NEW ISSUE – FULL BOOK-ENTRY

RATINGS: Fitch: **"AAA"**
Moody's: "Aa3"
See "RATINGS" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Series A Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest on the Series A Bonds is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Series A Bonds is exempt from California personal income taxes. See *"TAX MATTERS."*

$70,000,000
SIMI VALLEY UNIFIED SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds
Election of 2016, Series A

Dated: Date of Delivery **Due: August 1, as shown on inside front cover**

Authority and Purpose. The captioned bonds (the "Series A Bonds") are being issued by the Simi Valley Unified School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Education of the District adopted on April 20, 2017 (the "Bond Resolution"). The Series A Bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of $239,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities (the "2016 Authorization"). The Series A Bonds are the first series of bonds to be issued pursuant to the 2016 Authorization. See "THE SERIES A BONDS – Authority For Issuance" and "THE FINANCING PLAN" herein.

Security. The Series A Bonds are general obligations of the District, payable solely from **ad valorem** property taxes levied and collected by Ventura County (the "County"). The County Board of Supervisors is empowered and obligated to annually levy **ad valorem** taxes for the payment of interest on, and principal of, the Series A Bonds upon all property subject to taxation in the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District may issue other series of general obligation bonds secured by tax levies on a parity basis with the Series A Bonds. See "SECURITY FOR THE SERIES A BONDS."

Book-Entry Only. The Series A Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interests in the Series A Bonds. See "THE SERIES A BONDS" and Appendix F.

Payments. The Series A Bonds are being issued as current interest bonds. The Series A Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2018. Payments of principal of and interest on the Series A Bonds will be paid by U.S. Bank National Association, the designated paying agent, registrar and transfer agent for the Series A Bonds (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Series A Bonds. See "THE SERIES A BONDS - Description of the Series A Bonds."

Redemption. The Series A Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES A BONDS – Redemption."

MATURITY SCHEDULE
(See inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Series A Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series A Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Kutak Rock LLP, Denver, Colorado, is serving as counsel to the Underwriter. It is anticipated that the Series A Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about June 29, 2017.

STIFEL

The date of this Official Statement is June 14, 2017.

MATURITY SCHEDULE

SIMI VALLEY UNIFIED SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds
Election of 2016, Series A

Base CUSIP[†]: 828641

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2018	$7,100,000	2.000%	0.820%	VV9
2019	4,570,000	3.000	0.920	VW7
2027	735,000	5.000	2.020	VX5
2028	890,000	5.000	2.230 [C]	VY3
2029	1,055,000	5.000	2.380 [C]	VZ0
2030	1,235,000	3.000	2.860 [C]	WA4
2031	1,405,000	3.250	2.970 [C]	WB2
2032	1,585,000	3.500	3.060 [C]	WC0
2033	1,785,000	3.750	3.130 [C]	WD8
2034	2,000,000	4.000	3.110 [C]	WE6
2035	2,230,000	4.000	3.160 [C]	WF3
2036	2,475,000	4.000	3.200 [C]	WG1
2037	2,740,000	4.000	3.240 [C]	WH9
2038	3,020,000	5.000	2.860 [C]	WL0
2039	3,345,000	5.000	2.880 [C]	WM8
2040	3,695,000	5.000	2.900 [C]	WN6
2041	4,070,000	3.375	3.560	WJ5

$26,065,000 – 4.000% Term Bond due August 1, 2046; Yield: 3.380 [C] %; CUSIP†: 828641 WK2

[C] Priced to the par call date of August 1, 2027.

[†] *CUSIP Copyright 2017, CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.*

SIMI VALLEY UNIFIED SCHOOL DISTRICT
(VENTURA COUNTY, CALIFORNIA)

DISTRICT ADMINISTRATION

Jason Peplinski, *Superintendent*
Ron Todo, *Associate Superintendent of Business & Facilities*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Isom Advisors, a Division of Urban Futures, Inc.
Walnut Creek, California

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

PAYING AGENT, TRANSFER AGENT AND BOND REGISTRAR

U.S. Bank National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Series A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market prices of the Series A Bonds at levels above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Series A Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Series A Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Series A Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Series A Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Website. The District maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series A Bonds.

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$70,000,000
SIMI VALLEY UNIFIED SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds
Election of 2016, Series A

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the general obligation bonds captioned above (the "**Series A Bonds**") by the Simi Valley Unified School District (the "**District**").

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of Series A Bonds to potential investors is made only by means of the entire Official Statement.

The District. The District was formed in 1936 and is composed of an area of approximately 90 square miles, located in the southeastern portion of Ventura County (the "**County**"). The District operates eighteen elementary schools, three middle schools, three high schools, one continuation school, one adult school, and one alternative education program. Total enrollment for the 2016-17 academic year is projected at 17,164 students.

For more information regarding the District and its finances, see Appendix B attached hereto. See also Appendix C hereto for demographic and other statistical information regarding the City of Simi Valley and the County.

Purpose. The net proceeds of the Series A Bonds will be used to finance construction and improvements to school facilities, as approved by the voters at an election held in the District on November 8, 2016 (the "**Bond Election**"). See "THE FINANCING PLAN" herein.

Authority for Issuance of the Series A Bonds. Issuance of the Series A Bonds was approved by the requisite 55% of the voters of the District voting at the Bond Election and the Series A Bonds will be issued pursuant to certain provisions of the Government Code of the State, commencing with Section 53506 thereof (the "**Bond Law**"), and pursuant to a resolution adopted by the Board of Education of the District on April 20, 2017 (the "**Bond Resolution**"). See "THE SERIES A BONDS - Authority for Issuance" herein.

Payment and Registration of the Series A Bonds. The Series A Bonds are being issued as current interest bonds. The Series A Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Series A Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company ("**DTC**"). Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE SERIES A BONDS" and Appendix F.

Redemption. The Series A Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES A BONDS – Redemption."

Security and Sources of Payment for the Series A Bonds. The Series A Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied and collected by the County. The County is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Series A Bonds upon all property subject to taxation in the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). Prior to the issuance of the Series A Bonds, the District has general obligation bonds outstanding, and may issue other series of general obligation bonds in the future that will be secured by tax levies on a parity basis with the Series A Bonds. See "DEBT SERVICE SCHEDULES - Combined Debt Service Table" and "SECURITY FOR THE SERIES A BONDS."

Continuing Disclosure. The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Series A Bonds in the form attached hereto as Appendix E. See "CONTINUING DISCLOSURE."

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Series A Bonds is available from the District from the Superintendent's Office at 875 East Cochran Street, Simi Valley, California 93065, Telephone: (805) 306-4500. The District may impose a charge for copying, mailing and handling.

THE FINANCING PLAN

The proceeds of the Series A Bonds will be used to finance projects approved by more than the requisite 55 percent of District voters at the Bond Election. The abbreviated form of the ballot measure is as follows:

> *"To improve the quality of education; modernize and upgrade outdated classrooms, science labs, restrooms and school facilities; repair and replace leaky roofs; upgrade or renovate inadequate electrical and deteriorating plumbing and sewer systems; improve student access to computers/modern technology; and make health, safety and handicapped accessibility improvements, shall Simi Valley Unified School District issue $239,000,000 of bonds at legal interest rates, include an independent citizens' oversight committee, NO money for administrative salaries or be taken by the state?"*

The Series A Bonds described herein represent the first series of bonds to be issued pursuant to the authority of the Bond Election. Following this issuance of the Series A Bonds, the principal amount remaining under the 2016 Authorization will be $169,000,000.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series A Bonds are as follows:

Sources of Funds	
Principal Amount of Series A Bonds	$70,000,000.00
Net Original Issue Premium	4,923,421.40
Total Sources	$74,923,421.40
Uses of Funds	
Building Fund	$70,000,000.00
Debt Service Fund	4,440,921.40
Costs of Issuance (1)	482,500.00
Total Uses	$74,923,421.40

(1) All estimated costs of issuance of the District including, but not limited to, Underwriter's discount, printing costs, fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Paying Agent, bond insurance premium and the rating agencies.

APPLICATION OF PROCEEDS OF SERIES A BONDS

Building Fund

The proceeds from the sale of the Series A Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Bond Resolution and known as the "Simi Valley Unified School District, Election of 2016, Series A Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Series A Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Series A Bonds not needed for the authorized purposes for which the Series A Bonds are being issued shall be transferred to the Debt Service Fund (as defined below) and applied to the payment of principal of and interest on the Series A Bonds. If, after payment in full of the Series A Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Debt Service Fund

The accrued interest and any premium received by the County from the sale of the Series A Bonds will be deposited in a separate fund known as the "Simi Valley Unified School District, Election of 2016, Series A Debt Service Fund" (the "**Debt Service Fund**") which, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the Series A Bonds. Interest earnings on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund and used by the County to pay the principal of and interest on the Series A Bonds when due.

Investment of Proceeds of Series A Bonds

Under California law, the District is generally required to pay all monies received from any source into the County Treasury to be held on behalf of the District. The proceeds of the Series A Bonds to be deposited in the Building Fund and the Debt Service Fund initially will be deposited in the Treasury of the County which is administered by the County Treasurer (the "**Treasurer**"). All moneys held in any of the funds or accounts established with the County hereunder will be invested in Authorized Investments (defined in the Bond Resolution to include the County Investment Pool, the Local Agency Investment Fund of the California State Treasurer, any investments authorized pursuant to Sections 53601 and 53635 of the California Government Code, and investment agreements, including guaranteed investment contracts, float contracts or other investment products, provided that such agreements comply with the requirements of Section 148 of the Tax Code). Obligations purchased as an investment of moneys in any fund or account will be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder will be deposited in the fund or account from which such investment was made, and will be expended for the purposes thereof.

For a description of the County's investment policy and recent investment report, see Appendix G. Monies on deposit in the Building Fund and the Debt Service Fund will be accounted for separately from other moneys held by the Treasurer.

THE SERIES A BONDS

Authority for Issuance

The Series A Bonds will be issued under the Bond Law and the Bond Resolution. The Series A Bonds were authorized at an election of the registered voters of the District held on November 8, 2016 (the "**2016 Authorization**"), which authorized the issuance of $239,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Series A Bonds represent the first series of bonds issued pursuant to the 2016 Authorization. Following this issuance of the Series A Bonds, the principal amount remaining under the 2016 Authorization will be $169,000,000.

Description of the Series A Bonds

The Series A Bonds are being issued as current interest bonds. The Series A Bonds mature in the years and in the amounts, and bear interest at the rates per annum, as set forth on the inside cover page hereof. Interest shall be computed based on a 360-day year of twelve 30-day months. The Series A Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Series A Bonds. See "Book-Entry Only System" below and Appendix F.

The Series A Bonds shall be issued in denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Series A Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2018 (each, an "**Interest Payment Date**"). Each Series A Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "**Record Date**"), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2018, in which event it will bear interest from the Closing Date identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Series A Bond is in default at the time of authentication thereof, such Series A Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Series A Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Series A Bonds.

See the maturity schedule on the inside cover page of this Official Statement and "DEBT SERVICE SCHEDULES" herein.

Book-Entry Only System

The Series A Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchasers of the Series A Bonds (the "**Beneficial Owners**") will not receive physical certificates representing their interest in the Series A Bonds. Payments of principal of and interest on the Series A Bonds will be paid by U.S. Bank National Association, the designated paying agent for the Series A Bonds (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Series A Bonds.

As long as DTC's book-entry method is used for the Series A Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Series A Bonds called for prepayment or of any other action premised on such notice. See Appendix F.

The Paying Agent, the District, and the Underwriter of the Series A Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Series A Bonds.

Redemption

Optional Redemption. The Series A Bonds maturing on or prior to August 1, 2027 are not subject to optional redemption prior to maturity. The Series A Bonds maturing on or after August 1, 2028 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2027, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

For the purpose of selection for optional redemption, Series A Bonds will be deemed to consist of $5,000 portions, and any such portion may be separately redeemed. Whenever less than all of the outstanding Series A Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Series A Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Series A Bond will be deemed to consist of individual bonds of $5,000 portions. The Series A Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption. The Series A Bonds maturing on August 1, 2046 (the "**Term Bonds**") are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Term Bonds Maturing August 1, 2046

Redemption Date (August 1)	Sinking Fund Redemption
2042	$4,405,000
2043	4,785,000
2044	5,190,000
2045	5,615,000
2046 (maturity)	6,070,000

If any such Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

Notice of Redemption

The Paying Agent is required to give notice of the redemption of the Series A Bonds, at the expense of the District, at least 20 but no more than 60 days prior to the redemption date. Notice of any redemption of Series A Bonds shall specify: (a) the Series A Bonds or designated portions thereof (in the case of redemption of the Series A Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Series A Bonds to be redeemed, (f) the Series A Bond numbers of the Series A Bonds to be redeemed in whole or in part and, in the case of any Series A Bond to be redeemed in part only, the principal amount of such Series A Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Series A Bond to be redeemed in whole or in part. Such notice shall further state that on the specified date there shall become due and payable upon each Series A Bond or portion thereof being redeemed the redemption price thereof, and that from and after such date, interest thereon shall cease to accrue.

Neither failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Series A Bonds.

Partial Redemption of Series A Bonds

Upon the surrender of any Series A Bond redeemed in part only, the Paying Agent shall authenticate and deliver to the owner thereof a new Series A Bond or Bonds of like tenor and maturity and of authorized denominations equal in transfer amounts to the unredeemed portion of the Series A Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Right to Rescind Notice of Redemption

The District has the right to rescind any notice of the optional redemption of Series A Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series A Bonds then called for redemption. The District and the Paying Agent have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolution.

Registration, Transfer and Exchange of Series A Bonds

If the book-entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Series A Bonds.

If the book-entry system is discontinued, the person in whose name a Series A Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Series A Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided the Bond Resolution.

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Los Angeles, California for a like aggregate principal amount of Series A Bonds of authorized denominations and of the same maturity. Any Series A Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book-entry only status of the Series A Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Series A Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series A Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

No exchanges of Series A Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Series A Bonds for redemption until the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Series A Bond after such Series A Bond has been selected or called for redemption in whole or in part.

Defeasance

The Series A Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

(a) by paying or causing to be paid the principal or redemption price of and interest on such Series A Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Series A Bonds; or

(c) by delivering such Series A Bonds to the Paying Agent for cancellation by it.

Whenever in the Bond Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Series A Bonds, the money or securities so to be deposited or held may be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under the Bond Resolution and will be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Series A Bonds and all unpaid interest thereon to maturity, except that, in the case of Series A Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Series A Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Series A Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Series A Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Series A Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the County and the District in respect of such Series A Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Series A Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

"**Federal Securities**" means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

DEBT SERVICE SCHEDULES

Series A Bonds Debt Service. The following table shows the debt service schedule with respect to the Series A Bonds, assuming no optional redemptions.

SIMI VALLEY UNIFIED SCHOOL DISTRICT
Series A Bonds Debt Service Schedule

Bond Year Ending August 1	Principal	Interest	Total Debt Service
2018	$7,100,000.00	$2,917,119.72	$10,017,119.72
2019	4,570,000.00	2,536,987.50	7,106,987.50
2020	--	2,399,887.50	2,399,887.50
2021	--	2,399,887.50	2,399,887.50
2022	--	2,399,887.50	2,399,887.50
2023	--	2,399,887.50	2,399,887.50
2024	--	2,399,887.50	2,399,887.50
2025	--	2,399,887.50	2,399,887.50
2026	--	2,399,887.50	2,399,887.50
2027	735,000.00	2,399,887.50	3,134,887.50
2028	890,000.00	2,363,137.50	3,253,137.50
2029	1,055,000.00	2,318,637.50	3,373,637.50
2030	1,235,000.00	2,265,887.50	3,500,887.50
2031	1,405,000.00	2,228,837.50	3,633,837.50
2032	1,585,000.00	2,183,175.00	3,768,175.00
2033	1,785,000.00	2,127,700.00	3,912,700.00
2034	2,000,000.00	2,060,762.50	4,060,762.50
2035	2,230,000.00	1,980,762.50	4,210,762.50
2036	2,475,000.00	1,891,562.50	4,366,562.50
2037	2,740,000.00	1,792,562.50	4,532,562.50
2038	3,020,000.00	1,682,962.50	4,702,962.50
2039	3,345,000.00	1,531,962.50	4,876,962.50
2040	3,695,000.00	1,364,712.50	5,059,712.50
2041	4,070,000.00	1,179,962.50	5,249,962.50
2042	4,405,000.00	1,042,600.00	5,447,600.00
2043	4,785,000.00	866,400.00	5,651,400.00
2044	5,190,000.00	675,000.00	5,865,000.00
2045	5,615,000.00	467,400.00	6,082,400.00
2046	6,070,000.00	242,800.00	6,312,800.00
Total	$70,000,000.00	$54,920,032.22	$124,920,032.22

Combined Debt Service Table. The following table shows the combined annual debt service schedule with respect to all outstanding general obligation bonds of the District, assuming no optional redemptions. See Appendix B under the heading "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations - General Obligation Bonds" for additional information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT
Combined Annual Debt Service Schedule
All Outstanding General Obligation Debt

Year Ending (Aug. 1)	2004 GO Refunding Bonds	GO Bonds, Election of 2004, Series A	GO Bonds, Election of 2004, Series B	GO Bonds, Election of 2004, Series C	2007 GO Refunding Bonds	2012 GO Refunding Bonds	2013 GO Refunding Bonds	2016 GO Refunding Bonds	2017 GO Refunding Bonds	Series A Bonds	Aggregate Debt Service
2017	$557,000.00	--	$650,000.00	$6,77,200.00	$3,451,658.92	$569,721.60	$377,450.00	$258,054.03	$1,921,639.58	--	$7,785,524.13
2018	561,750.00	--	850,000.00	--	--	--	1,147,450.00	421,950.00	6,439,250.00	$10,017,119.72	19,437,519.72
2019		--	--	--	--	--	1,251,650.00	489,600.00	7,433,250.00	7,106,987.50	16,281,487.50
2020	--	--	--	--	--	--	1,360,450.00	511,800.00	7,739,500.00	2,399,887.50	12,011,637.50
2021	--	--	--	--	--	--	1,468,450.00	532,600.00	8,064,500.00	2,399,887.50	12,465,437.50
2022	--	--	--	--	--	--	1,575,450.00	557,000.00	8,401,000.00	2,399,887.50	12,933,337.50
2023	--	--	--	--	--	--	1,736,250.00	579,800.00	8,752,000.00	2,399,887.50	13,467,937.50
2024	--	--	--	--	--	--	1,842,750.00	601,000.00	9,115,250.00	2,399,887.50	13,958,887.50
2025	--	--	--	2,110,000.00	--	--	–	630,600.00	9,493,500.00	2,399,887.50	14,633,987.50
2026	--	--	--	3,280,000.00	--	--	–	653,200.00	9,889,250.00	2,399,887.50	16,222,337.50
2027	--	--	--	4,640,000.00	--	--	–	624,000.00	9,444,750.00	3,134,887.50	17,843,637.50
2028	--	--	--	16,640,000.00	--	--	–	--	--	3,253,137.50	19,893,137.50
2029	--	$6,460,000.00	--	11,495,000.00	--	--	–	--	--	3,373,637.50	21,328,637.50
2030	--	--	--	19,495,000.00	--	--	–	--	--	3,500,887.50	22,995,887.50
2031	--	--	--	20,585,000.00	--	--	–	--	--	3,633,837.50	24,218,837.50
2032	--	--	--	21,720,000.00	--	--	–	--	--	3,768,175.00	25,488,175.00
2033	--	--	--	--	--	--	–	--	--	3,912,700.00	3,912,700.00
2034	--	--	--	--	--	--	–	--	--	4,060,762.50	4,060,762.50
2035	--	--	--	--	--	--	–	--	--	4,210,762.50	4,210,762.50
2036	--	--	--	--	--	--	–	--	--	4,366,562.50	4,366,562.50
2037	--	--	--	--	--	--	–	--	--	4,532,562.50	4,532,562.50
2038	--	--	--	--	--	--	–	--	--	4,702,962.50	4,702,962.50
2039	--	--	--	--	--	--	–	--	--	4,876,962.50	4,876,962.50
2040	--	--	--	--	--	--	–	--	--	5,059,712.50	5,059,712.50
2041	--	--	--	--	--	--	–	--	--	5,249,962.50	5,249,962.50
2042	--	--	--	--	--	--	–	--	--	5,447,600.00	5,447,600.00
2043	--	--	--	--	--	--	–	--	--	5,651,400.00	5,651,400.00
2044	--	--	--	--	--	--	–	--	--	5,865,000.00	5,865,000.00
2045	--	--	--	--	--	--	–	--	--	6,082,400.00	6,082,400.00
2046	--	--	--	--	--	--	–	--	--	6,312,800.00	6,312,800.00
Total	$1,118,750.00	$6,460,000.00	$1,500,000.00	$99,965,000.00	$3,451,658.92	$569,721.60	$10,759,900.00	$5,859,604.03	$86,693,889.58	$124,920,032.22	$341,298,556.35

SECURITY FOR THE SERIES A BONDS

General

Ad Valorem *Tax Collections.* The Series A Bonds are general obligations of the District, payable by the District solely from *ad valorem* property taxes levied and collected by the County. The County is empowered and is obligated to annually levy such *ad valorem* taxes upon all property within the District subject to taxation in the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates), as security for the Series A Bonds as described herein.

***Other Bonds Payable from* Ad Valorem *Property Taxes*.** In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "- Typical Tax Rates" and "- Direct and Overlapping Debt" below.

Levy and Collection. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the District's timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund established for the Series A Bonds, which is maintained by the County and which is irrevocably pledged by the District for its payment of principal of and interest on the Series A Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

Statutory Lien on Ad Valorem Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Series A Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the County for the District to repay the Series A Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Series A Bonds. Fluctuations in the annual debt service on the Series A Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate.

Ad Valorem Property Taxation

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "**secured roll**" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "**unsecured roll**."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Tax Collector and Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the owner.

Assessed Valuations

General. The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. For a discussion of how properties currently are assessed, see Appendix B under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Assessed Valuation History. Shown in the following table are the recent assessed valuations for the District.

SIMI VALLEY UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Year 2005-06 through Fiscal Year 2016-17

Tax Year	Local Secured	Utility	Unsecured	Total	Percent Change
2005-06	$12,263,831,136	$4,167,913	$327,727,743	$12,595,726,792	--
2006-07	14,181,231,361	3,895,092	376,284,253	14,561,410,706	15.61%
2007-08	15,390,228,412	2,626,282	411,810,667	15,804,665,361	8.54
2008-09	15,679,523,146	2,626,282	417,237,431	16,099,386,859	1.86
2009-10	14,950,529,204	2,626,282	416,465,618	15,369,621,104	(4.53)
2010-11	14,882,434,760	2,322,792	398,212,027	15,282,969,579	(0.56)
2011-12	14,759,941,201	2,322,792	391,584,644	15,153,848,637	(0.84)
2012-13	14,672,076,903	2,322,792	382,210,937	15,056,610,632	(0.64)
2013-14	15,192,941,436	2,322,792	370,824,871	15,566,089,099	3.38
2014-15	16,037,148,533	2,322,792	375,278,656	16,414,749,981	5.45
2015-16	16,760,272,938	144,746	359,636,218	17,120,053,902	4.30
2016-17	17,507,295,936	144,746	369,632,000	17,877,072,682	4.42

Source: California Municipal Statistics, Inc.

As shown in the table above, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation may result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

With respect to droughts specifically, the State of California recently faced years of water shortfalls, and on January 17, 2014, the Governor declared a state of drought emergency, calling on Californians to conserve water. As part of his declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Thereafter, the California State Water Resources Control Board issued a statewide notice of water shortages and potential future curtailment of water right diversions. The drought emergency ended in April of 2017 for all of but four counties in the State, and the Governor, by executive order, extended conservation measures indefinitely in preparation for future periods of drought.

Assessed Valuation by Land Use. The property in the District is largely residential. The following table shows a breakdown of local secured property assessed value and parcels by land use within the District for fiscal year 2016-17.

SIMI VALLEY UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2016-17

	2016-17 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	$127,431,388	0.73%	187	0.46%
Commercial/Office	1,528,038,123	8.73	556	1.36
Vacant Commercial	17,419,399	0.10	56	0.14
Industrial	716,598,099	4.09	283	0.69
Vacant Industrial	39,745,174	0.23	67	0.16
Recreational	38,815,201	0.22	11	0.03
Government/Social/Institutional	43,971,734	0.25	88	0.22
Miscellaneous	25,275,708	0.14	61	0.15
Subtotal Non-Residential	$2,537,294,826	14.49%	1,309	3.20%
Residential:				
Single-Family Residence	$12,414,141,386	70.91%	31,872	78.01%
Condominium/Townhouse	1,586,027,171	9.06	5,581	13.66
Mobile Home	20,136,369	0.12	408	1.00
Mobile Home Park	34,013,933	0.19	15	0.04
Hotel/Motel	47,621,740	0.27	6	0.01
2-4 Residential Units	52,785,232	0.30	135	0.33
5+ Residential Units/Apartments	624,194,021	3.57	77	0.19
Miscellaneous Residential	1,933,352	0.01	10	0.02
Vacant Residential	189,147,906	1.08	1,442	3.53
Subtotal Residential	$14,970,001,110	85.51%	39,546	96.80%
Total	$17,507,295,936	100.00%	40,855	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation by Jurisdiction. The following table shows a breakdown of local secured property assessed value by jurisdiction for fiscal year 2016-17.

SIMI VALLEY UNIFIED SCHOOL DISTRICT
2016-17 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Simi Valley	$17,322,970,698	96.90%	$17,322,970,698	100.00%
Unincorporated Ventura County	554,101,984	3.10	$20,593,994,647	2.69%
Total District	$17,877,072,682	100.00%		
Ventura County	$17,877,072,682	100.00%	$123,158,503,504	14.52%

Assessed Valuation of Single-Family Homes. The following table shows a breakdown of assessed valuation of single-family homes on a per parcel basis for fiscal year 2016-17.

SIMI VALLEY UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single-Family Homes
Fiscal Year 2016-17

	No. of Parcels	2016-17 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	31,872	$12,414,141,386	$389,500	$367,408

2016-17 Assessed Valuation	No. of Parcels(1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	400	1.255%	1.255%	$12,003,837	0.097%	0.097%
$50,000 - $99,999	2,805	8.801	10.056	198,908,134	1.602	1.699
$100,000 - $149,999	1,151	3.611	13.667	142,583,274	1.149	2.848
$150,000 - $199,999	1,693	5.312	18.979	299,957,365	2.416	5.264
$200,000 - $249,999	2,815	8.832	27.811	639,017,973	5.148	10.411
$250,000 - $299,999	3,188	10.003	37.814	877,403,817	7.068	17.479
$300,000 - $349,999	2,853	8.951	46.765	925,769,293	7.457	24.936
$350,000 - $399,999	2,842	8.917	55.682	1,064,562,127	8.575	33.512
$400,000 - $449,999	3,113	9.767	65.449	1,324,460,585	10.669	44.181
$450,000 - $499,999	2,845	8.926	74.376	1,347,599,825	10.855	55.036
$500,000 - $549,999	1,965	6.165	80.541	1,028,008,736	8.281	63.317
$550,000 - $599,999	1,422	4.462	85.003	815,970,131	6.573	69.890
$600,000 - $649,999	1,026	3.219	88.222	639,883,026	5.154	75.044
$650,000 - $699,999	824	2.585	90.807	555,144,529	4.472	79.516
$700,000 - $749,999	668	2.096	92.903	483,245,135	3.893	83.409
$750,000 - $799,999	588	1.845	94.748	454,248,575	3.659	87.068
$800,000 - $849,999	483	1.515	96.263	398,175,644	3.207	90.276
$850,000 - $899,999	365	1.145	97.408	319,286,149	2.572	92.848
$900,000 - $949,999	242	0.759	98.168	223,530,858	1.801	94.648
$950,000 - $999,999	170	0.533	98.701	165,845,452	1.336	95.984
$1,000,000 and greater	414	1.299	100.000	498,536,921	4.016	100.000
Total	31,872	100.000%		$12,414,141,386	100.000%	

(1) Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Appeals of Assessed Value

There are two types of appeals of assessed values that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8, passed in November of 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" in Appendix B.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" in Appendix B hereto.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Series A Bonds to increase accordingly, so that the fixed debt service on the Series A Bonds (and other outstanding general obligation bonds, if any) may be paid.

Typical Tax Rates

Below are historical typical tax rates in one of the tax rate areas within the District.

SIMI VALLEY UNIFIED SCHOOL DISTRICT
Typical Tax Rates per $100 of Assessed Valuation
Fiscal Years 2012-13 through 2016-17
Tax Rate Area 9-006 (1)

	2012-13	2013-14	2014-15	2015-16	2016-17
General	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Simi Valley Unified School District	.061500	.059800	.061800	.054100	.052800
Ventura County Community College District	.019100	.016700	.017600	.013000	.015500
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total Tax Rate	$1.084100	$1.080000	$1.082900	$1.076000	$1.071800

(1) 2016-17 assessed valuation of TRA 9-006 is $2,498,649,631.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies; Teeter Plan

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The tax levy for payment of the District's general obligation bonds, including the Series A Bonds, is covered under the County's Teeter Plan.

So long as the Teeter Plan remains in effect, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. On July 15, 2008, the County adopted Resolution No. 08-322, which determined that, because the "…County of Ventura Supplemental Secured Property Tax Roll is now severely delinquent and, by such delinquency, impairs, impedes and disrupts the County of Ventura's general fund cash flow…," the County discontinues the use of the Teeter Plan as it applies to the supplemental secured property tax rolls. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

Notwithstanding operation of the Teeter Plan, the following table identifies recent secured tax charges and delinquencies in the District with respect to the one percent general fund apportionment.

SIMI VALLEY UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2009-10 through 2015-16

Fiscal Year	Secured Tax Charge(1)	Amount Delinquent June 30	% Delinquent June 30
2009-10	$44,063,682.76	$1,059,268.24	2.40%
2010-11	43,923,336.38	836,203.07	1.90
2011-12	43,432,423.00	625,191.43	1.44
2012-13	43,215,267.17	592,407.30	1.37
2013-14	44,656,998.83	406,413.31	0.91
2014-15	47,238,776.29	390,603.89	0.83
2015-16	49,665,043.78	678,113.26	1.37

(1) 1% General Fund apportionment.
Source: California Municipal Statistics, Inc.

