District did not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Financial Trends and Analysis

The *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.

Schedule of Charter Schools

The *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the annual Financial and Budget Report form to the audited financial statements.

OPTIONAL SUPPLEMENTARY INFORMATION

PLEASANT VALLEY SCHOOL DISTRICT

**COMBINING BALANCE SHEET
BUILDING FUND
June 30, 2019**

	Building Fund	Building Fund - Measure C	Total Building Funds
<u>Assets</u>			
Cash in county treasury	\$ 280,387	\$ 37,575,027	\$ 37,855,414
Accounts receivable	2,682	364,780	367,462
Due from other funds	-	478,945	478,945
Total Assets	\$ 283,069	\$ 38,418,752	\$ 38,701,821
 <u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Accounts payable	\$ -	\$ 1,249,962	\$ 1,249,962
Total Liabilities	-	1,249,962	1,249,962
 <u>Fund Balances</u>			
Restricted	283,069	37,168,790	37,451,859
Total Fund Balances	283,069	37,168,790	37,451,859
Total Liabilities and Fund Balances	\$ 283,069	\$ 38,418,752	\$ 38,701,821

See the accompanying notes to the optional supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUILDING FUND
June 30, 2019**

	Building Fund	Building Fund - Measure C	Total Building Funds
Revenues			
Other local sources	\$ 6,890	\$ 712,003	\$ 718,893
Total Revenues	6,890	712,003	718,893
Expenditures			
General administration	-	160,000	160,000
Plant services	37,321	3,383,213	3,420,534
Total Expenditures	37,321	3,543,213	3,580,534
Deficiency of revenues over expenditures	(30,431)	(2,831,210)	(2,861,641)
Other Financing Sources			
Proceeds from sale of bonds	-	40,000,000	40,000,000
Total Other Financing Sources	-	40,000,000	40,000,000
Net changes in fund balance	(30,431)	37,168,790	37,138,359
Fund Balances at Beginning of Year	313,500	-	313,500
Fund Balances at End of Year	\$ 283,069	\$ 37,168,790	\$ 37,451,859

See the accompanying notes to the optional supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2019

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
<u>Assets</u>					
Cash in county treasury	\$ 905,553	\$ 603,231	\$ 1,128,006	\$ 4,628,665	\$ 7,265,455
Accounts receivable	39,843	229,071	5,812	44,066	318,792
Total Assets	\$ 945,396	\$ 832,302	\$ 1,133,818	\$ 4,672,731	\$ 7,584,247
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 44,833	\$ 56,434	\$ 47,064	\$ 84,740	\$ 233,071
Due to other funds	140,261	99,462	184,128	10,621	434,472
Unearned revenue	13,956	-	-	-	13,956
Total Liabilities	199,050	155,896	231,192	95,361	681,499
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	676,406	-	4,577,370	5,253,776
Committed	-	-	902,626	-	902,626
Assigned	746,346	-	-	-	746,346
Total Fund Balances	746,346	676,406	902,626	4,577,370	6,902,748
Total Liabilities and Fund Balances	\$ 945,396	\$ 832,302	\$ 1,133,818	\$ 4,672,731	\$ 7,584,247

See the accompanying notes to the optional supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019**

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
Revenues					
Local control funding formula sources:					
State apportionments	\$ -	\$ -	\$ 488,212	\$ -	\$ 488,212
Federal sources	-	1,252,829	-	-	1,252,829
Other state sources	396,303	122,839	-	-	519,142
Other local sources	1,840,681	725,839	52,727	898,430	3,517,677
Total Revenues	<u>2,236,984</u>	<u>2,101,507</u>	<u>540,939</u>	<u>898,430</u>	<u>5,777,860</u>
Expenditures					
Instruction	3,934	-	-	-	3,934
Instruction - related services	114,003	-	-	-	114,003
Pupil services	16,595	1,970,190	-	-	1,986,785
Community services	1,802,236	-	-	-	1,802,236
General administration	133,299	99,287	-	-	232,586
Plant services	178,183	-	254,427	2,182,164	2,614,774
Total Expenditures	<u>2,248,250</u>	<u>2,069,477</u>	<u>254,427</u>	<u>2,182,164</u>	<u>6,754,318</u>
Net changes in fund balance	(11,266)	32,030	286,512	(1,283,734)	(976,458)
Fund Balances at Beginning of Year	<u>757,612</u>	<u>644,376</u>	<u>616,114</u>	<u>5,861,104</u>	<u>7,879,206</u>
Fund Balances at End of Year	<u>\$ 746,346</u>	<u>\$ 676,406</u>	<u>\$ 902,626</u>	<u>\$ 4,577,370</u>	<u>\$ 6,902,748</u>

See the accompanying notes to the optional supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**NOTES TO THE OPTIONAL SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

NOTE 1: PURPOSE OF SCHEDULES

Combining Fund Financial Statements

The combining fund balance sheets and statements of revenues, expenditures and changes in fund balance for the building fund and the non-major governmental funds have been presented to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements.

OTHER INDEPENDENT AUDITORS' REPORT



**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***

Board of Trustees
Pleasant Valley School District
Camarillo, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Valley School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2019.

Internal Control Over Financial Reporting

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

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

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

**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***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 6, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Board of Trustees
Pleasant Valley School District
Camarillo, California

Report on Compliance for Each Major Federal Program

We have audited Pleasant Valley School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 6, 2019



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Pleasant Valley School District
Camarillo, California

We have audited the Pleasant Valley School District's (the District) compliance with the types of compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2019. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

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

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No ¹
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Yes
Charter Schools:	
Attendance	No ²
Mode of Instruction	No ²
Nonclassroom Based Instruction/Independent Study	No ²
Determination of Funding for Nonclassroom Based Instruction	No ²
Annual Instructional Minutes – Classroom Based	No ²
Charter School Facility Grant Program	No ²

¹Testing was not performed because the independent study ADA was under the level which requires testing.

²The testing for Charter Schools was done by each school's respective auditor.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2019.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP
Glendora, California
December 6, 2019

FINDINGS AND QUESTIONED COSTS

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal awards:

Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified? Yes X None Reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of Major Federal Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO THE FINANCIAL STATEMENTS
June 30, 2019

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the financial statements for June 30, 2019.

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2019

There were no findings and questioned costs related to federal awards for June 30, 2019.

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
June 30, 2019

There were no findings and questioned costs related to state awards for June 30, 2019.

PLEASANT VALLEY SCHOOL DISTRICT

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2019**

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the year ended June 30, 2018.