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Largest Property Owners

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2016-17. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

SIMI VALLEY UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers
Fiscal Year 2016-17

	Property Owner	Primary Land Use	2016-17 Assessed Valuation	% of Total (1)
1.	Tishman Archstone & Smith	Apartments	$119,620,839	0.68%
2.	Fountains Apt. Ltd.	Apartments	82,513,387	0.47
3.	Runkle Canyon LLC	Residential Land	81,375,864	0.46
4.	NF Creekside Apartments LLC	Apartments	72,781,267	0.42
5.	SRGMF II Country Club Simi V	Apartments	60,599,400	0.35
6.	Griffin ESS Asset REIT II	Office Building	56,975,000	0.33
7.	Waste Management of CA	Industrial	49,902,211	0.29
8.	Mountaingate LL LLC	Shopping Center	46,186,273	0.26
9.	SE-Shadow Ridge LLC	Apartments	45,002,358	0.26
10.	ESG Properties I LLC	Apartments	43,737,484	0.25
11.	Walton Simi Investors VI LLC	Shopping Center	43,200,831	0.25
12.	Simi Entertainment Plaza LLC	Shopping Center	38,345,639	0.22
13.	Miracle Mile Properties LP	Shopping Center	35,390,809	0.20
14.	RAAS Nutritionals LLC	Residential/Event Facility	32,584,000	0.19
15.	Essex Meadowood	Apartments	32,249,362	0.18
16.	Target Corp.	Commercial	30,123,959	0.17
17.	South Street Center LLC	Shopping Center	29,635,125	0.17
18.	Lowes HIW Inc.	Commercial	29,251,320	0.17
19.	Avalon Simi Hills LLC	Office Building	28,206,672	0.16
20.	NIC 12 Simi Hills Owner LLC	Office Building	28,082,711	0.16
			$985,764,511	5.63%

(1) 2016-17 local secured assessed valuation: $17,507,295,936.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc., included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

SIMI VALLEY UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of May 4, 2017

2016-17 Assessed Valuation: $17,877,072,682

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/4/17
Metropolitan Water District	0.692%	$ 518,343
Ventura County Community College District	14.520	42,230,566
SIMI VALLEY UNIFIED SCHOOL DISTRICT	**100.000**	**119,901,446**[(1)]
City of Simi Valley Community Facilities District No. 2004-1	100.000	6,400,000
City of Simi Valley 1915 Act Bonds	100.000	1,530,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$170,580,355
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Ventura County General Fund Obligations	14.516%	$50,340,762
Ventura County Superintendent of Schools Certificates of Participation	14.516	1,457,406
Simi Valley Unified School District Certificates of Participation	**100.000**	**7,445,000**
City of Simi Valley General Fund Obligations	100.000	18,525,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$77,768,168
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to Simi Valley Redevelopment Agency		$20,735,000
TOTAL OVERLAPPING TAX INCREMENT DEBT		$20,735,000
COMBINED TOTAL DEBT		$269,083,523[(2)]

Ratios to 2016-17 Assessed Valuation:
Direct Debt ($119,901,446)..0.67%
Total Direct and Overlapping Tax and Assessment Debt 0.95%
Combined Direct Debt ($92,620,827) 0.71%
Combined Total Debt 1.51%

Ratios to Redevelopment Incremental Valuation ($2,066,544,859):
Overlapping Tax Increment Debt 1.00%

(1) Excludes the Series A Bonds offered for sale hereunder.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Series A Bonds. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Series A Bonds, or the amount, accrual or receipt of interest on the Series A Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Series A Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "**original issue discount**" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Series A Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "**original issue premium**" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Series A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Series A Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Series A Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Series A Bonds who purchase the Series A Bonds after the initial offering of a substantial amount of such maturity. Owners of such Series A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series A Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Series A Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Series A Bond (said term being the shorter of the Series A Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Series A Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Series A Bond is amortized each year over the term to maturity of the Series A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium Series A Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Series A Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Series A Bonds is exempt from California personal income taxes.

Other Tax Considerations. Owners of the Series A Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series A Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Series A Bonds other than as expressly described above, including any federal tax consequences arising with respect to the ownership, sale or disposition of the Series A Bonds, or the amount, accrual or receipt of interest on the Series A Bonds.

In addition, future legislation, if enacted into law, or clarification of the Tax Code may cause interest on the Series A Bonds to be subject to, directly or indirectly, federal income taxation, or otherwise prevent owners of the Series A Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Tax Code may also affect the market price for, or marketability of, the Series A Bonds. Prospective purchasers of the Series A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

Form of Opinion. A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

CERTAIN LEGAL MATTERS

Continuing Disclosure

The District has covenanted for the benefit of holders and beneficial owners of the Series A Bonds to provide certain financial information and operating data relating to the District by not later than nine (9) months following the end of the District's fiscal year (which currently would be by March 31 each year based upon the June 30 end of the District's fiscal year), commencing March 31, 2018, with the report for the 2016-17 fiscal year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and any event notices will be filed by the District with the Municipal Securities Rulemaking Board (the "**MSRB**"). The specific nature of the information to be contained in an Annual Report or other notices is set forth in Appendix E. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "**Rule**").

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of prior general obligation bonds, refunding general obligation bonds and certificates of participation. See Appendix B under the heading "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations – General Obligation

Bonds." During the previous five years, instances of non-compliance with prior undertakings include (i) the late filing of the District's budget for fiscal year 2011-12 with respect to its prior certificates of participation; (ii) the failure to timely file material event notices for certain insured ratings changes; and (iii) the failure to link its audited financial statements and Annual Reports with the CUSIP numbers of certain outstanding maturities.

In order to assist it in complying with its disclosure undertakings, the District has engaged Isom Advisors, a Division of Urban Futures, Inc. to serve as its dissemination agent with respect to its each of its disclosure undertakings, including the Continuing Disclosure Certificate to be executed in connection with the Series A Bonds.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

Litigation

No litigation is pending or threatened concerning the validity of the Series A Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Series A Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and sell the Series A Bonds.

The District may be or may become a party to lawsuits and claims which are unrelated to the Series A Bonds or actions taken with respect to the Series A Bonds and which have arisen in the normal course of operating the District. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. In the opinion of the District, there currently are no claims or actions pending which could have a material adverse affect on the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Kutak Rock LLP, as counsel to the Underwriter, and Isom Advisors, a Division of Urban Futures, Inc., as financial advisor to the District, is contingent upon issuance of the Series A Bonds.

RATINGS

Fitch Ratings Group ("**Fitch**") has assigned its rating of "AAA" to the Series A Bonds and Moody's Investors Services ("**Moody's**") has assigned its rating of "Aa3" to the Series A Bonds. The District has provided certain additional information and materials to Fitch and Moody's (some of which may not appear in this Official Statement). Such ratings reflect only the views of Fitch and Moody's, and explanations of the significance of such ratings should be obtained from Fitch and Moody's. There is no assurance that any credit rating given to the Series A Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by Fitch and Moody's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series A Bonds.

UNDERWRITING

The Series A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, (the "**Underwriter**"). The Underwriter has agreed to purchase the Series A Bonds at a price of $74,695,921.40 which is equal to the initial principal amount of the Series A Bonds of $70,000,000.00, plus original issue premium of $4,923,421.40, less an Underwriter's discount of $227,500.00. The purchase contract relating to the Series A Bonds provides that the Underwriter will purchase all of the Series A Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell Series A Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

The Underwriter has previously sponsored events for the Simi Valley Education Foundation, a non-profit organization dedicated to providing supplemental educational resources to the District.

ADDITIONAL INFORMATION

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the Underwriter and following delivery of the Series A Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Series A Bonds.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the District.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

By: /s/ Jason Peplinski
Superintendent

APPENDIX A

DISTRICT AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2015-16

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SIMI VALLEY UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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SIMI VALLEY UNIFIED SCHOOL DISTRICT

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SIMI VALLEY UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT

Governing Board
Simi Valley Unified School District
Simi Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Simi Valley Unified School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

10681 Foothill Blvd., Suite 300 Rancho Cucamonga, CA 91730 Tel: 909.466.4410 www.vtdcpa.com Fax: 909.466.4431

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Simi Valley Unified School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the District has restated the beginning fund balance in the Financing Authority Debt Service Fund and the beginning net position of government-wide activities financial statements. The Financing Authority Debt Service Fund restatement was a result of the understatement of the assets being held for repayment of the outstanding obligations. The government-wide activities restatement of net position was a result of the overstatement of net pension liability related to the inclusion of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 19, budgetary comparison schedule on page 79, schedule of other postemployment benefits funding progress on page 80, schedule of the District's proportionate share of net pension liability on page 81, and the schedule of District contributions on page 82, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Simi Valley Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the Simi Valley Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Simi Valley Unified School District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2016

SIMI VALLEY UNIFIED SCHOOL DISTRICT

BUSINESS & FACILITIES
Ron Todo
Assistant Superintendent

This section of Simi Valley Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016, with comparative information from 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

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

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

In the Statement of Net Position and the Statement of Activities we present the District activities as follows:

Governmental Activities

The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in a separate *Statement of Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $22.4 million for the fiscal year ended June 30, 2016. Of this amount, $(107.7) million was unrestricted deficit. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use the net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

(Amounts in millions)	Governmental Activities	
	2016	(as Restated) 2015
Assets		
Current and other assets	$ 119.3	$ 124.8
Capital assets, net	251.1	223.9
Total Assets	370.4	348.7
Deferred Outflows of Resources	31.6	8.7
Liabilities		
Current liabilities	31.1	26.8
Long-term obligations	187.3	185.7
Aggregate net pension liability	131.8	110.1
Total Liabilities	350.2	322.6
Deferred Inflows of Resources	29.6	31.6
Net Position		
Net investment in capital assets	107.7	114.0
Restricted	22.4	16.2
Unrestricted (Deficit)	(107.7)	(126.9)
Total Net Position	$ 22.4	$ 3.3

The $(107.7) million in unrestricted deficit of governmental activities represents the accumulated results of all past years' operations.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 21. Table 2 takes the information from the statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

(Amounts in millions)	Governmental Activities	
	2016	2015
Revenues		
Program revenues:		
Charges for services	$ 3.7	$ 3.3
Operating grants and contributions	31.0	20.5
Capital grants and contributions	-	0.2
General revenues:		
State and Federal revenue limit sources - unrestricted	96.6	90.0
Property taxes	62.4	53.3
Other general revenues	10.5	13.9
Total Revenues	204.2	181.2
Expenses		
Instruction related	131.0	128.9
Student support services	18.4	17.2
Administration	10.0	7.2
Plant services	11.5	22.7
Other	20.9	10.8
Total Expenses	191.8	186.8
Change in Net Position	$ 12.4	$ (5.6)

Governmental Activities

As reported in the *Statement of Activities* on page 21, the cost of all of our governmental activities this year was $191.8 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $62.4 million because the cost was paid by those who benefited from the programs $3.7 million or by other governments and organizations who subsidized certain programs with grants and contributions $31.0 million. We paid for the remaining "public benefit" portion of our governmental activities with $107.1 million in Federal and State funds and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's eight largest functions: instruction, school administration, pupil transportation, food services, other student support services, administration, plant services, and other, as well as each program's net cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

(Amounts in millions)	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 116.0	$ 92.9	$ 114.6	$ 100.5
School administration	15.0	12.9	14.3	13.7
Pupil transportation	3.2	3.1	3.4	3.4
Food services	5.1	0.8	5.1	0.7
Other student support services	10.3	8.0	8.7	7.4
Administration	10.0	9.2	7.2	5.7
Plant services	11.5	11.1	22.7	22.0
Other	20.7	19.1	10.8	9.5
Total	$ 191.8	$ 157.1	$ 186.8	$ 162.9

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $89.1 million, which is a decrease of $13.5 million from last year.

Table 4

	Balances and Activity			
	(as Restated) July 01, 2015	Revenues	Expenditures	June 30, 2016
General Fund	$ 16,008,385	$ 176,194,885	$ 163,056,050	$ 29,147,220
Building Fund	56,224,933	946,588	25,328,255	31,843,266
Non-Major Governmental Funds	30,380,716	45,636,130	47,929,264	28,087,582
Total	$ 102,614,034	$ 222,777,603	$ 236,313,569	$ 89,078,068

The primary reasons for these changes are the following:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased from $16.0 million to $29.1 million. This recognized increase is mainly due to:

   The 2013-2014 fiscal year was the first year of the new Local Control Funding Formula for public education, a shift from the old Revenue Limit Formula. Overall, K-12 funding was cut by nearly 20 percent in 2008-2009, and funding for education has remained at or below that level through 2012-2013. The LCFF establishes base, supplemental, and concentration grants in place of the myriad of previously existing K-12 funding streams, including revenue limits, general purpose block grants, and most of the 50-plus state categorical programs that existed at the time. It is estimated that it will take eight years to fully phase in the new funding formula. Even with the additional constraints due to declining enrollment and significant program decreases and cuts to revenues, the District was able to end the year without deficit spending. In 2015-2016: LCFF Funding increased by $709,145 even with declining ADA below prior year of 474.85. The net change in fund balance was positive $13.1 million for the fiscal year. To help balance the budget and minimize deficit spending, the Board of Education implemented cost-cutting measures when possible. Position and program changes have been kept to a minimum over prior year, substitute costs were decreased as much as possible, unfilled vacant positions were released, HMO/PPO medical plan changes were implemented, employee co-pays were continued, site and department savings were realized. Significant tightening of the budget was required to meet the State standards and criteria multi-year projection certification. The District received one-time revenues in 2015-2016 in the amount of $9,005,888 Discretionary Block Grant Funding, and carried forward a beginning balance to 2016-2017 in the amount of $6,246,615.

2. The Adult Education Special Revenue Fund generated a net increase to fund balance from the prior year of $57,725. The Adult Education Fund is now funded through a Block Grant in the amount of $4,328,665.

3. The Deferred Maintenance Special Revenue Fund had a net decrease from the prior year of $1,290,407 and is funded through a transfer out from the General Fund.

4. The Special Reserve COP Debt Repayment Fund generated a net decrease to fund balance from prior year of $320,105 due to the General Fund transfers in of Redevelopment Agency funding being less than the required annual COP debt payment.

5. The District is progressing with Bond Building Projects and Modernization, even though State Modernization Funding has been slow in coming due to the State's sluggish economic recovery. For current year the District did not receive any modernization funding. Measure C4 General Obligation Bond projects at various school sites expended approximately $21.5 million.

6. Developer fees were used for various modernization projects, with expenditures of $680,371. Revenues did exceed expenditures, resulting in an increase in fund balance over the prior year of $776,541.

7. The Bond Interest and Redemption Fund ending balance decreased over the prior year by $259,510 due to property tax collections that offset the debt payment.

8. The Self-Insured Workers' Compensation Fund ending balance increased by $171,667 over the prior year. The Self-Insured Medical Fund ending balance decreased over prior year by $640,665. Both Funds have partially funded GASB liabilities.

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Blanket approval of final amendments to the budget were approved in April 14, 2016, upon year-end closing. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received has been provided in our annual report on page 79.)

- Revenue revisions made to the 2015-2016 budget were mainly due to significant funding changes recognized after the budget adoption, including an increase to the Local Control Funding Formula mainly due to an increase in the State growth to target factor, Prop 30 increase to sales taxes and income taxes, and Discretionary Block Grant Funding.

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

- State revenues had increases in funding due to prior year deferred revenues and program carry-forwards for Lottery, Discretionary Block Grant funding, and other miscellaneous programs. Revenue decreases were posted due to enacted legislation.

Local revenues reflect adjustments mainly for changes in interest earnings rates, use of facilities receipts, school gift funds, field trip receipts, Education Foundation, and Special Education tuition bill-back for court ordered students in foster homes and licensed children's institutions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had a net of $251.1 million in a broad range of capital assets, including land, buildings, construction in progress, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $27.2 million, or 12.15 percent, from last year.

Table 5

(Amounts in millions)	Governmental Activities	
	2016	2015
Land	$ 16.8	$ 16.8
Construction in progress	27.6	16.6
Buildings and improvements, site improvements, net	190.0	182.2
Furniture and equipment, net	16.7	8.3
Total	$ 251.1	$ 223.9

This year's net additions of $27.2 million (including depreciation) included bond and modernization projects at several sites, building improvements, two new buses, asphalt paving, irrigation, carpeting, kitchen upgrades, storm drainage, plumbing, painting, re-roofing, copier equipment, telecommunication system, virtual classroom hardware and software, and network upgrades.

Long-Term Obligations

At the end of this year, the District had $187.3 million in long-term obligations. Those obligations consisted of:

Table 6

(Amounts in millions)	Governmental Activities	
	2016	2015
General obligation bonds	$ 81.5	$ 77.2
General obligation bonds Financing Authority	86.3	89.3
General obligation bond premiums (discounts)	1.7	1.1
General obligation bond premiums Financing Authority	2.8	3.0
Certificates of participation	8.2	8.9
Capital leases	0.8	1.1
Compensated absences	0.7	0.5
OPEB obligation	5.3	4.6
Total	$ 187.3	$ 185.7

The District's general obligation bond rating continues to "A+" (with insurance) from "AAA" (with insurance). The State limits the amount of general obligation debt that Districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $167.8 million is below the statutorily - imposed limit.

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

Net Pension Liability (NPL)

The District had an aggregate net pension liability of $131.8 million and $110.1 million at June 30, 2016 and 2015, respectively, as a result of the implementation of GASB Statement No. 68 during the current fiscal year.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2015-2016 ARE NOTED BELOW:

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

In 2015-2016, students in grades 3-8 and grade 11 participated in the California Assessment of Student Performance and Progress (CAASPP) in English Language Arts (ELA), and mathematics. Students in grades 5, 8, and 10 also participated in the California Standards Test in science as part of CAASPP. The California High School Exit Exam (CAHSEE) remains suspended, and no students took it last year. The state is currently reformatting the state accountability matrix, and that data is not available yet.

Program Improvement

On March 7, 2014, The US Department of Education approved California's waiver for certain statutory requirements of Title I, Part A of the ESEA. Specifically, a one-time waiver was granted that allows flexibility in making AYP determinations for schools and LEAs participating in the Smarter Balanced Field Test. The CDE did not produce a 2014 AYP Report for elementary and middle schools and elementary and unified school districts. Therefore, the PI status for these schools and districts will not change, nor will schools enter or exit PI status.

The District will remain in Year 3+ of Program Improvement, and with this we will be a Year 3 corrective action. Three of the Districts Title I schools have Program Improvement status. Santa Susana will be in Year 1, and Berylwood and Park View will be in Year 5 Program Improvement.

Annual Measurable Achievement Objectives

The District did not meet the Annual Measurable Achievement Objectives (AMAOs) as measured by the Title III program accountability report standards as follows:

AMAO 1 - The percent of students making annual progress in learning English: The target for AMAO 1 was 62 percent of the students progressing one or more levels. District students met this objective at 62.3 percent, missing the Federal target by only three percent.

AMAO 2 - The percent of students' achieving English proficiency each year as measured by the CELDT. The target for Cohort 1 (students attending U.S. schools for less than five years) attaining English proficiency was 25.4 percent, District students exceeded this target at 26.9 percent. Cohort 2 (students attending U.S. schools for more than five years) had an English proficiency target goal of 52.8 percent; District students did not exceed the Federal target with 49.3 percent. By missing the target in Cohort 2, the District is considered to not have met target for AMAO 2.

AMAO 3- The District did not produce an AMAO 3.

On March 2, 2004, the voters passed Measure C4 authorizing the District to issue general obligation bonds totaling $145,000,000 for the purpose of funding the design, construction, and modernization of District facilities. The District has issued all of these general obligation bonds. Approved project spending is closely monitored by an Independent Citizens' Oversight Committee.

On March 2, 2004, the voters passed Measure C4 authorizing the District to issue general obligation bonds totaling $145,000,000 for the purpose of funding the design, construction, and modernization of District facilities. The District has issued all of these general obligation bonds. Approved project spending is closely monitored by an Independent Citizens' Oversight Committee.

In 2013-2014, the Board of Education approved a Technology Improvement Plan that was presented to them by the District Technology Committee. The plan includes three phases, the first of which was implemented in 2013-2014. In the current year, 2015-2016, Technology Improvement Plan projects included migration from Novel to Microsoft Active Directory services, Google For Education and Google Single Sign on integration with student applications, the completion of the installation of interactive Epson white board technology in all of the district's 900 classrooms, a network infrastructure upgrade that included new switching equipment, Wifi in every classroom, VOIP (Voice over IP telephone system) and battery backup for the network in case of an emergency. This network project will be completed in the first quarter of 2017. In addition, teachers who signed up for DEI (Digital Educator Institute) training received a class set of Chromebooks and a charging cart. Approximately, 14,000 Chromebooks were deployed before the start of the school year. This represents a cultural shift from traditional style teaching strategies to individualized Google education initiatives. The funding for this phase of implementation came from C-4 Bond funds, not from the District's general fund.

The C4 Bond Program Department continued construction on the modernization project at Mountain View Elementary School. Construction commenced on a project to replace water and sewer pipes at Big Springs Elementary School, and for replacement of building water pipes at Royal High School. Projects were implemented to install LED light bulbs at most of the District's schools. HVAC equipment replacement projects were started at Valley View Middle School, Madera & Mountain View Elementary Schools, and at Township & White Oak Elementary Schools. A project commenced for installation of a new synthetic track & field at Royal High School. HVAC equipment replacement projects were completed at Hollow Hills Elementary School, Crestview Elementary School, Parkview Elementary School, and Knolls Elementary School. Re-roofing projects were implemented at Simi Valley High School, Valley View Middle School, and Hollow Hills Elementary School. New playground equipment/play structures projects were implemented throughout the District's elementary schools. Playground re-paving projects were implemented at Madera, Katherine, and Knolls Elementary Schools. Beautification projects were implemented at the front of Royal High School and Sinaloa Middle School. New electronic signs were installed at Royal High School and Sinaloa Middle School.

On November 8, 2016, the voters passed Measure X authorizing the District to issue general obligation bonds totaling $239,000,000 for the purpose of funding the construction, repair and modernization of District facilities. This money will be used to upgrade outdated classrooms, science labs, restrooms and school facilities; repair and replace leaky roofs; upgrade or renovate inadequate electrical and deteriorating plumbing and sewer systems; improve student access to computers and modern technology; and make health, safety and handicapped accessibility improvements.

The Maintenance and Operations Department completed 7,221 work orders at various school sites with 19 maintenance workers on staff.

Under the recommendation of the Surplus Property Committee, three properties have been declared surplus by the Board of Education. All three properties have been offered to public agencies and subsequently offered to the public in accordance with Education Code Section 17464. One property, Wood Ranch Conference Center, has been sold. A second property, Bellwood Elementary School, is now in escrow. At this time, the remaining parcel declared surplus property is the Education Service Center which has gone through the bid process with no accepted offers.

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

Daily average lunches served 6,380

Daily average breakfast served 950

Free and reduced approximately 31 to 33 percent

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

The Food Services Department participated in the summer in the Park program for a fourth year. Free meals and drinks were served to children 18 years and under; this year we collaborated with the Simi Library, Simi Valley Parks and Recreation and Ventura County Food Share encouraging children to make healthy food choices, read, play in the park, and do arts and crafts. Ventura County Food Share brought food and local resources for families in need. A total of 14,411 meals were served this summer. This program is subsidized with Federal funds and has become a great resource for our community.

Due to the 2013-2014 implementation of the Local Control Funding Formula, (which rolled all prior year Adult Education Block Grant Funding into the Unrestricted General Fund) the Adult Education program has continued to re-adjust school programs and operating expenses. In 2014-2015, the Unrestricted General fund transferred to the Adult Education fund $3.9 million to match previous Adult Education Block Grant funding levels. The Adult Education program will continue to modify their program, in conjunction with the newly established county-wide consortium, beginning with the 2015-2016 fiscal year. Future consortium funding is expected to be in addition to the "old" Adult Education Block Grant funding. For the 2016-2017 1st Interim Budget Revision the Adult Education Block Grant funding is expected to be $4,328,665.

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

The accuracy of the District's budget projection for the next year is only as good as the assumptions that are used in developing the budget. If the assumptions are wrong, so too will be the budget. As a consequence, the assumptions - at least the primary ones - have to be carefully considered in evaluating the accuracy of next year's income and expense. Often, the assumptions for budget development are revised several times during a fiscal year.
Since it is impossible to accurately predict the assumptions that are needed in budget development, Simi Valley School District updates its budget, and assumptions, three times after the original budget is adopted. The assumptions are updated with a revision that occurs within 45 days after the adoption of the State Budget and with two interim reports that are delivered to the Board of Education in December and March of each fiscal year.

In considering the District Budget for the 2016-2017 year, the District Board and management used the following criteria:

The key assumptions in our 2016-2017 Adopted Budget revenue forecast are:

1. The adopted budget included a Local Control Funding Formula (LCFF) amount equal to a 54.84 percent Economic Recovery Target or approximately $2,337,053 over prior year funding levels. This amount was subsequently decreased at 1st Interim Budget Revision equal to a 54.18 percent Economic Recovery Target for a net increase over prior year of $2,238,625.

2. The LCFF Supplemental funding percentage is expected to be 32.76 percent.

3. The District is not eligible for LCFF Concentration Funding.

4. K-3 and 9-12 Grade Span Funding is included for class size reduction. This assumes no class size penalties with the negotiated class size of 26:1 and 185:1, respectively. Title I program class size is 22:1.

5. LCFF Categorical Funded projects remain equal to $20,635,926.

Negotiations are ongoing in recognition of potential General Fund structural operating deficits in future multi-year projections.

1. Employee co-pay contributions for those eligible for Health and Welfare benefits continue, as in prior year, at approximately ten percent of total Health and Welfare premium costs. In addition, co-pay for spouses were included at $125 per month.

2. Student enrollment to decrease from prior year by approximately 308 students, due to the state of the economy, unemployment and housing market. (Actual LCFF funding based on prior year average daily attendance per grade level; however, multi-year projections are negatively affected.)

3. Due to new LCFF funding formula, the Adult Education Block Grant funds and Deferred Maintenance apportionments will be apportioned to the Unrestricted General Fund. A portion of the Deferred Maintenance Funding will be subsequently transferred to the appropriate "committed" Deferred Maintenance Fund for their general program purpose in the amount of $1,200,000. In the budget, the Deferred Maintenance Fund has contributed $815,514.

4. Estimated lottery receipts at $181 per annual ADA $140 unrestricted; $41 restricted).

5. CalPERS' school employer rate of 13.888 percent is included in the adopted budget (per new LCFF funding formula, revenue limit CalPERS reduction rate was eliminated in 2013-2014).

6. CalSTRS school employer rate of 12.58 percent is included in the adopted budget.

7. Interest earnings are estimated at approximately .5 percent and California CPI is estimated at 1.76 percent.

8. Developer fee collections are based on significantly lower estimated new housing units to be constructed due to the declining economy, current housing market, and lower building permit trends.

9. Special Education is budgeted with a 0.00 percent COLA, with negative growth due to the continuing decline in total ADA which results in a decrease to funding of approximately $535.18 per Special Education ADA or $164,835. District level funding for Special Education is expected to decline by approximately $335,234 below prior year levels due to various negative or flat funding adjustments (COLA, declining enrollment, etc.). A County-wide agreement was reached to retain mental health services funding at the SELPA level, for this fiscal year. The District may be required to directly pay for these services in the future, at significant cost to the General Fund.

10. Federal funds are expected to remain fairly consistent with the population of qualified students remaining stable.

11. MAA Administrative Services Program (Medicaid-eligible students with disabilities) was implemented in 2007. This Special Education reimbursement billing process generated cash receipts of $82,701 in 2013-2014 and $240,319 in 2014-2015 and $180,381 in 2015-2016. Funding has been slow to trickle in due to both Federal and State audits of the entire program which froze apportionments until late in the fiscal year. As funding permits, the program will be expanded to include additional practitioner staff and transportation services. Currently, this revenue source is funded by the Department of Health Care Services.
12. Routine restricted maintenance set-aside requirements were included at three percent of total General Fund expenditures.

13. Deferred Maintenance local match requirements were implemented.

14. Instructional materials adoption requirements were implemented.

Expenditures are based on the following forecasts:

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

2. Salary negotiations are unsettled at this time. Step and column increases are included in the budget at an estimated $1.2 million. The District has included attrition savings in the 1st Interim Budget.

	Staffing Ratio	Enrollment
Grades kindergarten through third*	26:1:1	4,838
Grades four through six	31:1:1	3,442
Grades seven through eight	32:1:1	2,980
Grades nine through twelve	32:1:1	5,670

*The Districts four Title schools are staffed at 22:1

In 2012-2013, the District implemented a new Transitional Kindergarten program which will be integrated with traditional kindergarten classes. Two additional teaching positions were established for this program. Additional ADA realized from this program will help future year revenue. No additional ADA revenue will be realized in the budget year, due to overall declining enrollment. The District is funded on 2015-2016 ADA which is greater than prior year ADA.

Items to be addressed in the budget are:

California public education has been on a rollercoaster funding cycle for the last several years. In the early 1990s, California's recession led to almost no increase per ADA funding for four years. In 2000-2001, the State Budget provided per ADA increases of close to 11 percent, but then, for the next three years education funding rollbacks re-emerged. The volatility of funding has plagued school district planning for almost a generation and has continued to worsen. Since 2007, State funding has continued a downward slide due to a severe economic recession. In the past, State funding deficits were up to 22.272 percent of what is owed to school districts. In addition, the State has deferred apportionment payments, which continued to plague districts in meeting their financial obligations until 2014-2015. In 2014-2015, the State fully paid all apportionment payments with no cash deferrals.

Approximately 90 percent of the District's revenue is determined by the State of California and, in turn, State revenues are determined by the growth in the economy. The Governor's Office for 2012-2013 continued to acknowledge the growing State budget crisis, identifying a June 2013 deficit of approximately $15.7 billion, if left unaddressed. As a result, the Governor's 2012-2013 mid-year budget proposed Proposition 30 which passed in the November election. The Great Recession of 2008 resulted in cuts to general purpose funding of 14 percent and cuts to Categorical programs of 20 percent. Currently, the proposed new State Local Control Funding Formula has promised increases in the 2013-2014 through 2021-2022 fiscal years based on economic recovery targeted amounts. The 2013-2014 Budget Act, Assembly Bill (AB) 97 enacted the most sweeping revision to California's school finance system since SB 90 more than 40 years ago. The new Local Control Funding Formula attempts to balance the needs of students defined by their characteristics with subsequent resources. The district realized additional economic recovery funding to reach the funding target in the amount of $1,548,919 in 2013-2014; $6,576,722 in 2014-2015; $8,501,482 in 2015-2016. For 2016-2017 the 1st Interim Budget Revision is based on additional funding to reach the target of $2,238,625 or 54.18 percent.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Deposits and investments	$ 109,796,382
Receivables	9,097,540
Stores inventories	436,195
Prepaid expenditures	50
Capital assets	
Land and construction in progress	44,405,998
Other capital assets	371,688,299
Less: accumulated depreciation	(164,956,946)
Capital assets, net of accumulated depreciation	251,137,351
Total Assets	370,467,518
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	31,638,456
LIABILITIES	
Accounts payable	15,018,481
Interest payable	2,421,929
Due to other governments	4,708,494
Unearned revenue	181,044
Claims liability	8,743,606
Long-term obligations	
Current portion of long-term obligations other than pensions	5,778,410
Noncurrent portion of long-term obligations other than pensions	181,503,567
Total Long-Term Obligations	187,281,977
Aggregate net pension liability	131,780,491
Total Liabilities	350,136,022
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	29,584,924
NET POSITION	
Net investment in capital assets	107,692,019
Restricted for:	
Debt service	12,281,457
Capital projects	7,328,362
Educational programs	2,750,985
Unrestricted (Deficit)	(107,667,795)
Total Net Position	$ 22,385,028

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 109,183,479	$ 676,508	$ 20,064,201	$ (88,442,770)
Instruction related activities:				
Supervision of instruction	5,779,989	38,417	2,300,050	(3,441,522)
Instructional library, media, and technology	1,020,618	5,807	14,001	(1,000,810)
School site administration	14,979,253	2,244	2,103,188	(12,873,821)
Pupil services:				
Home-to-school transportation	3,170,397	4,930	59,735	(3,105,732)
Food services	5,053,734	1,738,323	2,518,779	(796,632)
All other pupil services	10,319,054	85,453	2,252,822	(7,980,779)
Administration:				
Data processing	1,988,157	16	8	(1,988,133)
All other administration	7,967,352	107,284	615,994	(7,244,074)
Plant services	11,455,224	7,126	362,477	(11,085,621)
Ancillary services	1,828,227	44,724	97,663	(1,685,840)
Community services	457,332	8,380	7,922	(441,030)
Enterprise services	3,094	83	40	(2,971)
Interest on long-term obligations	11,762,786	-	-	(11,762,786)
Other (outgo)	6,823,680	961,628	566,260	(5,295,792)
Total Governmental Activities	$ 191,792,376	$ 3,680,923	$ 30,963,140	(157,148,313)

General Revenues and Subventions:	
Property taxes, levied for general purposes	51,441,213
Property taxes, levied for debt service	10,143,806
Taxes levied for other specific purposes	836,466
Federal and State aid not restricted to specific purposes	96,649,201
Interest and investment earnings	186,771
Interagency revenues	87,300
Miscellaneous	10,207,851
Subtotal, General Revenues	169,552,608
Changes in Net Position	12,404,295
Net Position - Beginning	3,281,170
Restatement	6,699,563
Net Position - Beginning (as Restated)	9,980,733
Net Position - Ending	$ 22,385,028

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 38,274,703	$ 33,310,506	$ 27,540,390	$ 99,125,599
Accounts receivable	5,257,068	3,130,382	657,573	9,045,023
Due from other funds	628,715	-	836,517	1,465,232
Stores inventories	333,869	-	102,326	436,195
Prepaid expenditures	50	-	-	50
Total Assets	$ 44,494,405	$ 36,440,888	$ 29,136,806	$ 110,072,099
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 14,444,434	$ 4,432,033	$ 569,572	$ 19,446,039
Due to other funds	841,808	165,589	359,551	1,366,948
Unearned revenue	60,943	-	120,101	181,044
Total Liabilities	15,347,185	4,597,622	1,049,224	20,994,031
Fund Balances:				
Nonspendable	416,653	-	102,326	518,979
Restricted	2,896,374	31,843,266	25,027,060	59,766,700
Committed	-	-	376,726	376,726
Assigned	12,803,488	-	2,581,470	15,384,958
Unassigned	13,030,705	-	-	13,030,705
Total Fund Balances	29,147,220	31,843,266	28,087,582	89,078,068
Total Liabilities and Fund Balances	$ 44,494,405	$ 36,440,888	$ 29,136,806	$ 110,072,099

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2016

Total Fund Balance - Governmental Funds		**$ 89,078,068**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is:	$ 416,094,297	
Accumulated depreciation is:	(164,956,946)	
Net Capital Assets		251,137,351
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		10,664,686
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest in long-term obligations is recognized when it is incurred.		(2,421,929)
An internal service fund is used by the District's management to charge the costs of the workers' compensation and medical benefits insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities.		1,600,474
The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but are recognized on the accrual basis over the expected remaining service life of members receiving pension benefits.		(26,626,647)
The difference between projected and actual pension plan investment earnings are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		19,823,587
The differences between expected and actual experience in the measurement of the total pension liability are not recognized on the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.		141,176

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2016

The changes of assumptions is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.		$ (1,949,270)
Net pension liability is not due and payable in the current period and is not reported as a liability in the funds.		(131,780,491)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
Bonds payable	$ 167,765,624	
Premium on bonds issued	4,514,806	
Certificates of participation payable	8,215,000	
Compensated absences (vacations)	684,140	
Capital leases payable	818,549	
Other postemployment benefits	5,283,858	
Total Long-Term Obligations		(187,281,977)
Total Net Position - Governmental Activities		**$ 22,385,028**

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula	$ 135,113,994	$ -	$ 600,000	$ 135,713,994
Federal sources	6,523,791	-	2,956,181	9,479,972
Other State sources	20,683,809	-	4,941,850	25,625,659
Other local sources	13,743,752	939,831	19,518,045	34,201,628
Total Revenues	176,065,346	939,831	28,016,076	205,021,253
EXPENDITURES				
Current				
Instruction	100,536,751	-	2,919,601	103,456,352
Instruction related activities:				
Supervision of instruction	5,289,867	-	257,336	5,547,203
Instructional library, media, and technology	954,687	-	-	954,687
School site administration	12,193,936	-	2,001,610	14,195,546
Pupil services:				
Home-to-school transportation	2,973,276	-	-	2,973,276
Food services	173,605	-	4,632,978	4,806,583
All other pupil services	9,686,482	-	329,341	10,015,823
Administration:				
Data processing	1,906,927	-	-	1,906,927
All other administration	6,477,492	-	492,145	6,969,637
Plant services	15,599,716	60,566	714,795	16,375,077
Facility acquisition and construction	3,873,190	24,856,836	2,413,503	31,143,529
Ancillary services	1,767,626	-	-	1,767,626
Community services	354,704	-	74,534	429,238
Other outgo	427,317	-	-	427,317
Enterprise services	4,008	-	-	4,008
Debt service				
Principal	-	281,314	6,641,302	6,922,616
Interest and other	-	-	9,573,553	9,573,553
Total Expenditures	162,219,584	25,198,716	30,050,698	217,468,998
Excess (Deficiency) of Revenues Over Expenditures	13,845,762	(24,258,885)	(2,034,622)	(12,447,745)
OTHER FINANCING SOURCES (USES)				
Transfers in	129,539	-	12,318,669	12,448,208
Other sources	-	6,757	5,301,385	5,308,142
Transfers out	(836,466)	(129,539)	(11,482,203)	(12,448,208)
Other uses	-	-	(6,396,363)	(6,396,363)
Net Financing Sources (Uses)	(706,927)	(122,782)	(258,512)	(1,088,221)
NET CHANGE IN FUND BALANCES	13,138,835	(24,381,667)	(2,293,134)	(13,535,966)
Fund Balances - Beginning, as Restated	16,008,385	56,224,933	30,380,716	102,614,034
Fund Balances - Ending	$ 29,147,220	$ 31,843,266	$ 28,087,582	$ 89,078,068

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds		**$ (13,535,966)**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlay exceeds depreciation in the period.		
Capital outlay	$ 37,060,753	
Depreciation expense	(9,552,483)	
Net Expense Adjustment		27,508,270
An internal service fund is used by the District's management to charge the costs of the unemployment compensation insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		(468,998)
Loss on disposal of capital assets is reported in the government-wide financial Statement of Net Position, but is not recorded in the governmental funds.		(259,964)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was less than the amounts earned by $184,012.		(184,012)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		644,301
In the Statement of Activities Other Postemployment Benefits Obligations (OPEB) are measured by an actuarially determined Annual Required Contribution (ARC). In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts contributed toward the OPEB obligation were less than the ARC by $665,589.		(665,589)

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2016

Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.		
Premium on issuance for general obligation bonds	$ 365,922	
Discount on issuance for general obligation bonds	(7,242)	
Combined adjustment		$ 358,680
Repayment of long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of		
General obligation bonds	3,000,000	
General obligation bonds - Financing Authority	3,050,000	
Certificates of participation	705,000	
Capital leases	268,410	
Combined adjustment		7,023,410
Debt proceeds in governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements proceeds from debt are reported as increases to liabilities amounts recognized in governmental funds as proceeds from debt.		(5,367,130)
The accretion of interest on capital appreciation bonds is not recognized in the governmental funds, but it increases long-term obligations in the Statement of Net Position and increases interest expense in the Statement of Activities.		(2,727,670)
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the net result of prior year and current year interest accrued.		78,963
Change in Net Position of Governmental Activities		**$ 12,404,295**

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities		
	Internal Service Funds		
	Workers' Compensation	Medical	Total
ASSETS			
Current Assets			
Deposits and investments	$ 9,417,771	$ 1,253,012	$ 10,670,783
Receivables	49,329	3,188	52,517
Due from other funds	5,291	-	5,291
Total Assets	9,472,391	1,256,200	10,728,591
LIABILITIES			
Current Liabilities			
Accounts payable	280,936	-	280,936
Claim liabilities	8,184,716	558,890	8,743,606
Due to other funds	101,840	1,735	103,575
Total Liabilities	8,567,492	560,625	9,128,117
NET POSITION			
Unrestricted	$ 904,899	$ 695,575	$ 1,600,474

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

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities		
	Internal Service Funds		
	Workers' Compensation	Medical	Total
OPERATING REVENUES			
Local and intermediate sources	$ 3,394,207	$ 2,333,685	$ 5,727,892
OPERATING EXPENSES			
Payroll costs	275,533	-	275,533
Professional and contract services	2,994,887	2,981,185	5,976,072
Supplies and materials	783	-	783
Total Operating Expenses	3,271,203	2,981,185	6,252,388
Operating Income (Loss)	123,004	(647,500)	(524,496)
NONOPERATING REVENUES			
Interest income	48,663	6,835	55,498
Change in Net Position	171,667	(640,665)	(468,998)
Total Net Position - Beginning	733,232	1,336,240	2,069,472
Total Net Position - Ending	$ 904,899	$ 695,575	$ 1,600,474

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

SIMI VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities		
	Internal Service Funds		
	Workers' Compensation	Medical	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from assessments made to other funds	$ 3,361,977	$ 2,352,593	$ 5,714,570
Cash payments to employees for services	(275,533)	-	(275,533)
Cash payments for insurance claims	114,217	(121,121)	(6,904)
Cash payments for other operating expenses	(2,995,670)	(2,422,295)	(5,417,965)
Net Cash Provided by (Used in) Operating Activities	204,991	(190,823)	14,168
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	48,663	6,835	55,498
Net Increase (Decrease) in Cash and Cash Equivalents	253,654	(183,988)	69,666
Cash and Cash Equivalents - Beginning	9,164,117	1,437,000	10,601,117
Cash and Cash Equivalents - Ending	$ 9,417,771	$ 1,253,012	$ 10,670,783
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	$ 123,004	$ (647,500)	$ (524,496)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Receivables	(31,215)	18,908	(12,307)
Due from other funds	(1,015)	-	(1,015)
Accounts payable	219,542	(43,570)	175,972
Claims liability	(157,937)	558,359	400,422
Due to other funds	52,612	(77,020)	(24,408)
Net Cash Provided by (Used in) Operating Activities	$ 204,991	$ (190,823)	$ 14,168

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

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Agency Funds
ASSETS	
Deposits and investments	$ 1,526,224
Receivables	3,972
Stores inventories	135,112
Other current assets	21,874
Total Assets	$ 1,687,182
LIABILITIES	
Accounts payable	$ 152,942
Due to student groups	1,534,240
Total Liabilities	$ 1,687,182

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

Component Units

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

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

Other Related Entities

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

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund The Adult Education Fund is used to account separately for Federal , State, and local revenues for adult education programs and is to be expended for adult education purposes only.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (Education Code Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (Education Code Sections 38091 and 38100).

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (Education Code Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Capital Project Funds The Capital Project funds are used to account for and report financial resources that are restricted, committed, or assigned to the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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

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

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

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

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

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Fund Internal service funds may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates two internal service funds, medical benefits, and workers' compensation.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, that have not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2016, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds and expenses in the proprietary type funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight line method.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension related items.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Pensions

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

Fund Balances - Governmental Funds

As of June 30, 2016, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $22,360,804 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are self-insurance premiums for insurance cost. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities column of the statement of activities.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Data

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

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

Property Tax

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

Change in Accounting Principles

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

The District has implemented the provisions of this Statement as of June 30, 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

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

The provisions in this Statement effective as of June 30, 2016, include the provisions for assets accumulated for purposes of providing pensions through defined benefit plans and the amended provisions of Statements No. 67 and No. 68. The District has implemented these provisions as of June 30, 2016. The provisions in this Statement related to defined benefit pensions that are not within the scope of Statement No. 68 are effective for periods beginning after June 15, 2016.

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

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

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

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

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

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

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

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

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

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

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

Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Early implementation is encouraged.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

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

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

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

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

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

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Governmental activities	$ 109,796,382
Fiduciary funds	1,526,224
Total Deposits and Investments	$ 111,322,606

Deposits and investments as of June 30, 2016, consist of the following:

Cash on hand and in banks	$ 2,373,760
Cash in revolving	158,474
Investments	108,790,372
Total Deposits and Investments	$ 111,322,606

Policies and Practices

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the Ventura County Investment Pool to provide the cash flow and liquidity needed for operations.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Fair Value	Average Days To Maturity
Ventura County Investment Pool	$ 103,890,888	328
First American Treasury Obligations	4,547,919	31
Total	$ 108,438,807	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the county pool and investment agreement are not required to be rated, nor have they been rated as of June 30, 2016. The First American Treasury Obligation Investment is rated "Aaa-mf" by Moody's Investor's Service.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2016, the District's bank balances are collateralized in accordance with State law.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Ventura County Investment Pool is not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2016:

Investment Type	Fair Value	Fair Value Measurements Using Level 2 Inputs	Uncategorized
Ventura County Investment Pool	$ 103,890,888	$ -	$ 103,890,888
First American Treasury Obligations	4,547,919	4,547,919	-
Total	$ 108,438,807	$ 4,547,919	$ 103,890,888

All assets have been valued using a market approach, with quoted market prices.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2016, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal Government						
Categorical aid	$ 1,042,551	$ -	$ 419,202	$ -	$ 1,461,753	$ -
State Government						
Categorical aid	1,074,814	-	25,038	-	1,099,852	-
Lottery	1,863,569	-	-	-	1,863,569	-
Local Government						
Interest	93,863	95,511	48,127	24,668	262,169	-
Other local sources	1,182,271	3,034,871	165,206	27,849	4,410,197	3,972
Total	$ 5,257,068	$ 3,130,382	$ 657,573	$ 52,517	$ 9,097,540	$ 3,972

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 16,835,016	$ -	$ -	$ 16,835,016
Construction in progress	16,577,830	19,170,943	8,177,791	27,570,982
Total Capital Assets Not Being Depreciated	33,412,846	19,170,943	8,177,791	44,405,998
Capital Assets Being Depreciated				
Land improvements	25,542,173	1,247,820	-	26,789,993
Buildings and improvements	296,281,144	13,669,010	198,792	309,751,362
Furniture and equipment	24,178,351	11,150,771	182,178	35,146,944
Total Capital Assets Being Depreciated	346,001,668	26,067,601	380,970	371,688,299
Less Accumulated Depreciation				
Land improvements	16,929,312	808,345	-	17,737,657
Buildings and improvements	122,694,589	6,138,121	41,374	128,791,336
Furniture and equipment	15,901,568	2,606,017	79,632	18,427,953
Total Accumulated Depreciation	155,525,469	9,552,483	121,006	164,956,946
Governmental Activities Capital Assets, Net	$ 223,889,045	$ 35,686,061	$ 8,437,755	$ 251,137,351

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

Governmental Activities	
Instruction	$ 6,312,281
Supervision of instruction	228,304
Instructional library, media, and technology	68,778
School site administration	756,557
Home-to-school transportation	168,124
Food services	251,230
All other pupil services	354,397
Data processing	84,062
All other administration	223,528
Plant services	1,003,966
Ancillary services	72,599
Community services	28,657
Total Depreciation Expenses All Activities	$ 9,552,483

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2016, between major and non-major governmental funds and internal service fund are as follows:

	Due From				
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total
General Fund	$ -	$ 165,589	$ 359,551	$ 103,575	$ 628,715
Non-Major Governmental Funds	836,517	-	-	-	836,517
Internal Service Funds	5,291	-	-	-	5,291
Total	$ 841,808	$ 165,589	$ 359,551	$ 103,575	$ 1,470,523

The balance of $836,517 is due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the General Fund to transfer balance of RDA to Unrestricted General Fund per 1992 COP Debt Issuance.

The balance of $165,589 is due to the General Fund from the Building Fund to cover 2015-2016 support salaries.

A balance of $274,528 is due to the General Fund from the Deferred Maintenance Non-Major Governmental Fund to cover 2015-2016 support salaries.

A balance of $79,854 is due to the General Fund from the Capital Facilities Non-Major Governmental Fund to cover 2015-2016 support salaries.

The balance of $103,575 is due to the General Fund from the Self-Insurance Fund to cover 2015-2016 support salaries.

All remaining balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following:

	Transfer From			
Transfer To	General Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 129,539	$ -	$ 129,539
Non-Major Governmental Funds	836,466	-	11,482,203	12,318,669
Total	$ 836,466	$ 129,539	$ 11,482,203	$ 12,448,208

The General Fund transferred to Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for COP debt payments.	$ 836,466
The Building Fund transferred to the General Fund to cover costs.	129,539
The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects transferred to the COP Capital Projects for debt service payments.	1,154,794
The Bond Interest and Redemption Non-Major Governmental Fund transferred to the Financing Authority Debt Service Non-Major Governmental Fund for debt service payments.	10,327,409
Total	$ 12,448,208

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2016, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Funds	Fiduciary Funds
Vendor payables	$ 3,488,251	$ -	$ 110,903	$ 279,826	$ 3,878,980	$ 152,942
State apportionment	4,708,494	-	-	-	4,708,494	-
Salaries and benefits	4,278,092	-	194,055	1,110	4,473,257	-
Other post employment benefits	1,969,597	-	-	-	1,969,597	-
Construction	-	4,432,033	264,614	-	4,696,647	-
Total	$ 14,444,434	$ 4,432,033	$ 569,572	$ 280,936	$ 19,726,975	$ 152,942

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2016, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 60,943	$ -	$ 60,943
Other local	-	120,101	120,101
Total	$ 60,943	$ 120,101	$ 181,044

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	(as Restated) Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due in One Year
General obligation bonds	$ 77,177,954	$ 7,292,670	$ 3,000,000	$ 81,470,624	$ 1,000,000
Premium on issuance	1,105,049	802,130	134,423	1,772,756	-
Discount on issuance	(43,180)	-	(7,242)	(35,938)	-
General obligation bonds Financing Authority	89,345,000	-	3,050,000	86,295,000	3,740,000
Premium on issuance	3,009,487	-	231,499	2,777,988	-
Certificates of Participation	8,920,000	-	705,000	8,215,000	770,000
Capital Leases	1,086,959	-	268,410	818,549	268,410
Compensated Absences	500,128	184,012	-	684,140	-
Other Postemployment Benefits	4,618,269	1,046,703	381,114	5,283,858	-
Total	$ 185,719,666	$ 9,325,515	$ 7,763,204	$ 187,281,977	$ 5,778,410

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2015	Issued	Additions/ Accreted Interest	Redeemed and Refunded	Bonds Outstanding June 30, 2016
Current Interest								
January 12, 2004	2019	5.00%	$ 16,150,000	$ 2,790,000	$ -	$ -	$ 1,265,000	$ 1,525,000
November 30, 2005	2018	3.10-4.54%	39,505,000	200,000	-	-	200,000	-
October 4, 2007	2025	4.00-5.00%	10,920,000	10,130,000	-	-	415,000	9,715,000
October 16, 2012	2017	1.74%	2,200,000	1,660,000	-	-	545,000	1,115,000
May 2, 2013	2024	5.00%	8,740,000	8,605,000	-	-	-	8,605,000
June 28, 2016	2028	2.00-4.00%	4,565,000	-	4,565,000	-	-	4,565,000
Financing Authority								
June 27, 2007	2028	3.70-5.00%	95,675,000	89,345,000	-	-	3,050,000	86,295,000
Capital Appreciation					-			
August 6, 1998	2017	6.75-6.80%	746,757	1,428,624	-	79,700	575,000	933,324
May 12, 2004	2029	5.92%	944,969	2,216,848	-	177,348	-	2,394,196
November 30, 2005	2019	4.56-4.60%	494,199	1,158,038	-	107,961	-	1,265,999
October 4, 2007	2033	4.63-4.79%	34,080,619	48,989,444	-	2,362,661	-	51,352,105
				$ 166,522,954	$ 4,565,000	$ 2,727,670	$ 6,050,000	$ 167,765,624

General Obligation Bonds, 1998 Refunding Bonds

In August 1998, the District issued $6,131,757 aggregate principal amount of the General Obligation Bonds, Election of 1998, Refunding of Series C. The Election of 1998, Refunding of Series C Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $2,370,000. The bonds mature through August 1, 2017, with interest rates from 5.55 to 6.80 percent. Proceeds from the sale of the bonds were used to refund the 1989 Series C, General Obligation Bonds. The refunding has resulted in a net savings in future principal and interest payments. At June 30, 2016, the principal balance outstanding was $933,324.

2004 General Obligation Refunding Bonds

In January 2004, the District issued $16,150,000 principal amount of the 2004 General Obligation Refunding Bonds. The 2004 Refunding Bonds were issued as current interest bonds. The bonds mature through August 1, 2018, with an interest rate of 5.00 percent. Proceeds from the sale of the bonds were used to refund a portion of the February 1, 1996, General Obligation Bonds and pay costs of issuance of the refunding bonds. The refunding has resulted in a net savings in future principal and interest payments. At June 30, 2016, the principal balance outstanding was $1,525,000.

General Obligation Bonds, Election of 2004, Series A

In November 2005, the District issued $59,999,969 aggregate principal amount of the General Obligation Bonds, Election of 2004, Series A. The Election of 2004, Series B Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $6,460,000. The bonds mature through June 1, 2029, with interest rates from 1.60 to 5.92 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. A portion of the issue was refunded in July 2007, with the 2007 District Refunding Bonds. At June 30, 2016, the principal balance outstanding was $2,394,196.

General Obligation Bonds, Election of 2004, Series B

In November 2005, the District issued $39,999,199 aggregate principal amount of the General Obligation Bonds, Election of 2004, Series B. The Election of 2004, Series B Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $1,500,000. The bonds mature through August 1, 2018, with interest rates from 3.10 to 4.60 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. A portion of the issue was refunded in July 2007, with the 2007 District Refunding Bonds. At June 30, 2016, the principal balance outstanding was $1,265,999.

General Obligation Bonds, Election of 2004, Series C

In October 2007, the District issued $45,000,619 aggregate principal amount of the General Obligation Bonds, Election of 2004, Series C. The Election of 2004, Series C Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $99,650,000. The bonds mature through August 1, 2032, with interest rates from 4.00 to 5.00 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. At June 30, 2016, the principal balance outstanding was $61,067,105, ($9,715,000 in current interest bonds and $51,352,105 in capital appreciation bonds).

2012 General Obligation Refunding Bonds

In October of 2012, the District issued $2,200,000 principal amount of the 2012 General Obligation Refunding Bonds (Taxable). The 2012 General Obligation Refunding Bonds were issued as current interest bonds. The bonds mature through August 2017, with an interest rate of 1.736 percent. Proceeds from the sale of the bonds were used to refund the remaining portion of the August 1, 1998, General Obligations Bonds and pay costs of issuance of the refunding bonds. The refunding has resulted in a net savings in future principal and interest payments. At June 30, 2016, the principal outstanding balance was $1,115,000.

2013 General Obligation Refunding Bonds

In May of 2013, the District issued $8,740,000 the principal amount of the 2013 General Obligation Refunding Bonds. The 2012 Refunding Bonds were issued as current interest bonds. The bonds mature through August 1, 2024, with an interest rate of 5.000 percent. Proceeds from the sale of the bonds were used to refund a portion of the May 12, 2004, Series 2007C, General Obligations Bonds and pay costs of issuance of the refunding bonds. The refunding has resulted in a net savings in future principal and interest payments. At June 30, 2016, the principal outstanding balance was $8,605,000.

2016 General Obligation Refunding Bonds

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

At June 30, 2016, the principal balance outstanding was $81,470,624.

	Current Interest Bonds		Capital Appreciation Bonds		
Year Ending June 30,	Principal	Interest	Principal	Future Accreted Interest	Total
2017	$ 1,555,000	$ 946,139	$ 343,208	$ 618,807	$ 3,463,154
2018	1,790,000	1,060,577	322,900	540,714	3,714,191
2019	2,285,000	973,700	114,132	259,562	3,632,394
2020	2,100,000	867,275	-	-	2,967,275
2021	2,435,000	767,750	-	-	3,202,750
2022-2026	14,155,000	1,790,800	934,793	451,465	17,332,059
2027-2031	1,205,000	72,200	21,305,934	11,536,174	34,119,308
2032-2033	-	-	12,784,861	6,733,073	19,517,934
Total	$ 25,525,000	$ 6,478,442	$ 35,805,828	$ 20,139,796	$ 87,949,066

Simi Valley School Financing Authority

In June 2007, the Simi Valley School Financing Authority issued $95,675,000 principal amount of the 2007 General Obligation Revenue Bonds. The bonds mature through August 1, 2027, with interest rates from 3.70 to 5.00 percent. Proceeds from the sale of the bonds were used to purchase a portion of the General Obligation Bonds, Election of 2004, Series B and Series C and pay costs of issuance of the revenue bonds.

At June 30, 2016, the principal balance outstanding was $86,295,000.

Year Ending	Current Interest Bonds		
June 30,	Principal	Interest	Total
2017	$ 3,740,000	$ 4,221,250	$ 7,961,250
2018	3,610,000	4,037,500	7,647,500
2019	3,945,000	3,848,625	7,793,625
2020	5,360,000	3,616,000	8,976,000
2021	6,010,000	3,331,750	9,341,750
2022-2026	41,580,000	11,126,000	52,706,000
2027-2028	22,050,000	1,102,750	23,152,750
Total	$ 86,295,000	$ 31,283,875	$ 117,578,875

General Obligation Bond Premiums

The 2004 Refunding Bond, Series 2004 A, Series 2004 B, Series 2004 C, and the 2007 Revenue General Obligation Bonds were issued at premiums of $1,005,884, $1,919,125, $1,068,072, $1,358,833, and $4,861,479, respectively. The premiums will be amortized in the government-wide financial statements over the life of the debt issues. Due to the refunding of the Series 2004 B and Series 2004 C noted previously, $1,731,793 was expensed during 2007-2008. The remaining unamortized premiums for the District-issued general obligation bonds total $1,772,756 at June 30, 2016. The remaining unamortized premium for the Financing Authority's general obligation bonds was $2,777,988 at June 30, 2016.

General Obligation Bond Discounts

The 2012 Refunding and the 2013 Refunding Revenue General Obligation Bonds were issued at discounts of $11,000 and $32,179, respectively. The discounts will be amortized in the government-wide financial statements over the life of the debt issues. The remaining unamortized discounts for the District-issued general obligation bonds total $35,938 at June 30, 2016.

Certificates of Participation

The District entered into a long-term equipment lease on August 1, 1992, with the Ventura County School's Public Facilities Financing Corporation, (the Corporation). The Corporation is a separate entity, which was formed for the sole purpose of acquiring equipment and then leasing such equipment to the District.

The Corporation's funds for acquiring the equipment were generated by the issuance of $15,310,000 of Certificates of Participation (COPs). (Refunding and Capital Improvement Projects, Series 1998). COPs are long-term obligations instruments, which are tax exempt and are therefore, issued at interest rates below current market levels for taxable investments.

Lease payments are required to be made by the District under the lease on or before the 25th of the month preceding each lease payment date for use and possession of the facilities for the period commencing on February 1, 1998, and terminating August 1, 2022. Interest rates vary from 3.75 to 5.15 percent. The certificates of participation will be paid by the COP Facilities Fund using local revenues.

The certificates mature through 2023 as follows:

Year Ending June 30,	Principal	Interest to Maturity	Total
2017	$ 770,000	$ 411,073	$ 1,181,073
2018	820,000	369,335	1,189,335
2019	885,000	324,579	1,209,579
2020	1,270,000	268,011	1,538,011
2021	1,340,000	199,499	1,539,499
2022-2023	3,130,000	171,936	3,301,936
Total	$ 8,215,000	$ 1,744,433	$ 9,959,433

Capital Leases

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

	Copier Machines
Balance, July 1, 2015	$ 1,086,959
Payments and adjustments	(268,410)
Balance, June 30, 2016	$ 818,549

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Copier 1 Equipment Lease	Copier 2 Equipment Lease	Copier 3 Equipment Lease	Total
2017	$ 236,380	$ 23,942	$ 8,088	$ 268,410
2018	236,380	23,942	8,088	268,410
2019	236,380	23,942	8,088	268,410
2020	-	11,971	1,348	13,319
Total	$ 709,140	$ 83,797	$ 25,612	$ 818,549

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2016, amounted to $684,140. Accumulated vacation will be paid by the fund for which the employee worked.

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2016, was $838,881, and contributions made by the District during the year were $296,339. Interest on the net OPEB obligation and adjustments to the annual required contribution were $207,822 and $(84,775), respectively, which resulted in an increase to the net OPEB obligation of $665,589. As of June 30, 2016, the net OPEB obligation was $5,283,858. See Note 12 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	$ 82,734	$ -	$ -	$ 82,734
Stores inventories	333,869	-	102,326	436,195
Prepaid expenditures	50	-	-	50
Total Nonspendable	416,653	-	102,326	518,979
Restricted				
Legally restricted programs	2,896,374	-	1,528,072	4,424,446
Capital projects	-	31,843,266	8,795,602	40,638,868
Debt services	-	-	14,703,386	14,703,386
Total Restricted	2,896,374	31,843,266	25,027,060	59,766,700
Committed				
Deferred maintenance program	-	-	376,726	376,726
Assigned				
Designated amount for Lottery	3,338,206	-	-	3,338,206
Designated amount for LCAP	996,472	-	-	996,472
Designated amount for Deferred Maintenance transfer	600,000	-	-	600,000
Other assignments	7,868,810	-	2,581,470	10,450,280
Total Assigned	12,803,488	-	2,581,470	15,384,958
Unassigned				
Economic uncertainties	4,866,587	-	-	4,866,587
Remaining unassigned	8,164,118	-	-	8,164,118
Total Unassigned	13,030,705	-	-	13,030,705
Total	$ 29,147,220	$ 31,843,266	$ 28,087,582	$ 89,078,068

NOTE 11 - LEASE REVENUES

Lease agreements have been entered into with various lessors for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The lease payments received under these agreements totaled $839,296.

Year Ending June 30,	Lease Revenue
2017	$ 824,000
2018	824,000
2019	824,000
2020	824,000
2021	831,000
Thereafter	14,594,000
Total	$ 18,721,000

NOTE 12- POSTEMPLOYMENT HEALTH CARE PLAN AND OPEB OBLIGATION

Plan Description

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

Contribution Information

The contribution requirements of the District are established and may be amended by the District, and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015-2016, the District contributed $296,339 to the Plan, all of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution	$ 838,881
Interest on net OPEB obligation	207,822
Adjustment to annual required contribution	(84,775)
Annual OPEB cost (expense)	961,928
Contributions made	(296,339)
Increase in net OPEB obligation	665,589
Net OPEB obligation, beginning of year	4,618,269
Net OPEB obligation, end of year	$ 5,283,858

Trend Information

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

Year Ended June 30,	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
2014	$ 1,216,465	$ 211,247	17.37%	$ 3,699,786
2015	1,220,012	301,529	24.72%	4,618,269
2016	961,928	296,339	30.81%	5,283,858

Funded Status and Funding Progress

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

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

Actuarial Methods and Assumptions

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

NOTE 13 - RISK MANAGEMENT

Medical

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

All funds with payroll costs participate in the program and make payments to the Medical Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve. The claims liability of $558,890 reported in the fund at June 30, 2016, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability, including incurred but not reported amounts in fiscal years 2016 and 2015 are reported in this note.

Workers' Compensation

The District is exposed to various risks of loss related to injuries to employees. During fiscal year June 30, 2016, the District operated a Workers' Compensation Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. The District purchases excess insurance coverage self-insured workers' compensation program with a $500,000 Self-Insured Retention (SIR) and a statutory limit per occurrence for employer's liability. Settled claims have not exceeded coverage provided by the Southern California Schools Risk Management JPAs in any of the past three fiscal years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. The claims liability of $8,184,716 reported in the fund at June 30, 2016, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The following represents the changes in approximate aggregate liabilities for the District from July 1, 2014 to June 30, 2016:

	Workers' Compensation	Medical	Total
Liability Balance, July 1, 2014	$ 7,728,602	$ 2,394,777	$ 10,123,379
Claims and changes in estimates	3,507,746	4,624,652	8,132,398
Claims payments	2,893,695	7,018,898	9,912,593
Liability Balance, June 30, 2015	8,342,653	531	8,343,184
Claims and changes in estimates	4,689,274	558,890	5,248,164
Claims payments	4,847,211	531	4,847,742
Liability Balance, June 30, 2016	$ 8,184,716	$ 558,890	$ 8,743,606
Assets available to pay claims at June 30, 2016	$ 9,472,391	$ 1,256,200	$ 10,728,591

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2016, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 100,055,525	$ 21,539,333	$ 17,711,540	$ 8,770,998
CalSTRS	31,724,966	10,099,123	11,873,384	1,270,461
Total	$ 131,780,491	$ 31,638,456	$ 29,584,924	$ 10,041,459

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required State contribution rate	7.12589%	7.12589%

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the District's total contributions were $7,589,179.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share:	
District's proportionate share of net pension liability	$ 100,055,525
State's proportionate share of the net pension liability associated with the District	52,918,343
Total	$ 152,973,868

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively was 0.1486 percent and 0.1389 percent, resulting in a net increase in the proportionate share of 0.0097 percent.

For the year ended June 30, 2016, the District recognized pension expense of $8,770,998. In addition, the District recognized pension expense and revenue of $4,099,120 for support provided by the State. At June 30, 2016, 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	$ 7,589,179	$ -
Net change in proportionate share of net pension liability	6,066,717	-
Difference between projected and actual earnings on pension plan investments	7,883,437	16,039,588
Difference between expected and actual experiences in the measurement of the total pension liability	-	1,671,952
Total	$ 21,539,333	$ 17,711,540

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2017	$ (3,375,670)
2018	(3,375,670)
2019	(3,375,670)
2020	1,970,859
Total	$ (8,156,151)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2017	$ 732,461
2018	732,461
2019	732,461
2020	732,461
2021	732,461
Thereafter	732,460
Total	$ 4,394,765

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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are log normally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 151,076,055
Current discount rate (7.60%)	100,055,525
1% increase (8.60%)	57,653,348

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) [and the Safety Risk Pool] under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety, 2014. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2016, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.847%	11.847%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the total District contributions were $3,075,507.

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $31,724,966. The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively was 0.2152 percent and 0.2327 percent, resulting in a net decrease in the proportionate share of 0.0175 percent.

For the year ended June 30, 2016, the District recognized pension expense of $1,270,461. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,075,507	$ -
Net change in proportionate share of net pension liability	-	3,627,336
Difference between projected and actual earnings on pension plan investments	5,210,488	6,296,778
Difference between expected and actual experiences in the measurement of the total pension liability	1,813,128	-
Changes of assumptions	-	1,949,270
Total	$ 10,099,123	$ 11,873,384

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2017	$ (796,304)
2018	(796,304)
2019	(796,304)
2020	1,302,622
Total	$ (1,086,290)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2017	$ (1,552,577)
2018	(1,552,577)
2019	(658,324)
Total	$ (3,763,478)

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.65%)	$ 51,635,025
Current discount rate (7.65%)	31,724,966
1% increase (8.65%)	15,168,421

Social Security

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

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $4,920,212 (7.12589 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS) no contributions were made to CalPERS for the year ended June 30, 2016. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund – Budgetary Comparison Schedule.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2016.

Construction Commitments

As of June 30, 2016, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECTS	Remaining Construction Commitment	Expected Date of Completion
Elementary Schools:		
Arroyo Elementary School	$ 33,950	September 30,2016
Atherwood Elementary School	52,838	September 30, 2016
Berylwood Elementary School	21,042	October 31, 2016
Big Springs Elementary School	253,202	September 30, 2016
Crestview Elementary School	50,676	October 31, 2016
Garden Grove Elementary School	77,734	September 30,2016
Hollow Hills Elementary School	282,842	September 30, 2016
Justin Elementary School	74,436	October 31,2016
Katherine Elementary School	61,261	September 30, 2016
Knolls Elementary School	191,274	October 31,2016
Madera Elementary School	582,005	October 31,2016
Mountain View Elementary School	777,677	July 11, 2016
Park View Elementary School	31,308	September 30, 2016
Santa Susana Elementary School	77,669	October 31,2016
Simi Valley Elementary School	2,844	January 8, 2017
Sycamore Elementary School	71,851	August 30, 2017
Township Elementary School	936,130	November 30, 2016
Vista Elementary School	1,312,482	January 31, 2017
White Oak Elementary School	603,133	October 31,2016
Wood Ranch Elementary School	2,801	September 30, 2016
Middle Schools:		
Hillside Middle School	653	September 30, 2016
Sinaloa Middle School	88,821	August 31, 2017
Valley View Middle School	992,772	December 31, 2016
High Schools:		
Royal High School	464,664	August 31,2017
Santa Susana High School	144,905	August 31,2017
Simi Valley High School	1,074,996	August 31,2017
Apollo Continuation School	5,301	September 30, 2016
Others:		
Oasis modernization	143,910	September 30, 2016
Locker project at	91,446	October 31,2016
Transportation	1,223	January 31, 2016
Education Services Building	38,583	September 30, 2016
Undesignated	2,139,948	July 15, 2017
Total	$ 10,684,377	

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

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

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

During the year ended June 30, 2016, the District made payments of $879,027, $232,000, and $4,312, to VCSSFA, YRSG, and VCFAST, respectively, for services received.

NOTE 17 - RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCE

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

Financing Authority Debt Service Fund	
Fund Balance - Beginning	$ 96,334
Understatement of assets related to Financing Authority Debt Service Fund	4,181,990
Fund Balance - Beginning, as Restated	$ 4,278,324
Government-Wide: Statement of Net Position	
Net Position - Beginning	$ 3,281,170
Understatement of assets related to Financing Authority Debt Service Fund	4,181,990
Overstatement of net pension liability from the adoption of GASB No. 68	2,517,573
Net Position - Beginning as Restated	$ 9,980,733

REQUIRED SUPPLEMENTARY INFORMATION

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local Control Funding Formula	$ 131,216,065	$ 135,263,291	$ 135,113,994	$ (149,297)
Federal sources	5,506,167	6,758,347	6,523,791	(234,556)
Other State sources	4,328,219	15,655,516	20,683,809	5,028,293
Other local sources	10,058,436	11,694,054	13,743,752	2,049,698
Total Revenues [1]	151,108,887	169,371,208	176,065,346	6,694,138
EXPENDITURES				
Current				
Certificated salaries	64,544,671	72,014,929	71,560,999	453,930
Classified salaries	25,758,005	27,868,506	26,526,968	1,341,538
Employee benefits	37,914,151	37,445,134	41,632,029	(4,186,895)
Books and supplies	3,648,099	6,286,347	4,279,674	2,006,673
Services and operating expenditures	12,812,266	15,581,468	13,733,604	1,847,864
Other outgo	61,462	(99,473)	(24,903)	(74,570)
Capital outlay	485,621	4,493,694	4,511,213	(17,519)
Total Expenditures [1]	145,224,275	163,590,605	162,219,584	1,371,021
Excess (Deficiency) of Revenues Over Expenditures	5,884,612	5,780,603	13,845,762	8,065,159
Other Financing Sources (Uses)				
Transfers in	159,000	383,864	129,539	(254,325)
Transfers out	(775,500)	(775,500)	(836,466)	(60,966)
Net Financing Sources (Uses)	(616,500)	(391,636)	(706,927)	(315,291)
NET CHANGE IN FUND BALANCES	5,268,112	5,388,967	13,138,835	7,749,868
Fund Balance - Beginning	16,008,385	16,008,385	16,008,385	-
Fund Balance - Ending	$ 21,276,497	$ 21,397,352	$ 29,147,220	$ 7,749,868

[1] On behalf payments of $4,920,212 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016

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

See accompanying note to required supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CalSTRS		
District's proportion of the net pension liability (asset)	0.1486%	0.1389%
District's proportionate share of the net pension liability (asset)	$ 100,055,525	$ 81,168,535
State's proportionate share of the net pension liability (asset) associated with the District	52,918,343	49,013,066
Total	$ 152,973,868	$ 130,181,601
District's covered - employee payroll	$ 66,992,946	$ 69,081,685
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	149.35%	117.50%
Plan fiduciary net position as a percentage of the total pension liability	74%	77%
CalPERS		
District's proportion of the net pension liability (asset)	0.2152%	0.2327%
District's proportionate share of the net pension liability (asset)	$ 31,724,966	$ 28,938,222
District's covered - employee payroll	$ 23,774,853	$ 23,752,517
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	133.44%	121.83%
Plan fiduciary net position as a percentage of the total pension liability	79%	83%

See accompanying note to required supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2016

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

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

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

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Schedule of District Contributions

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

NOTE 2 - CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS or CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was not changed from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.50 percent to 7.65 percent since the previous valuation.

Supplementary Information

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures	Passed Through To Subrecipients
U.S. DEPARTMENT OF EDUCATION				
Passed through California Department of Education (CDE):				
Adult Education - Basic Grants to State Programs:				
Adult Basic Education - ABE and ESL Services	84.002A	14508	$ 85,200	$ -
Adult Basic Education - Adult Secondary	84.002	13978	33,723	-
Adult Basic Education - English Literacy and Civic Education	84.002A	14109	48,005	-
Total Adult Education - Basic Grants to State Programs			166,928	-
Carl D. Perkins Career and Technical Education Cluster:				
Carl D. Perkins Career and Technical Education Act of 2006 State Leadership, Section 124	84.048	14891	15,000	-
Carl D. Perkins Career and Technical Education Act of 2006 Secondary, Section 131	84.048	14894	18,302	-
Total Carl D. Perkins Career and Technical Education Cluster:			33,302	-
No Child Left Behind of 2001 (NCLB)				
Title I, Part A Cluster:				
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	1,627,248	-
Title I, Part A - Program Improvement LEA Corrective Action	84.010	14957	48,409	-
Total Title I, Part A Cluster			1,675,657	-
Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	84.330B	14831	5,822	-
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	612,839	2,500
Title III - Limited English Proficiency Program	84.365	14346	191,118	-
Passed through Ventura County Special Education Local Plan Area:				
Individuals with Disabilities Education Act (IDEA):				
Special Education (IDEA) Cluster:				
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,782,472	-
Local Assistance, Part B, Section 611, Private School ISPs	84.027	10115	64,779	-
Preschool Local Entitlement, Part B, Section 611	84.027A	13682	181,073	-
Preschool Grants, Part B, Section 619	84.173	13430	84,626	-
Total Special Education Cluster			3,112,950	-
Total U.S. Department of Education			5,798,616	2,500

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures	Passed Through To Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Passed through California Department of Education (CDE):				
Child Nutrition Cluster:				
Basic Breakfast	10.553	13525	$ 4,265	$ -
Especially Needy Breakfast	10.553	13526	281,575	-
National School Lunch Program	10.555	13524	2,215,242	-
Meal Supplement	10.555	13396	2,863	-
Food Distribution	10.555	13524	285,305	-
Total U.S. Department of Agriculture			2,789,250	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through California Department of Health Services:				
Medicaid Cluster:				
Medi-Cal Billing Option	93.778	10013	768,776	-
Medi-Cal Administrative Activities	93.778	10060	13,979	-
Total U.S. Department of Health and Human Services			782,755	-
Total Federal Programs			$ 9,370,621	$ 2,500

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2016

ORGANIZATION

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

GOVERNING BOARD

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

ADMINISTRATION

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

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2016

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,648.82	4,651.37
Fourth through sixth	3,732.00	3,726.79
Seventh and eighth	2,615.16	2,602.07
Ninth through twelfth	5,482.85	5,429.49
Total Regular ADA	16,478.83	16,409.72
Extended Year Special Education		
Transitional kindergarten through third	9.62	9.62
Fourth through sixth	6.55	6.55
Seventh and eighth	3.14	3.14
Ninth through twelfth	9.65	9.65
Total Extended Year Special Education	28.96	28.96
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.26	1.43
Fourth through sixth	1.26	1.39
Seventh and eighth	6.69	6.99
Ninth through twelfth	18.44	18.79
Total Special Education, Nonpublic, Nonsectarian Schools	27.65	28.60
Extended Year Program, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.11	0.11
Fourth through sixth	0.37	0.37
Seventh and eighth	1.13	1.13
Ninth through twelfth	3.76	3.76
Total Extended Year Program, Nonpublic, Nonsectarian Schools	5.37	5.37
Total ADA	16,540.81	16,472.65

See accompanying note to supplementary information.

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2016

Grade Level	1986-87 Minutes Requirement	2015-16 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	52,815	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,615	180	N/A	Complied
Grade 2		54,615	180	N/A	Complied
Grade 3		54,615	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,615	180	N/A	Complied
Grade 5		54,615	180	N/A	Complied
Grade 6		54,615	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		63,500	180	N/A	Complied
Grade 8		63,500	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,996	180	N/A	Complied
Grade 10		64,996	180	N/A	Complied
Grade 11		64,996	180	N/A	Complied
Grade 12		64,996	180	N/A	Complied

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2016.

See accompanying note to supplementary information.

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

	(Budget) 2017[1]	2016	2015	2014
GENERAL FUND				
Revenues	$ 161,726,203	$ 176,065,346	$ 148,846,975	$ 148,457,163
Other sources and transfers in	320,344	129,539	-	3,032,666
Total Revenues and Other Sources	162,046,547	176,194,885	148,846,975	151,489,829
Expenditures	163,864,647	162,219,584	145,184,508	149,333,616
Other uses and transfers out	775,500	836,466	807,299	771,592
Total Expenditures and Other Uses	164,640,147	163,056,050	145,991,807	150,105,208
INCREASE (DECREASE) IN FUND BALANCE	$ (2,593,600)	$ 13,138,835	$ 2,855,168	$ 1,384,621
ENDING FUND BALANCE	$ 26,553,620	$ 29,147,220	$ 16,008,385	$ 13,153,217
AVAILABLE RESERVES [2]	$ 15,002,673	$ 13,030,705	$ 10,921,198	$ 5,483,778
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [3]	9.11%	7.99%	7.48%	3.76%
LONG-TERM OBLIGATIONS	N/A	$ 187,281,977	$ 185,719,666	$ 176,897,488
K-12 AVERAGE DAILY ATTENDANCE AT P-2	16,405	16,541	17,016	17,560

The General Fund balance has increased by $15,994,004 over the past two years. The fiscal year 2016-2017 budget projects a decrease of $2,593,600 (8.90 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years, but anticipates incurring an operating deficit during the 2016-2017 fiscal year. Total long-term obligations have increased by $10,384,489 over the past two years.

Average daily attendance has decreased by 1,019 over the past two years. Additional decline of 136 ADA is anticipated during fiscal year 2016-2017.

[1] Budget 2017 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.
[3] On behalf payments of $4,148,439 and $4,088,984 has been excluded from the calculation of available reserves for the fiscal years ending June 30, 2015, and 2014, respectively.

See accompanying note to supplementary information.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	COP Facilities Fund
ASSETS					
Deposits and investments	$ 2,768,748	$ 1,238,592	$ 913,609	$ 7,799,140	$ 1,430,201
Receivables	170,872	361,346	2,259	103,345	-
Due from other funds	-	-	-	-	-
Stores inventories	-	102,326	-	-	-
Total Assets	$ 2,939,620	$ 1,702,264	$ 915,868	$ 7,902,485	$ 1,430,201
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 275,304	$ 29,442	$ 264,614	$ 212	$ -
Due to other funds	5,169	-	274,528	79,854	-
Unearned revenue	-	120,101	-	-	-
Total Liabilities	280,473	149,543	539,142	80,066	-
Fund Balances:					
Nonspendable	-	102,326	-	-	-
Restricted	77,677	1,450,395	-	7,822,419	1,430,201
Committed	-	-	376,726	-	-
Assigned	2,581,470	-	-	-	-
Total Fund Balances	2,659,147	1,552,721	376,726	7,822,419	1,430,201
Total Liabilities and Fund Balances	$ 2,939,620	$ 1,702,264	$ 915,868	$ 7,902,485	$ 1,430,201

See accompanying note to supplementary information.

County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Financing Authority Debt Service Fund	Non-Major Governmental Funds
$ 79	$ 136,220	$ 10,136,083	$ 3,117,718	$ 27,540,390
-	367	19,384	-	657,573
-	836,517	-	-	836,517
-	-	-	-	102,326
$ 79	$ 973,104	$ 10,155,467	$ 3,117,718	$ 29,136,806
$ -	$ -	$ -	$ -	$ 569,572
-	-	-	-	359,551
-	-	-	-	120,101
-	-	-	-	1,049,224
-	-	-	-	102,326
79	973,104	10,155,467	3,117,718	25,027,060
-	-	-	-	376,726
-	-	-	-	2,581,470
79	973,104	10,155,467	3,117,718	28,087,582
$ 79	$ 973,104	$ 10,155,467	$ 3,117,718	$ 29,136,806

SIMI VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
REVENUES				
Local Control Funding Formula	$ -	$ -	$ 600,000	$ -
Federal sources	166,928	2,789,253	-	-
Other State sources	4,660,491	185,122	-	-
Other local sources	1,554,806	1,859,906	6,280	1,456,912
Total Revenues	6,382,225	4,834,281	606,280	1,456,912
EXPENDITURES				
Current				
Instruction	2,919,601	-	-	-
Instruction-related activities:				
Supervision of instruction	257,336	-	-	-
School site administration	2,001,610	-	-	-
Pupil services:				
Food services	-	4,632,978	-	-
All other pupil services	329,341	-	-	-
Administration:				
All other administration	209,799	242,419	-	39,927
Plant services	457,523	488	245,551	11,233
Facility acquisition and construction	74,756	55,173	1,651,136	629,211
Community services	74,534	-	-	-
Other outgo	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	6,324,500	4,931,058	1,896,687	680,371
Excess (Deficiency) of Revenues Over Expenditures	57,725	(96,777)	(1,290,407)	776,541
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Other sources	-	-	-	-
Transfers out	-	-	-	-
Other uses	-	-	-	-
Net Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	57,725	(96,777)	(1,290,407)	776,541
Fund Balances - Beginning, as Restated	2,601,422	1,649,498	1,667,133	7,045,878
Fund Balances - Ending	$ 2,659,147	$ 1,552,721	$ 376,726	$ 7,822,419

See accompanying note to supplementary information.

COP Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Financing Authority Debt Service Fund	Non-Major Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 600,000
-	-	-	-	-	2,956,181
-	-	-	96,237	-	4,941,850
5	-	1,450	10,083,875	4,554,811	19,518,045
5	-	1,450	10,180,112	4,554,811	28,016,076
-	-	-	-	-	2,919,601
-	-	-	-	-	257,336
-	-	-	-	-	2,001,610
-	-	-	-	-	4,632,978
-	-	-	-	-	329,341
-	-	-	-	-	492,145
-	-	-	-	-	714,795
-	-	3,227	-	-	2,413,503
-	-	-	-	-	74,534
-	-	-	-	1,160,723	1,160,723
705,000	-	-	-	5,936,302	6,641,302
449,794	-	-	177,958	8,945,801	9,573,553
1,154,794	-	3,227	177,958	16,042,826	31,211,421
(1,154,789)	-	(1,777)	10,002,154	(11,488,015)	(3,195,345)
1,154,794	-	836,466	-	10,327,409	12,318,669
-	-	-	5,301,385	-	5,301,385
-	-	(1,154,794)	(10,327,409)	-	(11,482,203)
-	-	-	(5,235,640)	-	(5,235,640)
1,154,794	-	(318,328)	(10,261,664)	10,327,409	902,211
5	-	(320,105)	(259,510)	(1,160,606)	(2,293,134)
1,430,196	79	1,293,209	10,414,977	4,278,324	30,380,716
$ 1,430,201	$ 79	$ 973,104	$ 10,155,467	$ 3,117,718	$ 28,087,582

SIMI VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND SELECTED FINANCIAL INFORMATION
THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES OF FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

(Amounts in thousands)	Actual Results for the Years					
	2015-2016		2014-2015		2013-2014	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	$ 6,524	3.7	$ 5,868	3.8	$ 6,055	4.1
State and local revenue included in Local Control Funding Formula	135,114	76.7	122,882	80.3	116,108	78.2
Other State revenue	20,684	11.7	11,094	7.3	13,771	9.3
Other local revenue	4,389	2.5	3,669	2.4	3,754	2.5
Tuition and transfers in	9,355	5.3	9,482	6.2	8,769	5.9
Total Revenues	176,065	100.0	152,995	100.0	148,457	100.0
EXPENDITURES						
Salaries and Benefits						
Certificated salaries	71,561	40.6	66,444	43.4	68,528	44.8
Classified salaries	26,527	15.1	24,467	16.0	24,789	16.2
Employee benefits	41,632	23.6	39,910	26.1	39,368	25.7
Total Salaries and Benefits	139,720	79.4	130,821	85.5	132,685	86.7
Books and supplies	4,280	2.4	5,782	3.8	3,434	2.2
Contracts and operating expenses	13,734	7.8	12,250	8.0	11,928	7.8
Capital outlay	4,486	2.5	480	0.3	1,286	0.8
Total Expenditures	162,219	92.1	149,333	97.6	149,333	97.6
Excess of Revenues Over (Under) Expenditures	13,846	7.9	3,662	2.4	(876)	2.4
OTHER FINANCING SOURCES (USES)	(707)	(0.4)	(807)	(0.5)	2,261	1.5
INCREASE (DECREASE) IN FUND BALANCE	13,139	7.5	2,855	1.9	1,385	3.9
FUND BALANCE, BEGINNING	16,008		13,153		11,768	
FUND BALANCE, ENDING	$ 29,147		$ 16,008		$ 13,153	

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and in Business-Type Activities, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of (Medi-Cal Administrative Activities) funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, (Medi-Cal Billing Option) funds have been recorded in the current period as revenues that have not been expended as of June 30, 2016. These unspent balances are reported as legally restricted ending balances within the General Fund.

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balance:		$ 9,479,972
Medi-Cal Administrative Activities	93.778	34,787
Medi-Cal Billing Option	93.778	(144,138)
Total Schedule of Expenditures of Federal Awards		$ 9,370,621

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

General Fund Selected Financial Information

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

INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governing Board
Simi Valley Unified School District
Simi Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Simi Valley Unified School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Simi Valley Unified School District's basic financial statements, and have issued our report thereon dated December 15, 2016.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the District has restated the beginning fund balance in the Financing Authority Debt Service Fund and the beginning net position of government-wide activities financial statements. The Financing Authority Debt Service Fund restatement was a result of the understatement of the assets being held for repayment of the outstanding obligations. The government-wide activities restatement of net position was a result of the overstatement of net pension liability related to the inclusion of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Simi Valley Unified School District in a separate letter dated December 15, 2016.

Purpose of This Report

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Simi Valley Unified School District
Simi Valley, California

Report on Compliance for Each Major Federal Program

We have audited Simi Valley Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Simi Valley Unified School District's (the District) major Federal programs for the year ended June 30, 2016. Simi Valley Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, Simi Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2016

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Simi Valley Unified School District
Simi Valley, California

Report on State Compliance

We have audited Simi Valley Unified School District's compliance with the types of compliance requirements as identified in the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Simi Valley Unified School District's State government programs as noted below for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Simi Valley Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Simi Valley Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Simi Valley Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Simi Valley Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2016.

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes
CHARTER SCHOOLS:	
Contemporaneous Records of Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform any procedures related to Middle or Early College High Schools.

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

The District does not offer an Independent Study Course Based Program; therefore, we did not perform any procedures related to the Independent Study Course Based Program.

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major Federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Uniform Guidance?	No

Identification of major Federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84027A, and 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?	Yes
STATE AWARDS	
Type of auditor's report issued on compliance for programs:	Unmodified

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

SIMI VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

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

Governing Board
Simi Valley Unified School District
Simi Valley, California

In planning and performing our audit of the financial statements Simi Valley Unified School District (the District), for the year ended June 30, 2016, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent a condition noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 15, 2016, on the financial statements of Simi Valley Unified School District.

ROYAL HIGH SCHOOL

Associated Student Body – Inventory

Observation

During our audit of inventory procedures, Auditor noted that the year-end financial statements were understated by $4,032.16 in comparison to the year-end inventory count. Per inquiry with client, the school site ASB Bookkeeper did not make the year-end journal entry to reconcile the year-end inventory to the financial statements.

Recommendation

After the ASB advisor takes a final inventory of all stock on hand, the ASB Bookkeeper should balance the inventory count with the book value of the inventory. Making adjusting journal entries if needed to reconcile the year-end inventory to the financial statements.

SIMI VALLEY HIGH SCHOOL

Associated Student Body – Inventory

Observation

During our audit of inventory procedures, Auditor noted that the year-end financial statements were overstated by $8,464.85 in comparison to the year-end inventory count. Per inquiry with client, the school site ASB Bookkeeper did not reconcile the records in Sage to the correct year-end inventory count.

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Governing Board
Simi Valley Unified School District

Recommendation

After the ASB advisor takes a final inventory of all stock on hand, the ASB Bookkeeper should balance the inventory count with the book value of the inventory. Making adjusting journal entries if needed to reconcile the year-end inventory to the financial statements.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2016

APPENDIX B

GENERAL AND FINANCIAL INFORMATION FOR THE DISTRICT

GENERAL DISTRICT INFORMATION

The information in this and other sections concerning the Distr'ct's operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Series A Bonds is payable from the general fund of the District. The Series A Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE SERIES A BONDS" in the front half of the Official Statement.

General Information

The District was originally organized in 1936 and lies in the southeastern portion of Ventura County (the "**County**"). The District consists of approximately 90 square miles, and its boundaries encompass the incorporated City of Simi Valley (the "**City**") and extends into a small portion of the unincorporated area of the County. The District operates 18 elementary schools, three middle schools, three high schools, one continuation school, one adult school, and one alternative education program. Enrollment in the District for the 2016-17 school year is projected at 17,164 students.

Administration

The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Dr. Jason Peplinski is currently serving as the Superintendent of the District.

Board of Education. The District is governed by a five-member Board of Education, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board of Education, together with their office and the date their term expires, are listed below:

Name	Office	Term Expires
Bill Daniels	President	December 2018
Dan White	Clerk	December 2018
Scott Blough	Trustee	December 2018
Bob LaBelle	Trustee	December 2020
Eric Lundstrom	Trustee	December 2020

Recent Enrollment Trends

The following table shows recent enrollment and average daily attendance history for the District with projections for fiscal year 2016-17.

ANNUAL ENROLLMENT and AVERAGE DAILY ATTENDANCE
Fiscal Years 2009-10 through 2016-17
Simi Valley Unified School District

Fiscal Year	Enrollment(1)	Percent Change	ADA	Percent Change
2009-10	20,303	--	19,431	--
2010-11	19,933	(1.8%)	19,010	(2.2%)
2011-12	19,430	(2.5)	18,679	(1.7)
2012-13	18,857	(2.9)	18,113	(3.0)
2013-14	18,353	(2.7)	17,560	(3.1)
2014-15	17,821	(2.9)	17,016	(3.1)
2015-16	17,223	(3.4)	16,541	(2.8)
2016-17†	17,164	(0.3)	16,546	(0.0)

(1) Does not include charter school enrollment.
† Projected.
Source: California Department of Education for enrollment through 2015-16; Simi Valley Unified School District for 2016-17.

Employee Relations

The District has 790 certificated full time equivalent employees ("**FTE**") and 651 classified FTEs. The certificated employees of the District are represented by one bargaining unit and the classified employees of the District are represented by another bargaining unit, as set forth in the following table.

Employee Group	Bargaining Group	Contract Expiration Date
Certificated	Simi Educators Association	June 30, 2017
Classified	California School Employees Association	June 30, 2017

Source: Simi Valley Unified School District.

Insurance – Joint Powers Agreements

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

During the year ended June 30, 2016, the District made payments of $879,027, $232,000, and $4,312, to VCSSFA, YRSG, and VCFAST, respectively, for services received.

DISTRICT FINANCIAL INFORMATION

The information in this and other sections concerning the District's operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Series A Bonds is payable from the general fund of the District. The Series A Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof.

Education Funding Generally

School districts in California receive operating income primarily from two sources: the State funded portion which is derived from the State's general fund, and a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the California Constitution. As a result, decreases or deferrals in education funding by the State could significantly affect a school district's revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues.

The fiscal year 2013-14 State budget package (the "**2013-14 State Budget**") replaced the previous K-12 finance system with a new formula known as the Local Control Funding Formula (the "**LCFF**"). Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and will be phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

Based on revenue projections, districts will reach what is referred to as "full funding" in eight years, being fiscal year 2020-21. This projection assumes that the State's economy will improve each year; if the economy falters it could take longer to reach full funding.

The target LCFF amounts for State school districts and charter schools based on grade levels and Targeted Students is shown below.

Grade Span Funding at Full LCFF Implementation(1) (Target Amount)

Grade Span	Base Grant(2)	K-3 Class Size Reduction and 9-12 Adjustments	Average Assuming 0% Targeted Students	Average Assuming 25% Targeted Students	Average Assuming 50% Targeted Students	Average Assuming 100% Targeted Students
K-3	$6,845	$712	$7,557	$7,935	$8,313	$10,769
4-6	6,947	N/A	6,947	7,294	7,642	9,899
7-8	7,154	N/A	7,154	7,512	7,869	10,194
9-12	8,289	$216	8,505	8,930	9,355	12,119

(1) Full implementation of LCFF expected in fiscal year 2020-21.
(2) Does not include adjustments for cost of living.
Source: California Department of Education.

The new legislation included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the 2013-14 State Budget created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts.

District accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2016 audited financial statements were prepared by Vavrinek, Trine, Day & Co., LLP, Rancho Cucamonga, California and are attached as Appendix A to the Official Statement. The District is currently working with its auditor to correct inconsistencies with respect to its long-term general obligation bond and general obligation refunding bond indebtedness, as described in Note 9 to the audited financial statements attached to the Official Statement as Appendix A.

Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent, 875 East Cochran Street, Simi Valley, California 93065, Telephone: (805) 306-4500. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District may impose a charge for copying, mailing and handling.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District for the fiscal years 2011-12 through 2015-16.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2011-12 through 2015-16 (Audited)
Simi Valley Unified School District

	Audited 2011-12	Audited 2012-13	Audited 2013-14	Audited 2014-15	Audited 2015-16
Revenues					
LCFF/Revenue Limit Sources[(1)]	$ 99,867,791	$98,721,490	$116,108,376	$122,882,288	$135,113,94
Federal Revenues	10,265,128	6,353,779	6,054,746	5,867,768	6,523,791
Other state revenues	24,680,350	24,603,821	13,771,340	11,094,305	20,683,809
Other local revenues	13,799,096	15,325,291	12,522,700	13,151,053	13,743,752
Total Revenues	148,612,365	145,004,381	148,457,162	152,995,414	176,065,346
Expenditures					
Instruction	102,924,929	$100,385,520	96,449,972	97,313,955	100,536,751
Instruction-related activities:					
Supervision of instruction	3,625,285	4,486,577	4,430,817	4,763,336	5,289,867
Instructional library, media and technology	1,006,980	936,062	894,941	930,826	954,687
School site administration	11,086,896	11,117,969	11,337,003	11,432,230	12,193,936
Pupil services:					
Home-to-school transportation	2,974,077	3,080,046	3,304,174	3,058,123	2,973,276
Food services	169,089	382,199	276,479	118,110	173,605
All other pupil services	6,717,324	8,568,927	8,008,489	8,020,171	9,686,482
Administration:					
Data procession	1,720,091	1,520,779	1,725,352	1,581,346	1,906,927
All other administration	5,852,892	5,548,292	5,860,444	5,620,533	6,477,492
Plant services	14,594,404	14,485,181	14,489,553	14,322,474	15,599,716
Facility acquisition and construction	180,536	113,919	176,845	107,673	3,873,190
Ancillary services	1,302,731	1,309,098	1,286,046	1,435,886	1,767,626
Community services	408,394	483,312	329,047	328,956	354,704
Other Outgo	286,493	240,661	260,049	294,197	427,317
Enterprise services	32,545	60,327	2,169	5,131	4,008
Debt service: Principal	188,349	160,000	--	--	--
Debt Service: Interest	--	131,649	502,236	--	--
Total Expenditures	153,071,015	153,010,518	149,333,616	149,332,947	162,219,584
Excess of Revenues Over(Under) Expenditures	(4,458,650)	(8,006,137)	(876,454)	3,662,467	13,845,762
Other Financing Sources (Uses)					
Transfers in	--	--	3,032,667	--	129,539
Transfers out	(762,211)	(855,622)	(771,592)	(807,299)	(836,466)
Other Sources (Uses)	--	--	--	--	--
Total Other Financing Sources (Uses)	(762,211)	(855,622)	2,261,075	(807,299)	(706,927)
Net change in fund balance	(5,220,861)	(8,861,759)	1,384,621	2,855,168	13,138,835
Fund Balance, July 1	25,851,216	20,630,355	11,768,596	13,153,217	16,008,385
Fund Balance, June 30	$20,630,355	$11,768,596	$13,153,217	$16,008,385	$29,147,220

(1) Local Control Funding Formula ("LCFF") commenced in fiscal year 2013-14.
Source: Simi Valley Unified School District Audit Reports

District Budget and Interim Financial Reporting

Budgeting and Interim Reporting Procedures. State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Ventura County Superintendent of Schools (the "**County Superintendent**").

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) after also consulting with the district's board, develop and impose revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

A State law adopted in 1991 ("**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget Approval/Disapproval and Certification History. The following is a summary of recent County Office of Education's Certifications of the District's interim reports:

Interim Report	Certification Assigned
1st Interim 2011-12	Positive
2nd Interim 2011-12	Positive
1st Interim 2012-13	Qualified
2nd Interim 2012-13	Qualified
1st Interim 2013-14	Positive
2nd Interim 2013-14	Positive
1st Interim 2014-15	Positive
2nd Interim 2014-15	Positive
1st Interim 2015-16	Positive
2nd Interim 2015-16	Positive
1st Interim 2016-17	Positive
2nd Interim 2016-17	Positive

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at Simi Valley Unified School District, 875 East Cochran Street, Simi Valley, California 93065, Telephone: (805) 306-4500. The District may impose charges for copying, mailing and handling.

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District's 2016-17 General Fund. The following table shows the general fund figures for the District's adopted budget and second interim projections for fiscal year 2016-17.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Year 2016-17 (Adopted Budget and Second Interim Projections)(1)
Simi Valley Unified School District

	Adopted Budget 2016-17	Second Interim Projections 2016-17
Revenues		
LCFF/ Revenue Limits Sources	$136,861,325	$136,905,845
Federal Revenues	5,810,269	5,800,881
Other State Revenues	15,840,365	16,213,645
Other Local Revenues	10,683,382	13,133,357
Total Revenues	169,195,341	172,053,728
Expenditures		
Certificated Salaries	72,718,263	72,450,317
Classified Salaries	28,699,587	28,687,392
Employee Benefits	46,358,583	46,384,910
Books and Supplies	12,834,287	11,089,452
Contract Services & Operating Exp.	16,260,044	15,726,276
Capital Outlay	2,021,537	3,664,307
Other Outgo (Excluding Indirect Costs)	603,360	603,360
Other Outgo-Transfers of Indirect Costs	(510,950)	(510,950)
Total Expenditures	178,984,711	178,095,064
Excess of Revenues Over/(Under) Expenditures	(9,789,370)	(6,041,336)
Other Financing Sources (Uses)		
Operating Transfers In	393,617	854,320
Operating Transfers Out	(775,500)	(850,000)
Other Sources/Uses	163,000	727,820
Total Other Financing Sources (Uses)	(218,883)	732,140
Net Change in Fund Balance	(10,008,253)	(5,309,196)
Fund Balance, July 1	29,147,224	29,147,224
Fund Balance, June 30	$19,138,971	$23,838,028

(1) Totals may not sum due to rounding.
Source: Simi Valley Unified School District Adopted Budget and Second Interim for Fiscal Year 2016-17

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve that might be approved as an expenditure by the District in the future. The Board of Education has adopted a 4% reserve unrestricted reserve policy, which exceeds the State's minimum requirements.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget ("**SB 858**"), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which limits the amount of reserves which may be maintained at the District level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

In August of 2015, a bill was introduced into the State Senate in response to SB 858 ("**SB 799**") proposing reforms to the reserve cap. SB 799 proposes a cap on unassigned reserves and special reserves for other than capital outlay of seventeen percent, with exemptions from the cap for school districts with less then 2,500 average daily attendance and basic aid districts.

The District cannot predict how SB 858 or SB 799, if enacted, will impact its reserves and future spending.

Attendance - Revenue Limit and LCFF Funding

As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth LCFF funding for the District for fiscal years 2013-14 through 2016-17 (Projected).

AVERAGE DAILY ATTENDANCE AND STATE FUNDING UNDER LCFF
Fiscal Years 2013-14 through 2016-17
Simi Valley Unified School District

Fiscal Year	ADA	LCFF Entitlement Per ADA
2013-14	17,560	$6,640
2014-15	17,016	7,257
2015-16	16,541	8,202
2016-17(1)	16,546	8,346

(1) Projected.
Source: Simi Valley Unified School District.

The unduplicated count of the District's students that are low-income, English learners and/or foster youth is approximately 33% in fiscal year 2016-17 for purposes of determining supplemental and concentration grant funding under LCFF.

Revenue Sources

The District categorizes its general fund revenues into four sources, being LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under Every Student Succeeds, the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives other State revenues.

The District receives State aid from the California State Lottery (the "**Lottery**"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material.

For additional discussion of State aid to school districts, see "- STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

Other Local Revenues. In addition to local property taxes, the District receives additional local revenues from items such as interest earnings and other local sources.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

Implementation of GASB Nos. 68 and 71. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. As a result of the implementation of GASB Statement Nos. 68 and 71, the District was required to reflected a restatement of its beginning net position as of July 1, 2014. See the 2015-16 audited financial statements of the District attached to the Official Statement as Appendix A, and particularly Note 17.

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's employer contributions to STRS for recent fiscal years are set forth in the following table.

STRS Contributions
Simi Valley Unified School District
Fiscal Years 2012-13 through 2016-17

Fiscal Year	Amount
2012-13	$5,821,259
2013-14	5,693,209
2014-15	5,948,974
2015-16	7,589,179
2016-17(1)	9,302,952

(1) Second Interim Projections.
Source: Simi Valley Unified School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $96.7 billion as of June 30, 2016 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 State Budget, the

Governor signed into law Assembly Bill 1469 ("**AB 1469**"), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2014-15 and 2015-16 were 8.88% and 10.73%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2016-17 through fiscal year 2020-21 are set forth in the following table.

PROJECTED EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2016-17 through 2020-21

Fiscal Year	Projected Employer Contribution Rate(1)
2016-17	12.58%
2017-18	14.43
2018-19	16.28
2019-20	18.13
2020-21	19.10

(1) Expressed as a percentage of covered payroll.
Source: AB 1469

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the "Schools Pool." Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District's employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS Contributions
Simi Valley Unified School District
Fiscal Years 2012-13 through 2016-17

Fiscal Year	Amount
2012-13	$2,812,139
2013-14	2,715,540
2014-15	2,798,300
2015-16	3,075,507
2016-17(1)	3,424,723

(1) Second Interim Projections.
Source: Simi Valley Unified School District.

Like the STRS program, the PERS program has maintained an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $21.7 billion as of June 30, 2016 (the date of the last actuarial valuation). To address such unfunded liability, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, the PERS board approved a new funding risk mitigation policy to incrementally lower the PERS discount rate. In December 2016, PERS approved lowering the discount rate to 7.0% over the next three years. The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2014-15 and 2015-16 were 11.771% and 11.847%, respectively. Projected employer contribution rates for school districts in the State (including the District) for fiscal year 2016-17 through fiscal year 2021-22 are set forth in the following table.

PROJECTED EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2016-17 through 2021-22[(1)]

Fiscal Year	Projected Employer Contribution Rate[(2)]
2016-17	13.888%
2017-18	15.800
2018-19	18.700
2019-20	21.600
2020-21	24.900
2021-22	26.400

(1) Rates were estimated by PERS in 2017. The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
Source: PERS

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, except the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Additional Information. Additional information regarding the District's retirement programs is available in Note 14 to the District's audited financial statements attached as Appendix A to the Official Statement. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Retirement Benefits

Plan Description. The Postemployment Benefits Plan (the "**Plan**") is a single employer-defined benefit healthcare plan administered by the District. The Plan provides medical insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 25 retirees currently receiving benefits and 1,472 active Plan members.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost (expense) is calculated based on the annual required contribution ("**ARC**"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities ("**UAAL**") over a period not to exceed 30 years.

A summary of the District's OPEB obligation, as shown in the District's audited financial statements as of June 30, 2016, is as follows:

OPEB Obligation as of June 30, 2016
Simi Valley Unified School District

Annual required contribution	$838,881
Interest on net OPEB obligation	207,822
Adjustment to ARC	(84,775)
Annual OPEB cost (expense)	961,928
Contributions	(296,339)
Change in net OPEB obligation	665,589
Net OPEB obligation- July 1, 2015	4,618,269
Net OPEB obligation- June 30, 2016	$5,283,858

Source: District Audited Financial Statement.

The District's annual OPEB cost for the year, the percentage of annual OPEB cost contributed, and the net OPEB obligation for fiscal years 2013-14 through 2015-16 is as follows:

OPEB Cost History
Simi Valley Unified School District

Fiscal Year	Annual OPEB Cost	Actual Contribution	% of Annual OPEB Contributed	Net OPEB Obligation
2013-14	$1,216,465	$211,247	17.37%	$3,699,786
2014-15	1,220,012	301,529	24.72	4,618,269
2015-16	961,928	296,339	30.81	5,283,858

Source: District Audited Financial Statements.

Funded Status and Funding Progress. As of November 1, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $12,092,106, and the actuarial value of assets was $0.0, resulting in an unfunded actuarial accrued liability ("**UAAL**") of $12,092,106. The covered payroll (annual payroll of active employees covered by the plan) was $100,767,550, and the ratio of the UAAL to the covered payroll was 12%.

Existing Debt Obligations

General Obligation Bonds. The District has general obligation bonds outstanding, which are also secured by *ad valorem* property taxes on a parity basis with the Series A Bonds, as summarized in the following table and as described in more detail below.

GENERAL OBLIGATION BONDS
Simi Valley Unified School District

Dated Date	Issue	Amount of Original Issue	Outstanding as of June 1, 2017
06/03/2004	2004 Election, Series A	$59,999,969.00	$944,968.80
07/30/2004	2004 Refunding Bonds	16,150,000.00	1,040,000.00
12/14/2005	2004 Election, Series B	39,999,199.00	494,199.00
07/12/2007	2007 General Obligation Refunding Bonds	93,036,666.52	3,451,658.92
10/18/2007	2004 Election, Series C	45,000,619.00	34,725,618.80
10/30/2012	2012 Refunding Bonds	2,200,000.00	560,000.00
05/21/2013	2013 Refunding Bonds	8,740,000.00	8,605,000.00
06/29/2016	2016 General Obligation Refunding Bonds	4,565,000.00	4,565,000.00
05/04/2017	2017 General Obligation Refunding Bonds	65,515,000.00	65,515,000.00
	Total	$335,206,453.12	$119,901,445.52

Source: Simi Valley Unified School District

General Obligation Bonds, Election of 2004, Series A. In June 2004, the District issued $59,999,968.80 aggregate principal amount General Obligation Bonds, Election of 2004, Series A (the "**2004 Series A Bonds**"). The 2004 Series A Bonds were issued as both current interest and capital appreciation bonds, A portion of the issue was refunded in July 2007, with the District's 2007 General Obligation Refunding Bonds.

2004 General Obligation Refunding Bonds. In July 2004, the District issued $16,150,000 principal amount 2004 General Obligation Refunding Bonds (the "**2004 Refunding Bonds**"). The 2004 Refunding Bonds were issued as current interest bonds and mature through August 1, 2018. Proceeds from the sale of the 2004 Refunding Bonds were used to refund a portion of the District's 1996 General Obligation Refunding Bonds and pay costs of issuance.

General Obligation Bonds, Election of 2004, Series B. In December 2005, the District issued $39,999,199 aggregate principal amount General Obligation Bonds, Election of 2004, Series B (the "**2004 Series B Bonds**"). The 2004 Series B Bonds were issued as both current interest and capital appreciation bonds and mature through August 1, 2018. A portion of the issue was refunded in July 2007, with the District's 2007 General Obligation Refunding Bonds.

2007 General Obligation Refunding Bonds. In July of 2007, District issued $93,036,666.52 aggregate principal amount 2007 General Obligation Refunding Bonds (the "**2007 Refunding Bonds**"). The 2007 Refunding Bonds were sold to the Simi Valley School Financing Authority (the "**Authority**"), which financed the purchase with its $95,675,000 principal amount 2007 General Obligation Revenue Bonds. Proceeds from the sale of the 2007 Refunding Bonds were used to purchase a portion of the 2004 Series A Bonds and 2004 Series B Bonds and pay costs of issuance of the 2007 Refunding Bonds. The outstanding 2007 Refunding Bonds mature on August 1, 2017.

General Obligation Bonds, Election of 2004, Series C. In October 2007, the District issued $45,000,618.80 aggregate principal amount General Obligation Bonds, Election of 2004, Series C (the "**2004 Series C Bonds**"). The 2004 Series C Bonds were issued as both current interest and capital appreciation bonds, and mature through August 1, 2032.

2012 General Obligation Refunding Bonds. In October 2012, the District issued $2,200,000 principal amount 2012 General Obligation Refunding Bonds (Taxable) (the "**2012 Refunding Bonds**"). The 2012 Refunding Bonds were issued as current interest bonds and mature through August 1, 2017. Proceeds from the sale of the 2012 Refunding Bonds were used to refund the remaining portion of the District's 1998 General Obligation Refunding Bonds and pay costs of issuance.

2013 General Obligation Refunding Bonds. In May 2013, the District issued $8,740,000 principal amount 2013 General Obligation Refunding Bonds (the "**2013 Refunding Bonds**"). The 2013 Refunding Bonds were issued as current interest bonds and mature through August 1, 2024. Proceeds from the sale of the 2013 Refunding Bonds were used to refund a portion of the District's General Obligation Bonds, Election of 2004, Series 2007C and pay costs of issuance.

2016 General Obligation Refunding Bonds. In June 2016, the District issued $4,565,000 aggregate principal amount 2016 General Obligation Refunding Bonds (the "**2016 Refunding Bonds**"). The 2016 Refunding Bonds were issued as current interest bonds and mature through August 1, 2027. Proceeds from the sale of the 2016 Refunding Bonds were used to refund a portion of the Simi Valley School Financing Authority's 2007 General Obligation Bonds and pay costs of issuance.

2017 General Obligation Refunding Bonds. On May 4, 2017, the District issued $65,515,000 aggregate principal amount 2017 General Obligation Refunding Bonds (Forward Delivery) (the "**2017 Refunding Bonds**"). The 2017 Refunding Bonds were issued as current interest bonds and mature through August 1, 2027. Proceeds from the sale of the 2017 Refunding Bonds were used to refund the remaining callable portion of Simi Valley School Financing Authority's 2007 General Obligation Bonds not already refunded by the 2016 Refunding Bonds and pay costs of issuance.

Certificates of Participation. On January 6, 1998 the District executed and delivered its Certificates of Participation (Refunding and Capital Improvement Projects, Series 1998) in the aggregate principal amount of $15,310,000 (the "**Certificates**"). The principal and interest evidenced by the Certificates is payable for lease payments to be made by the District pursuant to certain lease agreements entered into by the District for the use and possession of certain District sites and facilities. Shown below are the remaining payments due on the Certificates.

Year Ending June 30	Total Payment
2017	$1,181,073
2018	1,189,335
2019	1,209,579
2020	1,538,011
2021	1,539,499
2022-2023	3,301,936
TOTAL	$9,959,433

Source: Simi Valley Unified School District

Capital Leases. The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The capital leases have minimum lease payments as follows:

Year Ending (June 30)	Copier 1 Equipment Lease	Copier 2 Equipment Lease	Copier 3 Equipment Lease	Total
2017	$236,380	$23,942	$8,088	$268,410
2018	236,380	23,942	8,088	268,410
2019	236,380	23,942	8,088	268,410
2020	--	11,971	1,348	13,319
Total	$709,140	$83,797	$25,612	$818,549

Source: Simi Valley Unified School District

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the Ventura County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See Appendix G.

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see "—Education Funding Generally" above). State funds typically make up the majority of a district's LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS" below.

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. The primary source of funding for school districts is funding under the LCFF, which is a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). State funds typically make up the majority of a district's LCFF entitlement.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District, the County, nor the underwriter are responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each house of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature, and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets

Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.

- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2016-17 State Budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 6, 2012 statewide election, and Proposition 55 at the November 8, 2016 statewide election,there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State Budget again be stressed and if projections included in such budget do not materialize.

2013-14 State Budget: Significant Change in Education Funding. As described previously herein, the 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances.

2016-17 Adopted State Budget

On June 27, 2016, the Governor signed the 2016-17 State Budget (the "**2016-17 State Budget**") into law. The 2016-17 State Budget package calls for $122.5 billion in general fund spending and $44.6 billion in special fund spending, along with $3.6 billion in bond spending. The 2016-17 State Budget includes more money for higher education, repeals a cap on welfare payments, raises rates for child care providers and puts an additional $3.3 billion into the State's rainy-day reserve, including an optional $2 billion shift to protect against a future economic downturn. The 2016-17 State Budget establishes a multiyear plan that is balanced and that, among other items, provides for the following:

- contributions to both state budget reserves: the Special Fund for Economic Uncertainties, the state's discretionary reserve, and the Budget Stabilization Account, the state's constitutional rainy day fund, raising such reserves to $6.7 billion;

- an increase in funding for K-12 schools of more than $2.9 billion (representing an increase of 5.4% over the LCFF funding level for fiscal year 2014-15 and bringing the LCFF level implementation to 96% complete);

- an increase of more than $1.3 billion in one-time discretionary general funds for school districts, charter schools and county offices of education to use at local discretion (for activities such as deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology, and the implementation of new educational standards);

- a $1.6 billion early education block grant by combining three existing programs to promote local flexibility, focusing on disadvantaged students and improved accountability;

- $807 million for statewide deferred maintenance at levees, state parks, universities, community colleges, prisons, state hospitals, and other state facilities;

- a $3.1 billion cap-and-trade expenditure plan to reduce greenhouse gas emissions;

- over $2 billion in funds for various infrastructure improvements, $688 million for critical deferred maintenance at levees, state parks, universities, community colleges, prisons, state hospitals, and other state facilities;

- a $1.2 billion pay-down of debt and liabilities from Proposition 2 funds; and

- $710 million to pay for the costs of wildfires and for other effects of the drought.

The execution of the 2016-17 State Budget may be affected by numerous factors, including but not limited to: (i) shifts of costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risk associated with proposed spending reductions, (iv) rising health care costs and (v) other factors, all or any of which could cause the revenue and spending projections in the 2016-17 State Budget to be unattainable. The District cannot predict the impact that the 2016-17 State Budget, or subsequent budgets, will have on its own finances and operations. Additionally, the District cannot predict the accuracy of any projections made in the 2016-17 State Budget.

2017-18 State Budget

Proposed State Budget. On January 10, 2017, the Governor released the proposed State Budget for fiscal year 2017-18 (the "**2017-18 Proposed Budget**"). The 2017-18 Proposed Budget included $177.1 billion in general fund and special fund spending, and identified a budget deficit of $2 billion. Proposals included to address the deficit include proposed reductions in planned spending. The 2017-18 Proposed Budget indicated that since the signing of the 2016-17 State Budget, State revenues were lower than previously forecast in five out of the seven past months, and revenues attributed to wage growth were lower than expected. Notwithstanding these variables, State revenues were expected to grow 3% in the coming year. Proposed actions to bring the State budget into balance included adjusting the Proposition 98 minimum guarantee on education funding to avoid over-appropriation, and eliminating the authority contained in the 2016-17 State Budget for various one-time spending that remained uncommitted, largely with respect to eliminating the $400 million set-aside for affordable housing that was never allocated and a $300 million transfer to modernize State office buildings planned for 2017-18.

May Revision. On May 11, 2017, the Governor released the May Revision to the 2017-18 Proposed Budget (the "**May Revision**"). State revenue forecasts increased by $2.5 billion from the 2017-18 Proposed Budget, but remain $3.3 billion below revenue forecasts included in the 2016-17 State Budget. The May Revision includes a modestly improved fiscal outlook compared to January, at the time when the 2017-18 Proposed Budget was released.

With respect to K-12 schools, funding under Proposition 98 is expected to grow $74.6 billion in fiscal year 2017-18, an increase of $1.1 billion since the 2017-18 Proposed Budget. The May Revision includes an increase of $1.4 billion for the LCFF, which will bring the LCFF to 97% of full funding, and eliminates the deferral of funding that was included in the 2017-18 Proposed Budget. Other significant K-12 school funding budget adjustments included in the May Revision are:

- *Local Property Tax Adjustment* – An increase of $327.9 million in the Proposition 98 general fund for school districts, special education local plan areas and county offices of education as a result of lower offsetting property tax revenues.

- *Average Daily Attendance (ADA)* – An increase of $74.1 million for school districts, charter schools and county offices of education under the LCFF as a result of a smaller than anticipated drop in ADA growth.

- *Proposition 39* – The California Clean Energy Jobs Act was approved by voters in 2012, and increases state corporate tax revenues. For fiscal years 2013-14 through 2017-18, the measure requires that half of the increased revenues, up to $550 million per year, be used to support energy efficiency projects. The May Revision decreases the amount of energy efficiency funds available to K-12 schools in 2017-18 by $46.7 million to $376.2 million to reflect reduced revenue estimates.

- *Categorical Program Growth* – An increase of $2.4 million to the Proposition 98 general fund for selected categorical programs, based on updated estimates of ADA.

- *Cost of Living Adjustment* – An increase of $3.2 million to the Proposition 98 general fund for selected categorical programs to reflect a change in the cost-of-living factor from 1.48% in the 2017-18 Proposed Budget to 1.56% in the May Revision.

The May Revision notes that moderate growth is expected through the forecast period, with unemployment rates remaining low and inflation beginning to rise in the United States of America and in the State. The forecast assumes federal tax and spending policies remain relatively constant, and notes there are a number of risks to the State's economic outlook, including as stock market correction, a recession in the United States, geopolitical risks that may affect growth, or a continued lack of housing in California.

Availability of 2016-17 State Budget and 2017-18 Proposed Budget (May Revise)

The complete 2016-17 State Budget and the 2017-18 Proposed Budget (including the May Revision) are available from the California Department of Finance website at www. ebudget.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated in this Official Statement by such reference. The information referred to above should not be relied upon in making an investment decision with respect to the Series A Bonds.

Uncertainty Regarding Future State Budgets

The District cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future changing revenues and expenditures. Future State budgets will be affected by national and state economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its budgets.

Disclaimer Regarding State Budgets

The State has not entered into any contractual commitment with the District, the County, or the owners of the Series A Bonds to provide State budget information to the District or the owners of the Series A Bonds. Although they believe the State sources of information listed above are reliable, neither the District nor the Underwriter assume any responsibility for the accuracy of the State budget information set forth or referred to in this Official Statement or incorporated herein. However, the Series A Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Series A Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111, 187 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Series A Bonds. The tax levied by the County for payment of the Series A Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The taxes collected for the payment of the Series A Bonds falls within the exception described in clause (iii) of the immediately preceding sentence. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

Article XIIIB ("**Article XIIIB**") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (**"unitary property"**). Under the State Constitution, such property is assessed by the State Board of Equalization (**"SBE"**) as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Articles XIIIC and XIIID

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, **"Article XIIIC"** and **"Article XIIID"**), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections , and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Series A Bonds.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" (**"Proposition 111"**) which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California *per capita* personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the **"first test"**) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to *per capita* personal income) and enrollment (the **"second test"**). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the **"third test"**). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as **"Proposition 39"**) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55 percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Propositions 30 and 55

On November 6, 2012, State voters approved the Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **"Proposition 30"**), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property was be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers and over $340,000 but less than $408,000 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers and over $408,000 but less than $680,000 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the temporary tax increases are included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "-Proposition 98" and "-Proposition 111" above. From an accounting perspective, the revenues generated from the temporary tax increases are deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the **"EPA"**). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds are distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district receives less than $200 per unit of ADA and no community college district receives less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the such governing board is required to make these spending determinations in open session at a public meeting and such governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provisions of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

California Senate Bill 222

Senate Bill 222 ("**SB 222**") was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* tax collections such as the Series A Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 22, 26, 30 and 39 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SIMI VALLEY AND VENTURA COUNTY

*The Series A Bonds are not a debt of the City of Simi Valley (the "**City**") or the County of Ventura (the "**County**"). The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (i) levy and collect* ad valorem *taxes for payment of the Series A Bonds in accordance with the law; and (ii) transmit the proceeds of such taxes to the paying agent for the payment of the principal of and interest on the Series A Bonds at the time such payment is due.*

General

The City. Situated in the southeast corner of the County, the City is located 30 miles from downtown Los Angeles, adjacent to Thousand Oaks, Moorpark, and the Los Angeles neighborhood of Chatsworth. The City's 2017 population has been estimated at 127,309, up from 111,351 in 2000. The City is the third largest of the County's ten cities. The City was incorporated in 1969 under the general laws of the State of California (the "**State**") and operates under a General-Law/council-manager form of government.

The County. The County is situated on the southern California Coast, covering an area of approximately 1,843 square miles and ranking 26th in size among California's 58 counties. The County is bordered by the Pacific Ocean to the south and west, Santa Barbara County to the west, Kern County to the north, and Los Angeles County to the east. The County's major population centers are San Buenaventura (the County seat), Oxnard, Thousand Oaks, Simi Valley, and Camarillo. All are within approximately 60 miles of downtown Los Angeles.

Most of the northern half of the County is within the Los Padres National Forest. Mountain ranges created fertile valleys and broad alluvial basins, primarily in the southern half of the County. The high soil fertility and good drainage of the alluvial basins have helped the County become a leading agricultural producer.

Population

The following table lists population estimates for the City, the County and the State as of January 1 each year for the last five calendar years.

CITY OF SIMI VALLEY, COUNTY OF VENTURA
AND STATE OF CALIFORNIA
Population Estimates as of January 1

Calendar Year	City of Simi Valley	Ventura County	State of California
2013	126,372	840,867	38,239,207
2014	126,862	846,705	38,567,459
2015	126,843	850,491	38,907,642
2016	127,167	856,508	39,255,883
2017	127,309	857,386	39,523,613

Source: State Department of Finance Demographic Research Unit.

Employment and Industry

The unemployment rate in Ventura County was 4.7 percent in February 2017, down from a revised 5.1 percent in January 2017, and below the year-ago estimate of 5.3 percent. This compares with an unadjusted unemployment rate of 5.2 percent for the State and 4.9 percent for the nation during the same period.

The following table shows civilian labor force and wage and salary employment data for the Oxnard-Thousand Oaks Metropolitan Statistical Area, which is coterminous with Ventura County and, therefore, includes the City of Simi Valley, for the past five calendar years. These figures are area-wide statistics and may not necessarily accurately reflect employment trends in the City.

OXNARD-THOUSAND OAKS-VENTURA METROPOLITAN STATISTICAL AREA
Civilian Labor Force, Employment and Unemployment
(Annual Averages)
(March 2016 Benchmark)

TITLE	2012	2013	2014	2015	2016
Civilian Labor Force(1)	435,400	435,000	432,600	429,800	427,800
Civilian Employment	395,700	400,800	403,900	405,300	405,600
Civilian Unemployment	39,600	34,300	28,700	24,400	22,100
Civilian Unemployment Rate	9.1%	7.9%	6.6%	5.7%	5.2%
Wage and Salary Employment:(2)					
Total Farm	27,100	27,400	26,500	26,500	25,400
Mining and Logging	1,300	1,200	1,300	1,000	800
Construction	11,800	12,600	13,700	14,200	14,600
Manufacturing	29,900	29,900	30,600	30,400	30,700
Wholesale Trade	12,600	12,900	12,800	12,600	13,000
Retail Trade	37,300	38,500	39,200	39,700	39,800
Transportation, Warehousing & Utilities	5,700	5,900	6,000	6,000	6,000
Information	5,200	5,200	5,300	5,100	5,000
Finance & Insurance	15,400	14,500	14,200	13,500	13,100
Real Estate & Rental & Leasing	4,200	4,400	4,500	4,200	4,300
Professional & Business Services	34,900	36,300	35,100	34,700	36,000
Educational & Health Services	38,200	40,400	41,600	42,700	44,400
Leisure & Hospitality	32,800	33,800	34,800	35,900	36,700
Other Services	9,400	9,700	9,800	9,600	9,700
Federal Government	7,200	7,000	6,900	7,100	7,400
State Government	2,700	2,700	2,800	2,900	2,900
Local Government	33,700	33,900	34,400	35,300	36,200
Total, All Industries (3)	309,300	316,200	319,400	321,300	326,000

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Largest Employers

Listed below are the major employers in the County.

VENTURA COUNTY
Major Employers (Listed Alphabetically)
As of March 2016

Employer Name	Location	Industry
Air National Guard	Port Hueneme	State Government-National Security
Amgen Inc	Thousand Oaks	Biological Specimens-Manufacturers
Anthem Blue Cross	Westlake Village	Insurance
Baxter Healthcare	Westlake Village	Physicians & Surgeons Equip & Supls-Mfrs
Boskovich Farms Inc	Oxnard	Fruits & Vegetables-Growers & Shippers
Cal Atlantic Homes	Westlake Village	Home Builders
City of Simi Valley	Simi Valley	Government Offices-City, Village & Twp
Coleman Welding	Ventura	Steel-Structural (mfrs)
Community Memorial Health Syst	Ventura	Pharmacies
Dole Berry Co.	Oxnard	Fruits & Vegetables-Growers & Shippers
Haas Automation Inc	Oxnard	Machinery-Manufacturers
Harbor Freight Tools USA Inc	Camarillo	Tools-New & Used
I Yogi Technical Support	Oak Park	Computers-Service & Repair
Los Robles Regional Med Ctr	Thousand Oaks	Hospitals
Moorpark College	Moorpark	Schools-Universities & Colleges Academic
Nancy Reagan Breast Ctr	Simi Valley	Diagnostic Imaging Centers
Naval Air Warfare Ctr Weapons	Point Mugu Nawc	Federal Government-National Security
Naval Construction Battalion	Point Mugu Nawc	Government Offices-Us
Ojai Valley Inn & Spa	Ojai	Hotels & Motels
Oxnard College	Oxnard	Schools-Universities & Colleges Academic
Sheriff's Department-Jails	Ventura	Government Offices-County
Simi Valley City Manager	Simi Valley	Government Offices-City, Village & Twp
Simi Valley Hospital	Simi Valley	Hospitals
St John's Regional Medical Ctr	Oxnard	Hospitals
Ventura County Offices of Edu	Camarillo	Schools

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2017 1st Edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income and median household effective buying income for the City, the County, the State and the United States for the period 2011 through 2015.

CITY OF SIMI VALLEY, COUNTY OF VENTURA, STATE OF CALIFORNIA, AND UNITED STATES
Effective Buying Income
As of January 1, 2011 through 2015

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2011	City of Simi Valley	$3,318,360	$67,556
	Ventura County	19,920,950	58,300
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Simi Valley	$3,698,745	$68,625
	Ventura County	21,829,753	59,284
	California	864,088,828	47,307
	United States	6,737,867,730	41,359
2013	City of Simi Valley	$3,505,738	$69,451
	Ventura County	21,077,443	60,285
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Simi Valley	$3,500,350	$67,847
	Ventura County	21,468,990	60,911
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	City of Simi Valley	$4,007,333	$74,878
	Ventura County	24,412,090	67,179
	California	981,231,666	53,589
	United States	7,757,960,399	46,738

Source: The Nielsen Company (US), Inc.

Commercial Activity

A summary of historic taxable sales within the City for calendar years 2010 through 2015 is shown in the following table. During calendar year 2015, total taxable transactions in the City were reported to be $1.70 billion, a 15.7% increase over the total taxable transactions of $1.47 billion that were reported in the City during calendar year 2014. Annual figures are not yet available for 2016.

CITY OF SIMI VALLEY
Taxable Transactions
For Calendar Years 2010 through 2015
(shown in thousands of dollars)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2010	1,771	$1,091,521	2,951	$1,274,720
2011	1,727	1,172,310	2,894	1,365,365
2012	1,756	1,241,064	2,919	1,427,300
2013	1,792	1,243,209	2,930	1,463,415
2014	1,866	1,261,625	3,005	1,473,823
2015[1]	N/A	1,424,163	N/A	1,705,269

(1) Annual permit figures are not yet available.
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

A summary of historic taxable sales within the County for calendar years 2010 through 2015 is shown in the following table. During calendar year 2015, total taxable transactions in the County were reported to be $13.78 billion, a 3.1% increase over the total taxable transactions of $13.36 billion that were reported in the County during calendar year 2014. Annual figures are not yet available for 2016.

VENTURA COUNTY
Taxable Transactions
For Calendar Years 2010 through 2015
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2010	14,134	$7,546,960	22,422	$10,225,488
2011	13,788	8,156,404	22,032	11,020,181
2012	13,992	8,700,010	22,206	11,958,260
2013	14,285	9,101,436	22,234	12,824,296
2014	14,903	9,401,053	22,851	13,366,628
2015[1]	N/A	9,615,370	N/A	13,784,346

(1) Annual permit figures are not yet available.
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

The following tables show a five-year summary of the valuation and number of building permits issued in the City and County. Annual figures are not yet available for 2016.

CITY OF SIMI VALLEY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2011	2012	2013	2014	2015
Permit Valuation					
New Single-family	$2,869.6	$16,102.0	$11,943.4	$2,286.1	$13,754.6
New Multi-family	1,742.3	3,520.5	6,942.6	726.9	19,300.6
Res. Alterations/Additions	9,654.2	17,979.2	10,576.6	15,359.2	13,785.6
Total Residential	14,266.1	37,601.7	29,462.6	18,372.2	46,840.8
New Commercial	3,176.7	3,257.0	3,913.0	1,057.4	851.8
New Industrial	955.0	966.0	0.0	0.0	0.0
New Other	33.4	0.0	2,262.7	9,743.4	557.6
Com. Alterations/Additions	12,073.2	16,204.1	18,271.7	13,159.1	22,014.2
Total Nonresidential	16,238.3	20,427.1	24,447.3	23,959.9	23,423.6
New Dwelling Units					
Single Family	7	51	23	3	30
Multiple Family	12	18	34	8	33
TOTAL	19	69	57	11	63

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF VENTURA
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2011	2012	2013	2014	2015
Permit Valuation					
New Single-family	$65,286.8	$62,359.0	$139,009.7	$169,065.9	$238,295.5
New Multi-family	67,765.1	23,303.3	121,304.6	101,914.6	69,260.2
Res. Alterations/Additions	83,791.4	56,288.6	52,255.4	72,971.1	66,458.2
Total Residential	216,843.3	141,950.9	313,569.8	343,952.0	374,013.9
New Commercial	33,617.1	36,557.8	64,645.0	21,358.7	55,505.3
New Industrial	6,955.4	9,636.2	336.6	17,938.6	4,404.9
New Other	5,326.7	3,147.1	9,813.5	30,893.9	37,412.3
Com. Alterations/Additions	80,890.5	69,241.1	79,728.1	79,948.9	92,613.9
Total Nonresidential	126,789.7	118,582.2	154,523.2	150,140.1	189,936.4
New Dwelling Units					
Single Family	167	175	360	450	615
Multiple Family	539	147	688	632	394
TOTAL	706	322	1,048	1,082	1,009

Source: Construction Industry Research Board, Building Permit Summary.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

June 29, 2017

Board of Education
Simi Valley Unified School District
875 East Cochran Street
Simi Valley, California 93065

OPINION: $70,000,000 Simi Valley Unified School District (Ventura County, California) General Obligation Bonds Election of 2016, Series A

Members of the Board of Education:

We have acted as bond counsel to the Simi Valley Unified School District (the "District") in connection with the issuance by the District of $70,000,000 principal amount of Simi Valley Unified School District (Ventura County, California) General Obligation Bonds Election of 2016, Series A, dated the date hereof (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board adopted on April 20, 2017 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is a duly created and validly existing school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable upon the District.

3. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District.

4. The Board of Supervisors of Ventura County is required under the laws of the State of California to levy an *ad valorem* tax upon the property in the District, unlimited as to rate or amount, for the payment of principal of and interest on the Bonds.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$70,000,000
SIMI VALLEY UNIFIED SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds
Election of 2016, Series A

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Simi Valley Unified School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Education of the District on April 20, 2017 (the "**Resolution**"). U.S. Bank National Association is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently June 30^{th}), or March 31, the first being March 31, 2018.

"*Dissemination Agent*" means, initially, Isom Advisors, a division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means, initially, U.S. Bank National Association, or any successor thereto.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2018 with the report for the 2016-17 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall, in a timely manner, provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information:

(i) Assessed value of taxable property in the jurisdiction of the District as shown in the most recent equalized assessment roll;

(ii) Assessed valuation of the properties of the top 20 secured property taxpayers in the District as shown in the most recent equalized assessment roll;

(iii) Property tax collection delinquencies for the District for the most recently completed fiscal year, if available from the County at the time of filing the Annual Report, and only if the District's *ad valorem* taxes securing general obligation bonds are no longer included on Ventura County's Teeter Plan;

(iv) The District's most recently adopted budget or approved interim report with budgeted figures, which is available at the time of filing the Annual Report; and

(v) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of Section 4, in the light of the circumstances under which they are made, not misleading

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. **Identifying Information for Filings with the MSRB.** All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. **Termination of Reporting Obligation**. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. **Dissemination Agent**. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the District. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. **Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: June 29, 2017

SIMI VALLEY UNIFIED SCHOOL DISTRICT

By: ____
Name: ____
Title: ____

Acceptance of Duties as Dissemination Agent;

ISOM ADVISORS,
a DIVISION OF URBAN FUTURES, INC.

By:_________________________________
Title:_______________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Simi Valley Unified School District (the “District”)
Name of Bond Issue:	Simi Valley Unified School District General Obligation Bonds, Election of 2016, Series A
Date of Issuance:	June 29, 2017

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of June 29, 2017. The District anticipates that the Annual Report will be filed by _____________.

Dated:__________________

DISSEMINATION AGENT:

By: ___________________________
Its: ___________________________

cc: District, Paying Agent and Participating Underwriter

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Series A Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series A Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Series A Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series A Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is

a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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APPENDIX G

VENTURA COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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VENTURA COUNTY

STATEMENT OF INVESTMENT POLICY

AS APPROVED DECEMBER 6, 2016

BOARD OF SUPERVISORS

SUPERVISOR LINDA PARKS, DISTRICT 2, CHAIR
SUPERVISOR STEVE BENNETT, DISTRICT 1
SUPERVISOR KATHY I. LONG, DISTRICT 3
SUPERVISOR PETER C. FOY, DISTRICT 4
SUPERVISOR JOHN C. ZARAGOZA, DISTRICT 5

Judge Steven Hintz
Treasurer-Tax Collector

Linda Catherine Le
Assistant Treasurer-Tax Collector

Ventura County Treasurer-Tax Collector's Office
800 South Victoria Avenue, L#1290
Ventura, CA 93009-1290
E-mail helpinghand@ventura.org
Website: www.ventura.org/ttc

Table of Contents

STATEMENT OF INVESTMENT POLICY

This Statement of Investment Policy ("Policy") provides the guidelines for prudent investment of public funds in a manner which will provide the highest investment return with optimal security and liquidity. The Policy and practices of the County Treasurer are based on prudent money management principles and California State Law, specifically Government Code Sections 27000 – 27000.5; 27130 – 27137; and 53600 – 53686. Furthermore, it outlines the policies essential to ensuring the safety and financial strength of the County's investment portfolio.

This Policy is based on the principles of prudent money management and conforms to all applicable Federal and State laws governing the investment of public funds. In instances in which the Policy is more restrictive than Federal or State law, the Policy will supersede.

The Policy shall be reviewed annually and any modifications made thereto must be approved by the Board of Supervisors.

Introduction

The Treasurer–Tax Collector of Ventura County manages pooled cash under the prudent investor rule. This rule states that:

> "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

This rule allows the County the option to operate over a broad spectrum of investment opportunity defined within Section 53601 et seq of the California Government Code. Therefore, the County's portfolio will be made up of a selection of investments that ensure diversification and meet the liquidity needs of the organization. The major overriding premise underlying the County's investment objective is always to ensure that funds are available when needed.

Investment Objective

It is the policy of the County to invest public funds in a manner which will provide for the preservation of capital while meeting the daily cash flow requirements of the County and other participants, while attaining a market average yield within an acceptable and defined level of risk.

The Policy has three primary objectives, in order of priority:

1) The safety of principal.

2) Maintenance of liquidity to meet cash flow needs.

3) To earn a competitive rate of return (i.e., yield) within the confines of the California Government Code, this policy, and procedural structure.

In order to accomplish the objectives of safety, liquidity, and yield, the economy and various financial markets are monitored daily in order to assess the probable course of interest rates and thus maximize yield on the County's temporarily idle funds. In a market with increasing interest rates, the Treasury will attempt to invest in securities with shorter maturities. This strategy allows funds to be available for other investments when interest rates are at higher levels. Conversely, when interest rates appear to be near a plateau, the Treasury will attempt to lock in a higher rate of return. The length of term for all investments shall be commensurate with the short, medium, and long-term cash flow needs of the County and other investment pool participants.

Investment and the Notion of Risk

In order to accomplish the investment philosophy outlined above, the concept of risk must be clearly defined as it relates to the investment of public funds. This concept of risk finds its ultimate translation into a structured and well-diversified portfolio.

The County shall ensure the safety of its idle funds by limiting credit and interest rate risk. These are the two types of risk that can clearly damage a public sector portfolio.

Credit risk is defined as the risk of loss due to the failure of the issuer of a security and shall be mitigated by:

1) Pre-qualifying financial institutions with which it will do business through the utilization of Moody's Investors Service, Standard and Poor's Ratings Services, and Fitch Ratings.

2) Diversifying the portfolio so that the failure of any one issuer or backer will not place any undue financial burden on the County.

3) Monitor all County investments on a daily basis to anticipate and respond appropriately to a significant reduction in the credit worthiness of a depository.

Interest rate risk is defined as the risk that the market value of portfolio securities will fall due to an increase in interest rates. This risk shall be mitigated by:

1) Structuring the portfolio so that securities mature at times to meet the ongoing cash needs of the County.

2) Restructure of the portfolio to minimize the loss of market value or cash flow.

3) Limit the average maturity of the portfolio holdings to 375 days.

The investment program of Ventura County shall be managed with a degree of professionalism that is worthy of the public trust and adheres to the tenets of modern portfolio theory.

The Treasury is very cognizant of past losses of public funds by local agencies throughout California. Those losses resulted in a loss of confidence by the public in public sector investment expertise. This policy seeks to ensure that proper controls are maintained by the Treasurer-Tax Collector and subordinate staff.

There are times when it becomes necessary for losses to be taken:

A) Interest rates appear to be rising and the funds can be invested shorter term at higher rates.

B) When opportunities arise that will result in an increase in overall interest income to the County.

C) When cash needs are greater than expected.

Therefore, in order to mitigate these event risks to the County's portfolio all investment losses shall be approved by the Treasurer-Tax Collector, exclusively. This authority shall not be delegated.

Liquidity

The County's portfolio will be structured so that securities will mature at or about the same time as cash is needed to meet demand and in accordance with the economic projections mentioned above.

The Treasury will construct a portfolio that will consist of securities with active secondary and resale markets. Any investments for which no secondary market exists, such as time deposits, shall not exceed 375 days and no investment will have a maturity of more than 1150 days.

Yield

The Treasurer-Tax Collector shall always attempt to obtain a competitive rate of return on any investment type consistent with the required safety, liquidity, and other parameters of this policy, departmental procedures, and the laws of the State of California.

INTERNAL CONTROLS

The Treasurer-Tax Collector shall establish a system of internal controls, which shall be documented in writing. The controls will be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, and unanticipated changes in financial markets.

Except for declared emergencies, the County Treasurer-Tax Collector's Office shall observe the following procedures on a daily basis:

- All investment transactions shall be entered into the accounting system.
- County investments shall be transacted, confirmed, accounted for, and audited by different people.

Safekeeping of Securities

To protect against potential losses caused by the collapse of individual securities dealers, all securities owned by the County, including collateral on repurchase agreements, shall be held in safekeeping by a third party bank trust department, acting as agent for the County under the terms of a custody agreement executed by the bank and the Treasurer-Tax Collector. All trades executed between the County and a dealer will settle on a delivery vs. payment basis with a custodial bank. All security transactions engaged in by the Treasurer-Tax Collector shall be countersigned by another authorized treasury department employee.

Security Custody & Deliveries

All securities purchased shall be deposited for safekeeping with the custodial bank that has contracted to provide the County Treasurer with custodial security clearance services.

All security holdings shall be reconciled monthly by the County Treasurer-Tax Collector's Office and audited at least quarterly by the internal audit division of the Auditor-Controller's Office.

All security transactions are to be conducted on a "delivery-versus-payment basis". Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Confirmations resulting from securities purchased under repurchase agreements should clearly state the exact and complete nomenclature of the underlying securities purchased, that these securities have been sold to the County under a repurchase agreement, and the stipulated date and amount of the resale by the County back to the seller of the securities.

SECURITY INSTRUMENTS

Qualifications of Brokers, Dealers, and Financial Institutions

The Treasurer-Tax Collector will maintain a list of approved financial institutions authorized to provide investment services. Additionally, the Treasurer-Tax Collector shall transact business only with approved direct issuers; security brokers/dealers selected by credit worthiness that licensed by the State of California and licensed by the Financial Industry Regulatory Authority (FINRA); National or State chartered bank or savings institutions; and primary government dealers designated by the Federal Reserve.

Any broker/dealer interested in conducting business with the County must have an office within the State of California and is required to fill out an extensive questionnaire maintained by the Treasurer-Tax Collector. This questionnaire is then reviewed by the Treasurer-Tax Collector and upon acceptance permits the County to deal with the broker/dealer.

The Treasurer-Tax Collector views the relationship of the firm and its representatives to the County as being a long-term mutually beneficial business relationship. The Treasurer-Tax Collector expects the firm and its staff to act with integrity and trust. The firm must ensure that its staff is aware of the County Treasurer's Investment Policy as well as California Government Code sections 53601 and 53635 that govern the securities transactions of the County. The firm will be required to annually issue written acknowledgment that it has read and will comply with the County's Investment Policy.

No broker/dealer may have made political contributions greater than the limits expressed in Rule G-37 of the Municipal Securities Rule Making Body to the Treasurer-Tax Collector, Board of Supervisors, or candidate for those offices, or Treasury Oversight Committee members.

The Treasury staff shall investigate dealers with which it will conduct business in order to determine: if the firm is adequately capitalized and meets the Federal Reserve's minimum capital requirements for broker/dealer operations, makes markets in securities appropriate to the County's investment policy, the individual covering the account has a minimum of three years dealing with large institutional accounts, and receives three favorable recommendations from other short term cash portfolio managers.

Upon application, all firms will provide a copy of their most recent published annual report; quarterly reports issued since the last annual report; Financial and Operational Combined Uniform Single (FOCUS) Report; organization chart; and any financial information regarding credit lines and debt support provided by the parent firm.

Furthermore, no later than July 31 of each calendar year, in addition to the required annual written acknowledgment of the Investment Policy compliance, only as requested by the Treasurer-Tax Collector, all firms will provide a copy of their most recent published annual report; FOCUS Report; organization chart; and any financial information regarding credit lines and debt support provided by the parent firm.

Ratings

With the exception of LAIF, insured deposits, and U.S. Treasury and Government Agency issues, investments shall be placed only in those instruments and institutions rated favorably as determined by the Treasurer-Tax Collector in accordance with this Statement and with the assistance of Moody's Investors Service, Standard and Poor's Ratings Services, and Fitch Ratings.

If the rating of any investment drops during the course of time with which the County has placed an investment, the investment will be matured at the earliest possible convenience. If the rating of any security drops below the minimum acceptable rating for that security class, resulting in a split rating, the investment will be sold if no significant loss of principal is involved or matured at the earliest possible convenience. These sales must be individually approved by the Treasurer-Tax Collector. A rating of "NR" by one rating service is not a split rating and does not bar the purchase of the security.

U.S. Agencies

The purchase of U.S. agency securities shall be limited to issues of the Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corp. (Freddie Mac/FHLMC), the Federal National Mortgage Corporation (Fannie Mae/FNMA), Federal Agricultural Mortgage Corporation (Farmer Mac/FAMCA), or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored or backed entity. The fund's holdings of any one federal agency security shall not exceed 25% of the total fund at the time of purchase. The maximum maturity of any one agency investment shall not exceed three years or 1150 days.

U. S. Government

United States Treasury Bills, Notes, and Bonds are backed by the full faith and credit of the United States Government. There shall be no limitation as to the percentage of the portfolio which can be invested in this category. The maturity of a security is limited to a maximum of three years or 1150 days.

Commercial Paper

Commercial Paper is a short term unsecured promissory note issued to finance short term credit needs. Commercial Paper eligible for investment must be of "prime" quality of the highest ranking or of the highest short-term letter and numerical rating as provided for by Standard and Poor's Ratings Services, Moody's Investors Service, and Fitch Ratings (S&P A-1+, A-1; Moody's P-1; Fitch F1+, F1). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and have total assets in excess of $500 million and an "A" or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by S&P (A or higher), Moody's (A2 or higher) and Fitch (A or higher). Purchases of eligible Commercial Paper may not exceed 270 days to maturity. Purchases of Commercial Paper may not exceed 40 percent of the investment portfolio at the time of the purchase. No more than 10 percent of the total assets of the pool at the time of the purchase may be invested in the outstanding paper of any single issuing corporation. The Treasurer-Tax Collector shall establish a list of approved Commercial Paper issuers in which investments may be made.

Medium-Term Notes and Deposit Notes

Medium-Term Notes eligible for investment must be rated in the same categories described in Commercial Paper, above, to wit: Short-term ratings by S&P A-1 or higher; Moody's P-1; and Fitch F1 or higher; and long-term ratings of S&P A or higher, Moody's A2 or higher, and Fitch A or higher. Medium-Term Notes may not exceed 20 percent of the investment portfolio at the time of the purchase and may not have a maturity of longer than 2 years or 735 days.

Municipal Notes, Bonds and Other Obligations

Municipal notes, bonds, and other obligations are securities issued by California state and local government agencies to finance capital and operating expenses. The characteristics of a municipal bond or note often are similar to the characteristics of corporate bonds and notes or the U.S. government and federal agency bonds and notes. Municipal notes normally have a specific maturity date, and bear interest that is scheduled to be paid at specific intervals. Municipal notes, bonds and other obligations may not exceed a maximum of three years or 1150 days. Municipal notes must meet the minimum debt rating described above in Medium Term Notes and Deposit Notes.

Bankers Acceptances

A Bankers Acceptance is a draft or bill of exchange accepted by a bank or trust company and brokered to investors in the secondary market. Bankers Acceptances may be purchased for a period of up to 180 days and in an amount not to exceed 40 percent of the investment portfolio at the time of the purchase, with no more than 30 percent of the investment portfolio at the time of the purchase in the Bankers Acceptances of any one commercial bank. The Treasurer-Tax Collector shall establish a list of those banks deemed most credit worthy for the investment in Bankers Acceptances, limited to those institutions rated as noted in Commercial Paper and Medium-Term Notes, above.

Negotiable Certificates of Deposit and Yankee Certificates of Deposit

Negotiable Certificates of Deposit (NCD) are issued by commercial banks, foreign banks, and thrift institutions against funds deposited for a specified period of time and earn specified or variable rates of interest. The Treasurer-Tax Collector may invest up to 30 percent of the investment portfolio at the time of the purchase in NCD's. Negotiable certificates of deposit shall be limited to those institutions rated as noted in Commercial Paper and Medium-Term Notes, above.

NCD's differ from other Certificates of Deposit in that they are illiquid instruments which are traded in secondary markets. The maximum term to maturity of any NCD shall be one year or 365 days. The Treasurer-Tax Collector shall establish a list of eligible domestic commercial banks, thrifts and state licensed foreign banks (Yankee Certificates of Deposit) which will be eligible for investment.

Yankee Certificates of Deposit (YCD) are issued in the United States by a branch or agency of a foreign bank. They are negotiable instruments, and most have a minimum face value of $100,000, making them appropriate for large investors. The maximum term to maturity of any YCD shall be one year or 365 days.

Certificates of Deposit

Certificates of Deposit are deposits by the Treasurer-Tax Collector in commercial banks or savings and loan associations within the State of California and shall be limited to those institutions rated as noted above in Negotiable Certificates of Deposit. Local institutions shall receive preference for deposits up to $250,000 if competitive rates are offered. These investments are non-negotiable. The maximum term to maturity shall not exceed one year or 365 days and shall be fully insured by the FDIC.

Repurchase Agreements

The County may invest in repurchase agreements with banks and dealers of primary dealer status recognized by the Federal Reserve with which the County has entered into a repurchase contract which specifies terms and conditions of repurchase agreements. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored daily by the Treasurer-Tax Collector and will not be allowed to fall below 102% of the value borrowed against those funds. The value is adjusted quarterly based on the value of the repurchase agreement.

In order to conform with provisions of the Federal Bankruptcy Code which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be certificates of deposit, commercial paper, eligible bankers' acceptances, or securities that are direct obligations of, or that are fully guaranteed as to principal and interest by the United States or any agency of the United States. Furthermore, this collateral shall not exceed three years or 1150 days to maturity.

There shall be a $75 million limitation in repurchase agreements entered into with any one institution.

Securities Lending
Securities Lending is permissible as an agreement to lend securities to a borrower who provides collateral to the local agency. The local agency retains ownership and continues to receive all interest, dividends, and capital appreciation. Both securities and collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

Local Agency Investment Fund
The Treasurer-Tax Collector may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State law.

CalTrust and California Asset Management Program (CAMP)
The Treasurer-Tax Collector may invest in The Investment Trust of California, doing business as CalTRUST, and in California Asset Management Program (CAMP), California joint powers authorities in which local agencies may invest funds pursuant to Government Code section 53601(p). The combined investment in CalTrust and CAMP shall not exceed $25,000,000 at the time of the purchase. The Treasurer-Tax Collector shall withdraw its entire investment in a program if the S&P rating falls below AAf/S-1+ for CalTrust or AAAm for CAMP.

Local Agency Debt and State Warrants
The Treasurer-Tax Collector may invest in bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

The Treasurer-Tax Collector may invest in registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state, or by a department, board, agency, or authority of the state.

Supranationals
The Treasurer-Tax Collector may invest surplus funds to include United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB).

These instruments must have a maximum remaining maturity of three years (1150 days) or less, be eligible for purchase and sale within the United States, be S&P rated "AAA" and shall not exceed 30% of the agency's surplus funds.

Prohibited Transactions and Asset-Backed Securities
At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy Statement and with applicable provisions of the California Government Code.

The Treasurer-Tax Collector may not invest in asset backed securities such as Collateralized Mortgage Obligations.

Apportionment of Interest and Costs

Interest shall be apportioned to all pool participants quarterly, based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the Investment Pool. The amount of interest apportioned shall be determined using the accrual method of accounting, whereby interest will be apportioned for the quarter in which it was actually earned. The Treasurer-Tax Collector may deduct from the gross interest earnings those administrative costs relating to the management of the Treasury, including salaries and other compensation, banking costs, equipment costs, supplies, the cost of information services, cashiering, accounting, reporting remittance processing, depositing of public funds, audit, and any other costs as provided by Section 27013, 27133(f), and 27135.

AUTHORITY AND RESPONSIBILITIES OF THE TREASURER-TAX COLLECTOR

Delegation to Authority to Invest

The Treasurer-Tax Collector's authority to invest is delegated by the Board of Supervisors in accordance with the California Government Code Sections 27000.1 and 53607. Statutory authority for the investment and safekeeping functions are found in Sections 53600 et seq., and 53630 et seq., of the California Government Code.

The Treasurer-Tax Collector has the authority to react to unstable market conditions in order to preserve the safety, liquidity or yield of the portfolio. The Treasurer-Tax Collector's reaction may temporarily change the investment parameters or investment practices of the County until the market has stabilized or until the Board of Supervisors has approved a revised Investment Policy.

The Treasurer-Tax Collector shall immediately notify the Treasury Oversight Committee members and the Board of Supervisors at their next scheduled meeting of any changes to the investment parameters or practices that were precipitated by the unstable market conditions.

Authority to Execute Investment Transactions

The authority to execute investment transactions on a daily basis is limited to the Treasurer-Tax Collector. This function may be delegated to the Assistant Treasurer-Tax Collector and/or other Treasury personnel at the discretion of the Treasurer-Tax Collector.

Competitive Bidding

All purchase/sales shall be made only after a process of competitive bidding, unless information provided on electronic market quotation services, faxes, or email transmissions show current market rates. A minimum of three offer/bids should be obtained before an investment is purchased or sold. Exceptions to the above would involve transactions in U.S. Treasury or agency obligations, repurchase agreements, securities possessing unique characteristics which would make competitive bidding impractical, or market circumstances in which competitive bidding could be adverse to the best interest of the Treasurer-Tax Collector's investment program.

Place and Time for Conducting Business

Investment transactions shall not be conducted from any place other than the office of the Treasurer-Tax Collector during normal business hours established for Treasury operations. Exceptions must have the approval of the Treasurer-Tax Collector.

Conflict of Interest

No agency employee nor Treasury Oversight Committee member may directly or indirectly accept or solicit from any persons, corporations, or group having a business relationship with this Agency anything of economic value as a gift, gratuity, or favor which would be in conflict with the County Administrative Policy.

No agency employee nor Treasury Oversight Committee member shall, outside of regular working hours, engage in any profession, trade, business, or occupation which is incompatible or involves a conflict of interest with his duties as a county officer or employee, or which in any way may reflect unfavorably on this Agency, the appointing authority, or his fellow employees.

Portfolio Reporting

The Treasurer-Tax Collector shall prepare a monthly Investment Report to be presented at a regularly scheduled meeting of the Board of Supervisors, including a succinct management summary that provides a clear picture of the status of the current investment portfolio, market conditions and strategy for the coming months. The report will also include a listing of all investments by type, name of issuer, date of maturity, par and dollars amount invested in each security, investment, and the money within the Treasury. There will be a separate statement advising the Board of the longest maturity of a security in the portfolio. The report will contain a statement assuring the Board that the anticipated cash flow needs of the participants will be met. The report will also include a statement that the investment practices and portfolio holdings are in compliance with the investment policy or an explanation as to why there is a condition which exists outside of the investment policy. The Treasurer-Tax Collector will also provide a copy of the monthly Investment Report to the Treasury Oversight Committee members each month.

Disaster Recovery Program

The Treasurer-Tax Collector's Disaster Plan includes critical phone numbers and addresses of key Treasury and investment personnel, as well as, currently approved bankers and broker/dealers. The plan provides for an offsite location to be communicated at the time of readiness if the Treasurer-Tax Collector's offices are uninhabitable. In the event the Treasurer or authorized staff is unable to invest the portfolio, the Treasurer has an agreement with the custodian for a daily sweep of all uninvested cash with the custody bank into an interest-bearing account.

Until normal operations of the Treasurer's office have been restored, the limitations on the size of an Individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy Statement and would be required to be reported to the Board of Supervisors and Pool Participants in a timely manner.

Extraordinary Withdrawals

The Treasurer-Tax Collector will maintain a schedule of seasonal deposits into and withdrawals from the investment pool by participating districts. Constant contact with the pool participants will be maintained to ascertain any cash needs beyond the anticipated cash-flow patterns. Our investment strategy is based upon the known cash-flow patterns, which allow the Treasurer-Tax Collector to maximize interest earnings for the County and other pool participants.

Extraordinary withdrawals could create a liquidity problem and negatively impact the earnings of the remaining pool participants if the Treasurer-Tax Collector is forced to liquidate securities before their scheduled maturity date. A pool participant who wishes to withdraw from the pool or make an extraordinary withdrawal, will be encouraged to work with the Treasury to arrange a withdrawal schedule that would prevent losses to the withdrawing district or the remaining pool participants. Losses experienced by the County investment pool, which were precipitated by the unnoticed extraordinary withdrawal of funds, will be borne by the district who caused such losses to occur. The Treasurer-Tax Collector reserves the right to choose which securities to liquidate and could choose to sell the securities that have the lowest earnings.

Terms and Conditions that a Local Agency May Participate in the Pool

Local agencies may, by resolution of their governing bodies and the approval of the Treasurer-Tax Collector, deposit excess funds in the County Treasury for the purpose of investment by the Treasurer-Tax Collector. The procedures for this process are contained in the Treasury Procedural Manual.

INVESTMENT GLOSSARY

Accrued Interest – Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

Agency Issues – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

Amortized Cost – The original cost of the principal adjusted for the periodic reduction of any discount or premium from the purchase date until a specific date (also called "Book Value").

Bankers Acceptance – Money market instrument created from transactions involving foreign trade. In its simplest and most traditional form, a bankers' acceptance is merely a check, drawn on a bank by an importer or exporter of goods.

Basis Point – A unit of measurement equal to 1/100 of 1 percent. As an example, the difference between a security yielding 3.25% and one yielding 3.20% is five basis points.

Benchmark – An index or security used to compare the performance of a portfolio.

Bond – A long-term debt instrument of a government or corporation promising payment of the original investment plus interest by a specified future date.

Bullet – A colloquial term for a bond that cannot be redeemed, or called, prior to maturity.

Callable Bond – A bond in which all or a portion of its outstanding principal may be redeemed prior to maturity by the issuer under specified conditions.

Collateralization – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

Collateralized Certificate of Deposit – An instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

Commercial Paper – Money Market instrument representing an unsecured short-term promissory note of a corporation at a specified rate of return for a specified period of time.

Coupon – The stated interest rate on a debt security that an issuer promises to pay.

Credit Quality – An indication of risk that an issuer of a security will fulfill its obligation, as rated by a rating agency.

Credit Rating – A standardized assessment, expressed in alphanumeric characters, of a company's creditworthiness.

Credit Risk – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Derivatives – Securities which derive their value from that of another security or an underlying index, currency or other measure. Floating rate notes (also "floaters") are not considered derivatives.

Discount Instruments – Securities that are sold at a discount to face value.

Diversification – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

Dollar Weighted Average Maturity – The sum of the amount of each security investment multiplied by the number of days to maturity, divided by the total amount of security investments.

Duration – Is a measure of the price volatility of a portfolio and reflects an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in the interest rates. A duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would decrease by 1.0 percent.

Earnings Apportionment – Is the quarterly interest distribution to the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

Government Obligations – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government, but involve Federal sponsorship or guarantees.

Government Sponsored Enterprises (GSE'S) – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government.

Highly Liquid – The most eminent type of security that is easily converted to cash because there are many interested buyers and sellers to trade large quantities at a reasonable price.

Illiquid – A security that is difficult to buy or sell or has a wide spread between the bid price and offer price in the secondary market. There are few buyers and sellers willing to trade large quantities at a reasonable price.

Interest Rate Risk – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. Also called "Market Risk".

Liquid – A security that is easily bought and sold because of the willingness of interested buyers and sellers to trade large quantities at a reasonable price.

Local Agency Obligation – An indebtedness issued by a local agency, department, board, or authority within the State of California.

Long-Term – The term used to describe a security when the maturity is greater than one year.

Market Value – An estimate of the value of a security at which the principal would be sold from a willing seller to a willing buyer at the date of pricing.

Medium-Term Notes – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

Money Market Mutual Fund – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

Municipal Notes, Bonds and Other Obligations – Municipal notes, bonds, and other obligations are securities issued by state and local government agencies to finance capital and operating expenses. The characteristics of a municipal bond or note often are similar to the characteristics of corporate bonds and notes or the U.S. government and federal agency bonds and notes. Municipal notes normally have a specific maturity date, and bear interest that is scheduled to be paid at specific intervals. Municipal notes, bonds and other obligations may not exceed a maximum of three years or 1150 days. Municipal notes must meet the minimum debt rating described above in Medium Term Notes and Deposit Notes.

Negotiable Certificate of Deposit – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is traded in secondary markets.

Par – The stated maturity value, or face value, of a security.

Pass-Through Securities – A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond.

Pool – In this context, the pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

Portfolio Value – The total book value amount of all the securities held in the Treasurer's Pooled Money Fund.

Primary Dealer – A group of dealers and banks that can buy and sell securities directly with the Federal Reserve Bank of New York.

Private Placements – Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

Range Notes – Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

Repurchase Agreement – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

Reverse Repurchase Agreement – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

Safekeeping – A custodian bank's action to store and protect an investor's securities by segregating and identifying the securities.

Securities Lending – A transaction wherein the Treasurer's Pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

Short-Term – The term used to describe a security when the maturity is one year or less.

Supranationals – Senior unsecured unsubordinated obligations that are issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. They are eligible for purchase and sale within the United States and approved for investments by local agencies in California as of January 1, 2015.

Total Return – The sum of all investment income plus changes in the capital value of a portfolio for a given period.

Voluntary Participants – Local agencies that are not required to deposit their funds with the County Treasurer.

Weighted Average Maturity – The remaining average maturity of all securities held in a portfolio.

Yankee Certificates of Deposit –Yankee Certificates of Deposit (YCD) are issued in the United States by a branch or agency of a foreign bank. They are negotiable instruments, and most have a minimum face value of $100,000, making them appropriate for large investors.

Yield – The gain, expressed as a percentage that an investor derives from a financial asset.

Yield to Maturity – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.

APPENDIX A: INVESTMENT INSTRUMENTS

Investment Instruments	Maximum Maturity	Maximum Specified Percentage of Portfolio	Approved Selected Agencies
U.S. Agencies	3 years or 1150 days	25%	Yes
Commercial Paper (CP)	270 days	40%	Yes
Medium Term Notes (MTN)	2 years or 735 days	20%	Yes
Supranationals	3 years (1150 days) or less	30%	Yes
U.S. Government Treasury Bills, Notes, and Bonds	3 years or 1150 days	N/A	
Yankee Certificates of Deposit (YCD)	1 year or 365 days	30%	Yes
Negotiable Certificates of Deposit (NCD)	1 year or 365 days	30%	Yes
Certificates of Deposits (CD)	1 year or 365 days	30%	Yes
Local Agency Investment Fund (LAIF)	N/A	Maximum As Permitted by State Law	
CalTrust/CAMP		$25 MM	
Cal-based Munis	3 years or 1150 days		

TREASURER-TAX COLLECTOR
VENTURA COUNTY

STEVEN HINTZ
TREASURER
TAX COLLECTOR

Sue Horgan
Assistant Treasurer-Tax Collector

April 25, 2017

Ventura County Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Receive and File Report of Investments, Including Market Values for investments for the Month Ending March 31, 2017.

RECOMMENDATION: Receive and File

FISCAL/MANDATES IMPACT: None

DISCUSSION:
This report covers the one-month period ending March 31, 2017. The **average daily portfolio balance** for March was $2.065 billion, down slightly but in line with the historical pattern. I expect the report for April will show the highest balance of the year. The **annualized percentage yield** for March was 1.027, a reduction from February but again in line with the historical pattern.

The **total net earnings** for March were $1.802 million. Going forward, the pool is invested in instruments which will **yield to maturity** 1.03%.

The **weighted average days to maturity** ended at 201 days. The interest-rate-sensitivity measure of **duration** ended at 0.547. Both of these numbers reflect the stability of the portfolio as it comes into compliance with the expected Standard & Poor's scoring protocol changes.

The pool is comfortably in compliance with what I expect to be the new Standard & Poor's scoring protocol, yet to be announced. Although I am still working on the laddering of maturities to regularize the pool's cash flow, I expect to begin lengthening the maturity dates of future purchases to take advantage of higher yields in our sectors.

The portfolio has been managed with the stated objectives of safety, liquidity and earning a competitive return, outlined in the Statement of Investment Policy. In striving to maintain the primary objective, safety of principal, the County portfolio has received a rating of "AAAf" by Standard & Poor's (S&P), the highest possible rating given by that agency. Regarding the secondary objective, maintaining sufficient liquidity to meet cash flow needs, the portfolio S&P rating of "S1+" is also the highest possible rating given by that agency. The County portfolio's ratings were affirmed by S&P on March 6, 2017. In light of the first two objectives, the portfolio has on balance outperformed all its benchmarks, satisfying the final objective by earning a competitive rate of return. The pool continues to be comfortably within both the current and proposed S&P Guidelines for our credit rating.

Accordingly, it is my intent to continue to manage the portfolio based on the cautious assumption that interest rates within our horizon will rise gradually over the next several months. We will focus on issues with maturity dates of one year or less until the actual S&P scoring protocol changes are announced. It is my opinion that the portfolio is approaching its maximum possible percentage and dollar yield which I estimate to be 1.2% annualized and $2 million per month, respectively, given the limits imposed by our investment policy, the policies of the Standard & Poor's ratings team, and the existing interest rate market.

This letter has been reviewed and approved as to form by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

Please contact me at 654-3726 if you have any questions regarding this item.

Steven Hintz

Steven Hintz
Treasurer-Tax Collector

Attachments:
- Exhibit 1 – Market Values of Investments
- Exhibit 2 – Monthly Transactions
- Exhibit 3 – Graphs

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

Exhibit 1

General Reporting
From Month End 03/31/2017
04/05/2017 11:45:27 AM EDT

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
ACCOUNT: 11435100 COUNTY OF VENTURA										
NET CASH										
NET CASH										
	.0000		$.00	$.00	$.00	.00			.0000	.00
	U.S. DOLLARS									
SUBTOTAL	**.0000**		**$.00**	**$.00**	**$.00**	**.00**			**.0000**	**.00**
US GOVERNMENT SHORT-TERM										
GOVERNMENT AGENCY DISCOUNT										
313385FA9	20,000,000.0000	05/01/2017	$19,988,600.00	$19,958,688.89	$29,911.11	.15	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 05/02/16 05/01/2017									
313385FE1	30,000,000.0000	05/05/2017	$29,980,500.00	$29,927,777.78	$52,722.22	.18	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 05/05/16 05/05/2017									
313385FJ0	10,000,000.0000	05/09/2017	$9,992,700.00	$9,976,091.67	$16,608.33	.17	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 05/09/16 05/09/2017									
313385GY6	5,000,000.0000	06/16/2017	$4,992,300.00	$4,983,983.33	$8,316.67	.17	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 06/16/16 06/16/2017									
313385HK5	10,000,000.0000	06/27/2017	$9,982,300.00	$9,981,087.50	$1,212.50	.01	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 06/27/16 06/27/2017									
313385HU3	10,000,000.0000	07/06/2017	$9,979,600.00	$9,978,333.33	$1,266.67	.01	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 07/06/16 07/06/2017									
313385JH0	5,000,000.0000	07/19/2017	$4,988,400.00	$4,984,750.00	$3,650.00	.07	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 07/19/16 07/19/2017									
313385JN7	5,000,000.0000	07/24/2017	$4,987,850.00	$4,984,075.00	$3,775.00	.08	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 07/25/16 07/24/2017									
313385LH7	5,000,000.0000	09/05/2017	$4,981,700.00	$4,978,904.17	$2,795.83	.06	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 09/06/16 09/05/2017									
313397LD1	5,000,000.0000	09/01/2017	$4,982,200.00	$4,979,272.22	$2,927.78	.06	N/A	N/A	.0000	.00
	FED HOME LN MTG CORP DISC NOTE DTD 09/01/16 09/01/2017									
313397TS0	10,000,000.0000	03/01/2018	$9,907,800.00	$9,900,175.00	$7,625.00	.08	N/A	N/A	.0000	.00
	FED HOME LN MTG CORP DISC NOTE DTD 03/01/17 03/01/2018									
SUBTOTAL	**115,000,000.0000**		**$114,763,950.00**	**$114,633,138.89**	**$130,811.11**	**.11**			**.0000**	**.00**
SAVINGS & CERTIFICATES OF DEPOSIT										
MARKETABLE CERTIFICATES OF DEPOSIT										
05969YUG6	10,000,000.0000	05/02/2017	$10,000,500.00	$10,000,000.00	$500.00	.01	N/A	N/A	.0000	.00

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COUNTY OF VENTURA

General Reporting
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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
BANCO DEL ESTA DE CHLE CERT OF DEPOSIT										
05969YUL5	10,000,000.0000	06/09/2017	$10,001,500.00	$10,001,060.16	$439.84	.00	N/A	N/A	.0000	.00
BANCO DEL ESTA DE CHLE CERT OF DEPOSIT										
05969YUZ4	10,000,000.0000	06/02/2017	$10,002,200.00	$10,000,000.00	$2,200.00	.02	N/A	N/A	.0000	.00
BANCO DEL ESTA DE CHLE CERT OF DEPOSIT										
05969YVJ9	10,000,000.0000	07/03/2017	$10,002,300.00	$10,000,000.00	$2,300.00	.02	N/A	N/A	.0000	.00
BANCO DEL ESTA DE CHLE CERT OF DEPOSIT										
05969YWB5	10,000,000.0000	07/13/2017	$10,001,500.00	$10,001,081.70	$418.30	.00	N/A	N/A	.0000	.00
BANCO DEL ESTA DE CHLE CERT OF DEPOSIT										
05969YWU3	10,000,000.0000	07/17/2017	$10,000,500.00	$10,000,000.00	$500.00	.01	N/A	N/A	.0000	.00
BANCO DEL ESTA DE CHLE CERT OF DEPOSIT										
05969YWV1	10,000,000.0000	08/01/2017	$10,000,100.00	$10,001,048.86	($948.86)	(.01)	N/A	N/A	.0000	.00
BANCO DEL ESTA DE CHLE CERT OF DEPOSIT										
05969YWY5	10,000,000.0000	08/01/2017	$9,999,400.00	$10,000,000.00	($600.00)	(.01)	N/A	N/A	.0000	.00
BANCO DEL ESTA DE CHLE CERT OF DEPOSIT										
05969YXB4	10,000,000.0000	08/01/2017	$10,000,100.00	$10,001,032.40	($932.40)	(.01)	N/A	N/A	.0000	.00
BANCO DEL ESTA DE CHLE CERT OF DEPOSIT										
05969YZZ9	10,000,000.0000	09/12/2017	$10,000,200.00	$10,000,000.00	$200.00	.00	N/A	N/A	.0000	.00
BANCO DEL ESTA DE CHLE CERT OF DEPOSIT										
50066BLA7	10,000,000.0000	06/12/2017	$10,004,200.00	$10,001,556.59	$2,643.41	.03	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BLB5	10,000,000.0000	07/03/2017	$10,004,100.00	$10,001,622.12	$2,477.88	.02	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BLE9	10,000,000.0000	08/03/2017	$10,004,100.00	$10,001,440.95	$2,659.05	.03	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BLK5	10,000,000.0000	08/15/2017	$10,004,300.00	$10,001,921.17	$2,378.83	.02	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BLN9	20,000,000.0000	06/26/2017	$20,001,200.00	$20,001,462.70	($262.70)	.00	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
63375PUU1	20,000,000.0000	04/21/2017	$20,003,000.00	$20,001,486.18	$1,513.82	.01	N/A	N/A	.0000	.00
NATIONAL BANK OF KUWAI CERT OF DEPOSIT										

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63375PVF3	10,000,000.0000	05/26/2017	$10,006,100.00	$10,004,435.61	$1,664.39	.02	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PVG1	10,000,000.0000	05/26/2017	$10,005,200.00	$10,002,201.97	$2,998.03	.03	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
69033LQG7	10,000,000.0000	06/12/2017	$10,000,000.00	$10,001,033.25	($1,033.25)	(.01)	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANK CERT OF DEPOSIT									
69033LQL6	10,000,000.0000	06/13/2017	$9,999,900.00	$10,001,027.76	($1,127.76)	(.01)	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033LQP7	10,000,000.0000	07/03/2017	$9,998,400.00	$10,002,231.05	($3,831.05)	(.04)	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033LQR3	10,000,000.0000	07/03/2017	$9,998,400.00	$10,002,220.07	($3,820.07)	(.04)	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033LSP5	10,000,000.0000	08/04/2017	$9,996,800.00	$10,001,475.24	($4,675.24)	(.05)	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033LTD1	10,000,000.0000	08/14/2017	$9,992,900.00	$10,001,492.31	($8,592.31)	(.09)	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033LTF6	10,000,000.0000	08/14/2017	$9,992,900.00	$10,001,484.07	($8,584.07)	(.09)	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033LTJ8	10,000,000.0000	08/24/2017	$9,992,200.00	$10,002,033.74	($9,833.74)	(.10)	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033LTW9	10,000,000.0000	09/07/2017	$9,996,500.00	$10,001,304.28	($4,804.28)	(.05)	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
87019UYG8	10,000,000.0000	09/06/2017	$9,999,300.00	$10,000,994.63	($1,694.63)	(.02)	N/A	N/A	.0000	.00
	SWEDBANK (SPARBANK) CERT OF DEPOSIT									
87019UYK9	10,000,000.0000	09/12/2017	$9,999,700.00	$10,001,011.01	($1,311.01)	(.01)	N/A	N/A	.0000	.00
	SWEDBANK (SPARBANK) CERT OF DEPOSIT									
89113WB21	10,000,000.0000	09/19/2017	$10,001,200.00	$10,001,515.68	($315.68)	.00	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89113WKX3	10,000,000.0000	07/28/2017	$9,997,200.00	$10,001,482.70	($4,282.70)	(.04)	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89113WLK0	10,000,000.0000	08/04/2017	$9,997,100.00	$10,001,488.06	($4,388.06)	(.04)	N/A	N/A	.0000	.00

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COUNTY OF VENTURA

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	TORONTO-DOMINION CERT OF DEPOSIT									
89113WNN2	10,000,000.0000	05/08/2017	$10,001,300.00	$10,000,000.00	$1,300.00	.01	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89113WPA8	10,000,000.0000	06/09/2017	$10,001,500.00	$10,002,110.35	($610.35)	(.01)	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89113WPE0	10,000,000.0000	06/12/2017	$10,001,600.00	$10,001,598.99	$1.01	.00	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89113WQB5	10,000,000.0000	06/05/2017	$10,002,800.00	$10,001,005.37	$1,794.63	.02	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89113WRB4	20,000,000.0000	06/01/2017	$20,005,400.00	$20,003,868.39	$1,531.61	.01	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89113WSH0	10,000,000.0000	07/03/2017	$10,001,400.00	$10,001,922.34	($522.34)	(.01)	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89113WSP2	10,000,000.0000	07/10/2017	$10,000,800.00	$10,002,230.18	($1,430.18)	(.01)	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89113WUV6	10,000,000.0000	01/12/2018	$10,010,100.00	$10,002,996.70	$7,103.30	.07	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89113WVF0	10,000,000.0000	07/17/2017	$10,001,900.00	$10,000,999.53	$900.47	.01	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89113WWL6	10,000,000.0000	02/09/2018	$9,997,900.00	$10,003,000.00	($5,100.00)	(.05)	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
SUBTOTAL	**450,000,000.0000**		**$450,027,700.00**	**$450,060,876.11**	**($33,176.11)**	**(.01)**			**.0000**	**.00**
COMMERCIAL PAPER										
COMMERCIAL PAPER DISCOUNT										
00280NSK7	10,000,000.0000	05/19/2017	$9,986,600.00	$9,899,872.22	$86,727.78	.88			.0000	.00
	ABBEY NAT'L TREASURY CPDN DTD 08/17/16 05/19/2017									
00280NSQ4	10,000,000.0000	05/24/2017	$9,985,100.00	$9,897,266.67	$87,833.33	.89			.0000	.00
	ABBEY NAT'L TREASURY CPDN DTD 08/29/16 05/24/2017									
06538BUL5	10,000,000.0000	07/20/2017	$9,964,300.00	$9,933,633.33	$30,666.67	.31			.0000	.00
	BANK OF TOKYO-MITSUBIS CPDN DTD 01/20/17 07/20/2017									
22533TTS5	10,000,000.0000	06/26/2017	$9,973,900.00	$9,973,052.78	$847.22	.01			.0000	.00

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CREDIT AGRICOLE CRP&IN CPDN DTD 12/13/16 06/26/2017										
22533TUA2	15,000,000.0000	07/10/2017	$14,951,400.00	$14,900,283.33	$51,116.67	.34			.0000	.00
CREDIT AGRICOLE CRP&IN CPDN DTD 10/13/16 07/10/2017										
22533TV29	10,000,000.0000	08/02/2017	$9,957,700.00	$9,935,069.44	$22,630.56	.23			.0000	.00
CREDIT AGRICOLE CRP&IN CPDN DTD 01/27/17 08/02/2017										
22533TW10	10,000,000.0000	09/01/2017	$9,944,200.00	$9,938,535.70	$5,664.30	.06			.0000	.00
CREDIT AGRICOLE CRP&IN CPDN DTD 02/03/17 09/01/2017										
30229ATV1	10,000,000.0000	06/29/2017	$9,972,900.00	$9,968,711.11	$4,188.89	.04			.0000	.00
EXXON MOBIL CORP CPDN DTD 01/03/17 06/29/2017										
36164JV27	10,000,000.0000	08/02/2017	$9,957,700.00	$9,947,866.67	$9,833.33	.10			.0000	.00
GE CAPITAL TREASURY CPDN DTD 01/30/17 08/02/2017										
36164JVA9	10,000,000.0000	08/10/2017	$9,954,900.00	$9,952,633.33	$2,266.67	.02			.0000	.00
GE CAPITAL TREASURY CPDN DTD 02/17/17 08/10/2017										
36164JVN1	10,000,000.0000	08/22/2017	$9,950,700.00	$9,948,000.00	$2,700.00	.03			.0000	.00
GE CAPITAL TREASURY CPDN DTD 02/23/17 08/22/2017										
36164JW18	10,000,000.0000	09/01/2017	$9,944,200.00	$9,943,777.78	$422.22	.00			.0000	.00
GE CAPITAL TREASURY CPDN DTD 02/02/17 09/01/2017										
36164JW59	10,000,000.0000	09/05/2017	$9,942,700.00	$9,946,011.11	($3,311.11)	(.03)			.0000	.00
GE CAPITAL TREASURY CPDN DTD 02/07/17 09/05/2017										
36164JWB6	10,000,000.0000	09/11/2017	$9,940,500.00	$9,942,833.33	($2,333.33)	(.02)			.0000	.00
GE CAPITAL TREASURY CPDN DTD 02/27/17 09/11/2017										
36164JWD2	10,000,000.0000	09/13/2017	$9,939,800.00	$9,938,166.67	$1,633.33	.02			.0000	.00
GE CAPITAL TREASURY CPDN DTD 02/15/17 09/13/2017										
39136RRU1	10,000,000.0000	04/28/2017	$9,993,300.00	$9,989,122.22	$4,177.78	.04			.0000	.00
GREAT WEST LIFE CPDN DTD 03/01/17 04/28/2017										
5006E0S56	30,000,000.0000	05/05/2017	$29,973,000.00	$29,852,416.72	$120,583.28	.40			.0000	.00
KOREA DEVELOPMENT BK CPDN DTD 11/22/16 05/05/2017										
5006E0T71	10,000,000.0000	06/07/2017	$9,979,800.00	$9,937,311.11	$42,488.89	.43			.0000	.00
KOREA DEVELOPMENT BK CPDN DTD 12/07/16 06/07/2017										
5006E0TC0	20,000,000.0000	06/12/2017	$19,956,400.00	$19,876,066.70	$80,333.30	.40			.0000	.00
KOREA DEVELOPMENT BK CPDN DTD 12/05/16 06/12/2017										

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5006E0TD8	25,000,000.0000	06/13/2017	$24,944,750.00	$24,841,383.33	$103,366.67	.42			.0000	.00
	KOREA DEVELOPMENT BK CPDN DTD 12/09/16 06/13/2017									
5006E0U53	15,000,000.0000	07/05/2017	$14,953,950.00	$14,897,625.00	$56,325.00	.38			.0000	.00
	KOREA DEVELOPMENT BK CPDN DTD 12/28/16 07/05/2017									
5006E0UA2	20,000,000.0000	07/10/2017	$19,935,200.00	$19,854,400.00	$80,800.00	.41			.0000	.00
	KOREA DEVELOPMENT BK CPDN DTD 12/14/16 07/10/2017									
5006E0V29	8,000,000.0000	08/02/2017	$7,966,160.00	$7,949,444.48	$16,715.52	.21			.0000	.00
	KOREA DEVELOPMENT BK CPDN DTD 01/31/17 08/02/2017									
5006E0V78	10,000,000.0000	08/07/2017	$9,955,900.00	$9,938,688.90	$17,211.10	.17			.0000	.00
	KOREA DEVELOPMENT BK CPDN DTD 02/10/17 08/07/2017									
5006E0VN3	14,000,000.0000	08/22/2017	$13,930,980.00	$13,914,983.94	$15,996.06	.11			.0000	.00
	KOREA DEVELOPMENT BK CPDN DTD 02/23/17 08/22/2017									
5006E0W51	20,000,000.0000	09/05/2017	$19,885,400.00	$19,862,622.19	$22,777.81	.11			.0000	.00
	KOREA DEVELOPMENT BK CPDN DTD 03/06/17 09/05/2017									
87019RUC8	10,000,000.0000	07/12/2017	$9,966,900.00	$9,969,083.33	($2,183.33)	(.02)			.0000	.00
	SWEDBANK CPDN DTD 03/01/17 07/12/2017									
89233GS49	10,000,000.0000	05/04/2017	$9,991,300.00	$9,960,255.56	$31,044.44	.31			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 08/22/16 05/04/2017									
89233GT14	30,000,000.0000	06/01/2017	$29,948,400.00	$29,834,083.33	$114,316.67	.38			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 09/07/16 06/01/2017									
89233GT55	10,000,000.0000	06/05/2017	$9,980,400.00	$9,944,388.89	$36,011.11	.36			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 09/08/16 06/05/2017									
89233GU38	10,000,000.0000	07/03/2017	$9,969,900.00	$9,937,155.56	$32,744.44	.33			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 10/06/16 07/03/2017									
89233GU53	10,000,000.0000	07/05/2017	$9,969,300.00	$9,924,400.00	$44,900.00	.45			.0000	.00
	TOYOTA MOTOR CREDIT CPDN DTD 11/04/16 07/05/2017									
89233GUA2	10,000,000.0000	07/10/2017	$9,967,600.00	$9,922,733.33	$44,866.67	.45			.0000	.00
	TOYOTA MOTOR CREDIT CPDN DTD 10/13/16 07/10/2017									
89233GUD6	10,000,000.0000	07/13/2017	$9,966,600.00	$9,932,477.78	$34,122.22	.34			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 11/02/16 07/13/2017									
89233GV37	10,000,000.0000	08/03/2017	$9,957,300.00	$9,937,722.22	$19,577.78	.20			.0000	.00

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TOYOTA MOTOR CREDIT CPDN DTD 11/08/16 08/03/2017										
89233GV94	10,000,000.0000	08/09/2017	$9,955,200.00	$9,928,591.67	$26,608.33	.27			.0000	.00
TOYOTA MOTOR CREDIT CO CPDN DTD 12/12/16 08/09/2017										
8923A0S12	10,000,000.0000	05/01/2017	$9,992,500.00	$9,953,488.89	$39,011.11	.39			.0000	.00
TOYOTA CDT DE PR CORP CPDN DTD 11/21/16 05/01/2017										
8923A0TN3	5,000,000.0000	06/22/2017	$4,987,550.00	$4,967,200.00	$20,350.00	.41			.0000	.00
TOYOTA CDT DE PR CORP CPDN DTD 09/28/16 06/22/2017										
8923A0U68	10,000,000.0000	07/06/2017	$9,968,900.00	$9,922,000.00	$46,900.00	.47			.0000	.00
TOYOTA CDT DE PR CORP CPDN DTD 11/08/16 07/06/2017										
8923A0UH4	10,000,000.0000	07/17/2017	$9,965,300.00	$9,933,375.00	$31,925.00	.32			.0000	.00
TOYOTA CDT DE PR CORP CPDN DTD 01/03/17 07/17/2017										
8923A0V26	10,000,000.0000	08/02/2017	$9,957,700.00	$9,938,661.11	$19,038.89	.19			.0000	.00
TOYOTA CDT DE PR CORP CPDN DTD 02/02/17 08/02/2017										
8923A0V75	10,000,000.0000	08/07/2017	$9,955,900.00	$9,939,333.33	$16,566.67	.17			.0000	.00
TOYOTA CDT DE PR CORP CPDN DTD 02/06/17 08/07/2017										
8923A0W58	10,000,000.0000	09/05/2017	$9,942,700.00	$9,944,583.33	($1,883.33)	(.02)			.0000	.00
TOYOTA CDT DE PR CORP CPDN DTD 03/14/17 09/05/2017										
SUBTOTAL	**522,000,000.0000**		**$520,284,890.00**	**$518,869,311.39**	**$1,415,578.61**	**.27**			**.0000**	**.00**
CORPORATE BONDS										
CORPORATE BONDS										
037833CE8	10,000,000.0000	02/08/2019	$10,018,100.00	$9,992,400.00	$25,700.00	.26	AA+	AA1	.0000	.00
APPLE INC DTD 02/09/17 1.550 02/08/2019										
084664CE9	2,000,000.0000	03/07/2018	$2,001,000.00	$1,999,220.00	$1,780.00	.09	AA	AA2	.0000	.00
BERKSHIRE HATHAWAY FIN DTD 03/15/16 1.450 03/07/2018										
19416QEB2	5,000,000.0000	05/01/2018	$4,979,750.00	$4,985,850.00	($6,100.00)	(.12)	AA-	AA3	.0000	.00
COLGATE-PALMOLIVE CO DTD 05/02/13 0.900 05/01/2018										
4581X0BZ0	10,000,000.0000	03/15/2018	$9,955,900.00	$9,971,000.00	($15,100.00)	(.15)	AAA	AAA	.0000	.00
INTER-AMERICAN DEVEL BK DTD 01/23/13 0.875 03/15/2018										
459058EJ8	32,000,000.0000	06/15/2018	$31,888,960.00	$31,965,360.00	($76,400.00)	(.24)	AAA	AAA	.0000	.00
INTL BK RECON & DEVELOP DTD 04/30/15 1.000 06/15/2018										
459058EM1	10,000,000.0000	11/15/2017	$9,986,200.00	$9,992,000.00	($5,800.00)	(.06)	AAA	AAA	.0000	.00

WELLS FARGO Exhibit 1

Market/Cost Value Comparison Report
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COUNTY OF VENTURA

General Reporting
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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
	INTL BK RECON & DEVELOP DTD 06/23/15 1.000 11/15/2017									
459058ER0	55,000,000.0000	10/05/2018	$54,716,750.00	$54,867,250.00	($150,500.00)	(.27)	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 10/07/15 1.000 10/05/2018									
459058FB4	5,000,000.0000	04/26/2019	$4,998,050.00	$5,000,000.00	($1,950.00)	(.04)	N/A	N/A	.0000	.00
	INTL BK RECON & DEVELOP DTD 04/26/16 1.300 04/26/2019									
459058FC2	15,000,000.0000	04/26/2019	$14,883,000.00	$14,995,000.00	($112,000.00)	(.75)	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 04/26/16 1.250 04/26/2019									
45905URW6	40,000,000.0000	04/10/2017	$39,998,400.00	$40,019,500.00	($21,100.00)	(.05)	AAA	N/R	.0000	.00
	INTL BK RECON & DEVELOP DTD 04/10/15 0.670 04/10/2017									
45905URX4	15,000,000.0000	05/15/2017	$15,007,365.00	$14,995,350.00	$12,015.00	.08			.0000	.00
	INTL BK RECON & DEVELOP DTD 04/17/15 0.650 05/15/2017									
45905URY2	35,000,000.0000	04/21/2018	$34,894,755.00	$35,000,000.00	($105,245.00)	(.30)	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 04/21/15 0.960 04/21/2018									
45905USB1	75,000,000.0000	05/02/2017	$74,974,500.00	$74,852,910.00	$121,590.00	.16	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 04/27/15 0.625 05/02/2017									
45905USH8	20,000,000.0000	06/12/2017	$19,992,400.00	$19,983,400.00	$9,000.00	.05	N/A	N/R	.0000	.00
	INTL BK RECON & DEVELOP DTD 05/12/15 0.700 06/12/2017									
45905USJ4	20,000,000.0000	09/12/2017	$19,999,800.00	$19,983,800.00	$16,000.00	.08	N/A	N/R	.0000	.00
	INTL BK RECON & DEVELOP DTD 05/12/15 0.800 09/12/2017									
45905UTH7	10,000,000.0000	09/25/2018	$9,939,700.00	$10,000,000.00	($60,300.00)	(.60)			.0000	.00
	INTL BK RECON & DEVELOP DTD 09/25/15 1.100 09/25/2018									
45905UTM6	15,000,000.0000	10/16/2017	$14,963,250.00	$15,000,000.00	($36,750.00)	(.24)			.0000	.00
	INTL BK RECON & DEVELOP DTD 10/14/15 0.720 10/16/2017									
45905UTQ7	10,000,000.0000	01/26/2018	$9,981,600.00	$10,000,000.00	($18,400.00)	(.18)			.0000	.00
	INTL BK RECON & DEVELOP DTD 10/26/15 0.750 01/26/2018									
45905UTS3	10,000,000.0000	01/30/2018	$9,947,960.00	$10,000,000.00	($52,040.00)	(.52)			.0000	.00
	INTL BK RECON & DEVELOP DTD 10/30/15 0.760 01/30/2018									
45905UTW4	5,000,000.0000	11/10/2018	$4,988,175.00	$5,000,000.00	($11,825.00)	(.24)			.0000	.00
	INTL BK RECON & DEVELOP DTD 11/10/15 1.190 11/10/2018									
45905UUB8	10,000,000.0000	02/02/2018	$9,996,700.00	$10,000,000.00	($3,300.00)	(.03)	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 11/23/15 1.000 02/02/2018									

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COUNTY OF VENTURA

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45905UVC5	15,000,000.0000	02/26/2019	$14,942,700.00	$14,990,000.00	($47,300.00)	(.32)	N/A	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 02/26/16 1.350 02/26/2019									
45905UVZ4	10,000,000.0000	01/18/2019	$9,952,300.00	$9,997,300.00	($45,000.00)	(.45)	N/A	N/R	.0000	.00
	INTL BK RECON & DEVELOP DTD 04/18/16 1.000 01/18/2019									
45950KBV1	10,000,000.0000	12/21/2017	$9,953,900.00	$9,958,700.00	($4,800.00)	(.05)	AAA	AAA	.0000	.00
	INTL FINANCE CORP DTD 11/21/12 0.625 12/21/2017									
45950KBX7	59,209,000.0000	06/15/2018	$58,911,770.82	$58,975,880.00	($64,109.18)	(.11)	AAA	AAA	.0000	.00
	INTL FINANCE CORP DTD 04/10/13 0.875 06/15/2018									
45950VFY7	20,000,000.0000	04/28/2017	$20,000,600.00	$20,000,000.00	$600.00	.00	N/A	N/R	.0000	.00
	INTL FINANCE CORP MED TERM NOTE									
45950VGB6	20,000,000.0000	04/28/2017	$20,000,200.00	$20,000,000.00	$200.00	.00	N/A	N/R	.0000	.00
	INTL FINANCE CORP MED TERM NOTE									
594918AP9	4,000,000.0000	11/15/2017	$3,987,480.00	$3,998,800.00	($11,320.00)	(.28)	AAA	AAA	.0000	.00
	MICROSOFT CORP DTD 11/07/12 0.875 11/15/2017									
89236TCX1	15,000,000.0000	04/06/2018	$14,959,350.00	$14,996,400.00	($37,050.00)	(.25)	AA-	AA3	.0000	.00
	TOYOTA MOTOR CREDIT CORP MED TERM NOTE									
89236TDC6	20,000,000.0000	04/25/2018	$19,825,000.00	$20,000,000.00	($175,000.00)	(.88)	AA-	AA3	.0000	.00
	TOYOTA MOTOR CREDIT CORP MED TERM NOTE									
CORPORATE STRIPPED/ZERO COUPON										
45818LHK9	10,000,000.0000	06/27/2017	$9,982,300.00	$9,981,705.56	$594.44	.01	N/A	N/A	.0000	.00
	IADB DISCOUNT NOTE ZERO CPN DTD 06/27/16 06/27/2017									
459053HL1	30,000,000.0000	06/28/2017	$29,946,300.00	$29,944,500.00	$1,800.00	.01	N/A	N/A	.0000	.00
	IBRD DISCOUNT NOTE ZERO CPN DTD 06/28/16 06/28/2017									
459053JC9	10,000,000.0000	07/14/2017	$9,977,900.00	$9,968,656.00	$9,244.00	.09	N/A	N/A	.0000	.00
	IBRD DISCOUNT NOTE ZERO CPN DTD 07/14/16 07/14/2017									
459515FK3	20,000,000.0000	05/10/2017	$20,000,000.00	$19,950,700.00	$49,300.00	.25			.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 05/10/16 05/10/2017									
SUBTOTAL	**652,209,000.0000**		**$650,552,115.82**	**$651,365,681.56**	**($813,565.74)**	**(.12)**			**.0000**	**.00**
US GOVERNMENT										
US TREASURY NOTES AND BONDS										
912828TW0	5,000,000.0000	10/31/2017	$4,994,150.00	$4,991,406.25	$2,743.75	.05	N/A	AAA	.0000	.00

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	US TREASURY NOTE DTD 10/31/12 0.750 10/31/2017									
SUBTOTAL	**5,000,000.0000**		**$4,994,150.00**	**$4,991,406.25**	**$2,743.75**	**.05**			**.0000**	**.00**
FEDERAL AGENCY										
GOVERNMENT AGENCIES										
3130A3UC6	15,000,000.0000	05/15/2017	$15,003,450.00	$14,975,400.00	$28,050.00	.19	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 12/30/14 0.900 05/15/2017									
3130A5EP0	5,000,000.0000	05/30/2017	$4,998,550.00	$4,995,150.00	$3,400.00	.07	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 05/15/15 0.625 05/30/2017									
3130A6RC3	5,000,000.0000	11/02/2018	$4,988,550.00	$5,000,000.00	($11,450.00)	(.23)	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 11/04/15 1.150 11/02/2018									
3130A6WT0	4,950,000.0000	06/29/2018	$4,948,713.00	$4,950,000.00	($1,287.00)	(.03)	AA+	AAA	.0000	.00
	FED HOME LN BK SER 0001									
3130A7RT4	20,000,000.0000	04/18/2019	$19,901,800.00	$19,989,000.00	($87,200.00)	(.44)	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 04/18/16 1.200 04/18/2019									
3130A7S63	8,000,000.0000	05/09/2018	$7,990,880.00	$8,000,000.00	($9,120.00)	(.11)	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 05/09/16 1.000 05/09/2018									
3130A84C4	10,000,000.0000	05/25/2018	$9,953,400.00	$10,000,000.00	($46,600.00)	(.47)	AA+	AAA	.0000	.00
	FED HOME LN BK SER 0003									
3130AARB6	5,000,000.0000	01/30/2018	$4,991,150.00	$5,000,350.00	($9,200.00)	(.18)	N/A	AAA	.0000	.00
	FED HOME LN BK SER 0000									
313380EC7	5,000,000.0000	09/08/2017	$4,995,500.00	$4,996,500.00	($1,000.00)	(.02)	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 08/06/12 0.750 09/08/2017									
3133EC7A6	3,000,000.0000	12/12/2017	$2,995,590.00	$3,000,000.00	($4,410.00)	(.15)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 12/12/12 0.820 12/12/2017									
3133EEX62	20,000,000.0000	06/16/2017	$19,997,600.00	$20,000,000.00	($2,400.00)	(.01)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 06/16/15 0.800 06/16/2017									
3133EF3B1	10,000,000.0000	04/18/2018	$9,959,100.00	$9,999,000.00	($39,900.00)	(.40)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 04/12/16 0.750 04/18/2018									
3133EF3N5	10,000,000.0000	07/18/2018	$9,958,200.00	$9,995,000.00	($36,800.00)	(.37)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 04/18/16 1.000 07/18/2018									
3133EFF51	5,000,000.0000	02/26/2018	$4,987,800.00	$5,000,000.00	($12,200.00)	(.24)	AA+	AAA	.0000	.00

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	FED FARM CREDIT BK DTD 02/26/16 0.850 02/26/2018									
3133EFJL2	5,000,000.0000	10/13/2017	$4,991,900.00	$4,998,000.00	($6,100.00)	(.12)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 10/13/15 0.730 10/13/2017									
3133EFKM8	5,000,000.0000	10/20/2017	$4,994,700.00	$4,987,850.00	$6,850.00	.14	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 10/20/15 0.710 10/20/2017									
3133EFMU8	5,000,000.0000	05/02/2018	$4,989,600.00	$4,987,800.00	$1,800.00	.04	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 11/02/15 0.950 05/02/2018									
3133EFMV6	23,505,000.0000	08/02/2018	$23,437,775.70	$23,390,676.00	$47,099.70	.20	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 11/02/15 1.020 08/02/2018									
3133EFPH4	5,000,000.0000	11/17/2017	$4,999,200.00	$5,000,000.00	($800.00)	(.02)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 11/17/15 0.930 11/17/2017									
3133EFSG3	15,000,000.0000	03/14/2018	$15,005,400.00	$15,000,000.00	$5,400.00	.04	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 12/14/15 1.100 03/14/2018									
3133EFV87	15,000,000.0000	03/29/2018	$14,948,700.00	$14,998,000.00	($49,300.00)	(.33)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 03/29/16 0.875 03/29/2018									
3133EGBB0	15,000,000.0000	05/18/2018	$14,941,800.00	$14,994,000.00	($52,200.00)	(.35)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 05/18/16 0.930 05/18/2018									
3133EGBE4	10,830,000.0000	11/19/2018	$10,793,178.00	$10,819,170.00	($25,992.00)	(.24)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 05/19/16 1.060 11/19/2018									
3134G76U0	5,000,000.0000	10/27/2017	$4,993,000.00	$5,000,000.00	($7,000.00)	(.14)	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE SER 0003									
3134G8TV1	5,350,000.0000	03/29/2019	$5,317,204.50	$5,347,271.50	($30,067.00)	(.56)	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE SER 0000									
3134G8ZZ5	10,000,000.0000	04/26/2019	$9,929,300.00	$10,000,000.00	($70,700.00)	(.71)	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134G9AQ0	10,000,000.0000	10/26/2018	$9,936,300.00	$9,995,000.00	($58,700.00)	(.59)	AA+	N/A	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE SER 0000									
3134G9HJ9	5,000,000.0000	08/10/2018	$4,986,800.00	$5,000,000.00	($13,200.00)	(.26)	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP SER 0000									
3135G0J61	5,000,000.0000	03/28/2018	$4,988,050.00	$4,990,000.00	($1,950.00)	(.04)	AA+	AAA	.0000	.00
	FED NATL MTG ASSN SER 2YR									

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3135G0PQ0	10,000,000.0000	10/26/2017	$9,992,800.00	$9,966,000.00	$26,800.00	.27	AA+	AAA	.0000	.00
	FED NATL MTG ASSN DTD 09/24/12 0.875 10/26/2017									
3135G0WM1	4,000,000.0000	04/30/2018	$3,997,480.00	$3,984,000.00	$13,480.00	.34	AA+	AAA	.0000	.00
	FED NATL MTG ASSN SER 0002									
3135G0ZB2	5,000,000.0000	04/20/2017	$4,999,900.00	$4,973,450.00	$26,450.00	.53	AA+	AAA	.0000	.00
	FED NATL MTG ASSN DTD 03/10/14 0.750 04/20/2017									
3136G3AG0	4,290,000.0000	02/26/2019	$4,274,942.10	$4,284,637.50	($9,695.40)	(.23)	AA+	AAA	.0000	.00
	FED NATL MTG ASSN SER 0001									
SUBTOTAL	**288,925,000.0000**		**$288,188,313.30**	**$288,616,255.00**	**($427,941.70)**	**(.15)**			**.0000**	**.00**
MUNICIPAL BONDS										
MUNICIPAL TAXABLE										
13063C4V9	10,000,000.0000	11/01/2018	$9,983,800.00	$10,000,000.00	($16,200.00)	(.16)	AA-	AA3	.0000	.00
	CALIFORNIA ST TXBL-BID GROUP A									
13063CP79	5,000,000.0000	04/01/2018	$4,981,700.00	$4,999,950.00	($18,250.00)	(.37)	AA-	AA3	.0000	.00
	CALIFORNIA ST TXBL									
13063CPN4	5,000,000.0000	11/01/2017	$5,008,500.00	$5,002,500.00	$6,000.00	.12	AA-	AA3	.0000	.00
	CALIFORNIA ST TXBL									
13063CXU9	15,000,000.0000	11/01/2017	$14,977,350.00	$15,004,550.00	($27,200.00)	(.18)	AA-	AA3	.0000	.00
	CALIFORNIA ST TXBL-SER A									
13077DBJ0	560,000.0000	11/01/2019	$555,049.60	$560,000.00	($4,950.40)	(.88)	AA-	AA2	.0000	.00
	CALIFORNIA ST UNIV REVENUE TXBL-REF-SYSTEMWIDE-SER B									
190335GP8	3,805,000.0000	08/01/2018	$3,830,569.60	$3,832,281.85	($1,712.25)	(.04)	AA+	AA1	.0000	.00
	COAST CA CMNTY CLG DIST TXBL-REF-SER B									
432272EW8	160,000.0000	09/01/2017	$159,854.40	$160,000.00	($145.60)	(.09)	AAA	N/R	.0000	.00
	HILLSBOROUGH CA SCH DIST TXBL-REF-SER B									
432272EX6	395,000.0000	09/01/2018	$394,075.70	$395,000.00	($924.30)	(.23)	AAA	N/R	.0000	.00
	HILLSBOROUGH CA SCH DIST TXBL-REF-SER B									
54473ERP1	1,330,000.0000	12/01/2017	$1,330,266.00	$1,330,000.00	$266.00	.02	AA	AA3	.0000	.00
	LOS ANGELES CNTY CA PUBLIC WKS TXBL-REF-SER C									
68609BUP0	100,000.0000	05/01/2017	$100,004.00	$100,000.00	$4.00	.00	AA+	AA1	.0000	.00
	OREGON ST TXBL-ARTICLE XI-Q-SER E									

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* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
68609BUQ8	100,000.0000	05/01/2018	$99,614.00	$100,000.00	($386.00)	(.39)	AA+	AA1	.0000	.00
	OREGON ST TXBL-ARTICLE XI-Q-SER E									
68609BUR6	100,000.0000	05/01/2019	$99,251.00	$100,000.00	($749.00)	(.75)	AA+	AA1	.0000	.00
	OREGON ST TXBL-ARTICLE XI-Q-SER E									
79730WAT7	2,660,000.0000	09/01/2017	$2,655,797.20	$2,657,632.60	($1,835.40)	(.07)	AA	N/R	.0000	.00
	SAN DIEGO CA REDEV AGY SUCCESS TXBL-REF-SER B									
79730WBF6	5,915,000.0000	09/01/2018	$5,877,853.80	$5,889,979.55	($12,125.75)	(.21)	AA	N/R	.0000	.00
	SAN DIEGO CA REDEV AGY SUCCESS TXBL-REF-SUB-SER B									
79765RM89	3,415,000.0000	11/01/2017	$3,406,940.60	$3,413,190.05	($6,249.45)	(.18)	AA-	AA3	.0000	.00
	SAN FRANCISCO CITY & CNTY CA P TXBL-REF-GREEN BOND-SER C									
798339GN1	875,000.0000	08/01/2018	$874,938.75	$875,000.00	($61.25)	(.01)	AAA	N/R	.0000	.00
	SAN JUAN CAPISTRANO CA TXBL-REF-OPEN SPACE MEASURE									
798339GP6	300,000.0000	08/01/2019	$300,018.00	$300,000.00	$18.00	.01	AAA	N/R	.0000	.00
	SAN JUAN CAPISTRANO CA TXBL-REF-OPEN SPACE MEASURE									
799014AN5	1,040,000.0000	08/01/2017	$1,040,925.60	$1,040,000.00	$925.60	.09	A	N/R	.0000	.00
	SAN MATEO CA REDEV AGY SUCCESS TXBL-REF-SER B									
799014AP0	800,000.0000	08/01/2018	$803,256.00	$800,000.00	$3,256.00	.41	A	N/R	.0000	.00
	SAN MATEO CA REDEV AGY SUCCESS TXBL-REF-SER B									
80168NGX1	3,340,000.0000	04/01/2018	$3,343,473.60	$3,350,120.20	($6,646.60)	(.20)	AA+	AA2	.0000	.00
	SANTA CLARA VLY CA TRANSPRTN A REF-TXBL-MEASURE A-SER B									
80263KAK5	600,000.0000	08/01/2017	$600,162.00	$600,000.00	$162.00	.03	AA	N/R	.0000	.00
	SANTA ROSA CA REDEV AGY SUCCES TXBL-REF-SER B									
80263KAL3	650,000.0000	08/01/2018	$652,216.50	$650,000.00	$2,216.50	.34	AA	N/R	.0000	.00
	SANTA ROSA CA REDEV AGY SUCCES TXBL-REF-SER B									
91412GD28	4,000,000.0000	05/15/2018	$3,977,640.00	$4,000,000.00	($22,360.00)	(.56)	AA	AA2	.0000	.00
	UNIV OF CALIFORNIA CA REVENUES TXBL-REF-GEN-SER AS									
91412GD36	3,000,000.0000	05/15/2019	$2,975,640.00	$3,000,000.00	($24,360.00)	(.81)	AA	AA2	.0000	.00
	UNIV OF CALIFORNIA CA REVENUES TXBL-REF-GEN-SER AS									
988176HV8	1,000,000.0000	08/01/2018	$994,400.00	$1,000,000.00	($5,600.00)	(.56)	N/R	AA2	.0000	.00
	YUBA CA CMNTY CLG DIST TXBL-REF-SER B									
988211BJ6	155,000.0000	09/01/2017	$155,124.00	$155,000.00	$124.00	.08	AA	N/R	.0000	.00

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

Exhibit 1

General Reporting
From Month End 03/31/2017
04/05/2017 11:45:27 AM EDT

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
	YUBA CA LEVEE FING AUTH REVENU TXBL-REF-YUBA CNTY LEVEE REFIN									
SUBTOTAL	**69,300,000.0000**		**$69,178,420.35**	**$69,315,204.25**	**($136,783.90)**	**(.20)**			**.0000**	**.00**
OTHER ASSETS										
OTHER ASSETS										
MS6232818	65,000,000.0000		$65,000,000.00	$65,000,000.00	$.00	.00			.0000	.00
	CA LAIF STATE OF CALIFORNIA INVESTMENT FD									
MS6615459	25,000,000.0000		$25,014,975.00	$25,000,000.00	$14,975.00	.06			.0000	.00
	CALTRUST SHORT TERM ACCT									
SUBTOTAL	**90,000,000.0000**		**$90,014,975.00**	**$90,000,000.00**	**$14,975.00**	**.02**			**.0000**	**.00**
ACCOUNT 11435100 TOTAL	**2,192,434,000.0000**		**$2,188,004,514.47**	**$2,187,851,873.45**	**$152,641.02**	**.01**			**.0000**	**.00**
GRAND TOTAL	**2,192,434,000.0000**		**$2,188,004,514.47**	**$2,187,851,873.45**	**$152,641.02**	**.01**			**.0000**	**.00**

END OF REPORT

MARCH 2017 TRANSACTIONS

Settlement Date	Purchase/ Sale	Par Amount	Security Type	Security Name	Maturity Date	Coupon/ Yield
03/01/17	PURCHASE	10.00	CP	GE CAPITAL TREASURY SERVICES	09/01/17	1.100000
03/01/17	PURCHASE	10.00	CP	CREDIT AGRICOLE CIB NY	09/01/17	1.202563
03/02/17	SALE	30.00	LAIF	LAIF	DAILY	VARIES
03/02/17	PURCHASE	10.000	YCD	OVERSEA CHINESE BANKING	09/07/17	1.200000
03/03/17	PURCHASE	5.00	GA	FHLMC DISCOUNT NOTE	09/01/17	0.834850
03/03/17	PURCHASE	10.00	GA	FHLMC DISCOUNT NOTE	03/01/18	1.011328
03/06/17	PURCHASE	10.000	CP	KOREA DEVELOPMENT BK NY	09/05/17	1.340000
03/06/17	PURCHASE	5.00	GA	FHLB DISCOUNT NOTE	09/05/17	0.845080
03/07/17	PURCHASE	10.00	CP	KOREA DEVELOPMENT BK NY	09/05/17	1.370000
03/09/17	PURCHASE	0.560	MUNI	CALIFORNIA STATE UNIVERSITY	11/01/19	1.549000
03/09/17	PURCHASE	0.875	MUNI	CITY OF SAN JUAN CAPISTRANO	08/01/18	1.270000
03/09/17	PURCHASE	0.300	MUNI	CITY OF SAN JUAN CAPISTRANO	08/01/19	1.570000
03/10/17	PURCHASE	10.00	YCD	SWEDBANK NEW YORK	09/06/17	1.080000
03/13/17	PURCHASE	10.00	YCD	SWEDBANK NEW YORK	09/12/17	1.100000
03/14/17	PURCHASE	10.00	CP	TOYOTA CREDIT DE PUERTO RICO	09/05/17	1.140000
03/15/17	PURCHASE	10.00	CP	GREAT-WEST LIFE & ANNUITY	04/28/17	0.890000
03/17/17	PURCHASE	10.00	CP	GE CAPITAL TREASURY SERVICES	09/05/17	1.130000
03/20/17	PURCHASE	10.00	YCD	TORONTO DOMINION BANK NY	09/19/17	1.210000
03/28/17	PURCHASE	10.00	CP	SWEDBANK NEW YORK	07/12/17	1.050000
03/28/17	PURCHASE	10.00	YCD	BANCO ESTADO CHILE NY	09/12/17	1.290000
03/28/17	PURCHASE	10.00	GA	FHLB DISCOUNT NOTE	07/06/17	0.792550
03/29/17	PURCHASE	10.00	CP	CREDIT AGRICOLE CIB NY	06/26/17	1.090000
03/30/17	PURCHASE	10.00	SUPRANATIONALS	INTER-AMERICAN DEVEL BK	03/15/18	1.180112
03/30/17	PURCHASE	10.00	SUPRANATIONALS	INTER-AMERICAN DEVEL BK DISCOUNT	06/27/17	0.751653
03/30/17	PURCHASE	10.00	GA	FHLB DISCOUNT NOTE	06/27/17	0.777090
03/30/17	PURCHASE	30.00	SUPRANATIONALS	IBRD DISCOUNT NOTE	06/28/17	0.751670
03/30/17	PURCHASE	20.00	YCD	KOREA DEVELOPMENT BK NY	06/26/17	1.110000

Exhibit 3

PORTFOLIO AVERAGE MONTHLY BALANCE

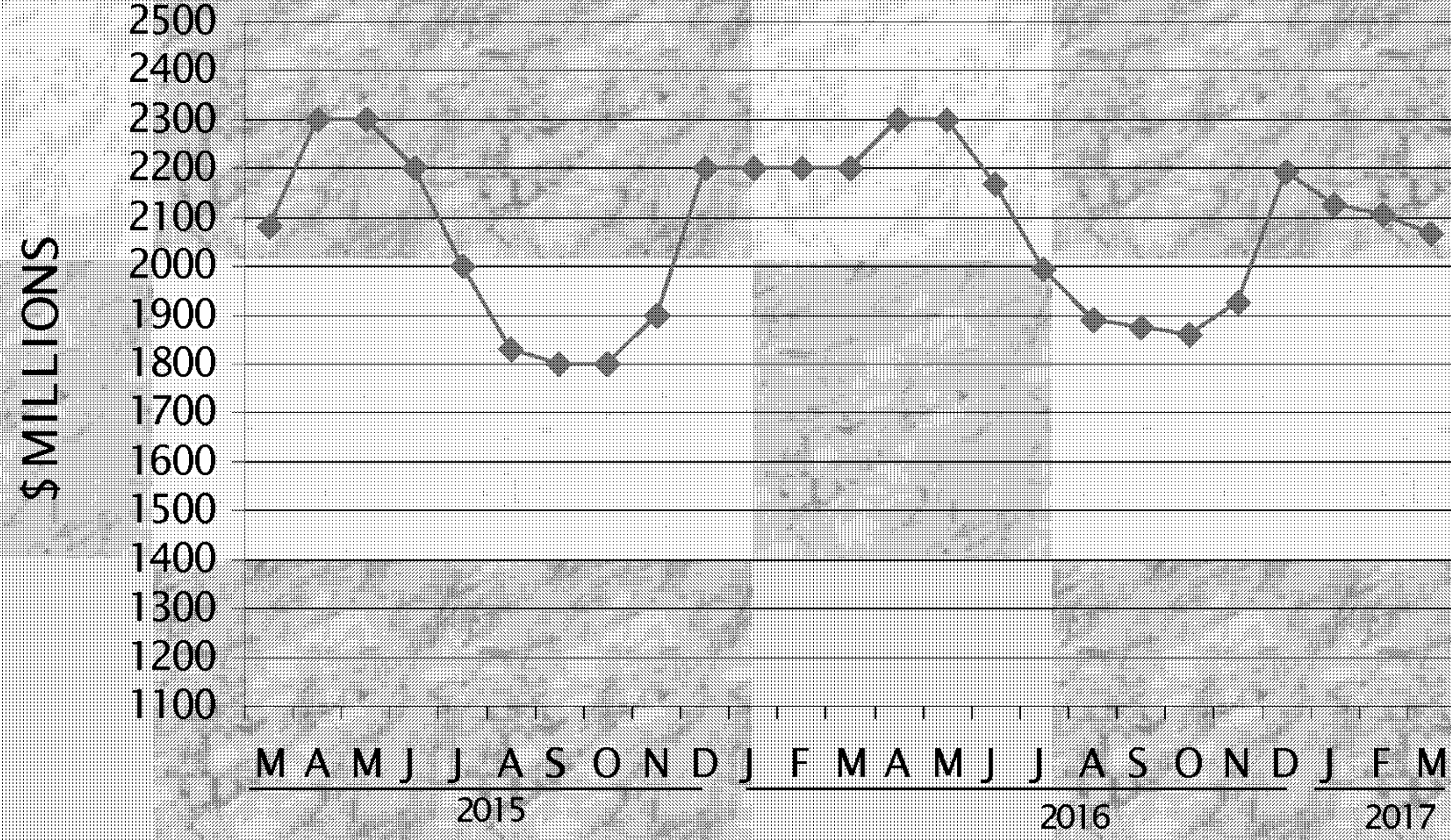


Exhibit 3

AVERAGE MATURITY

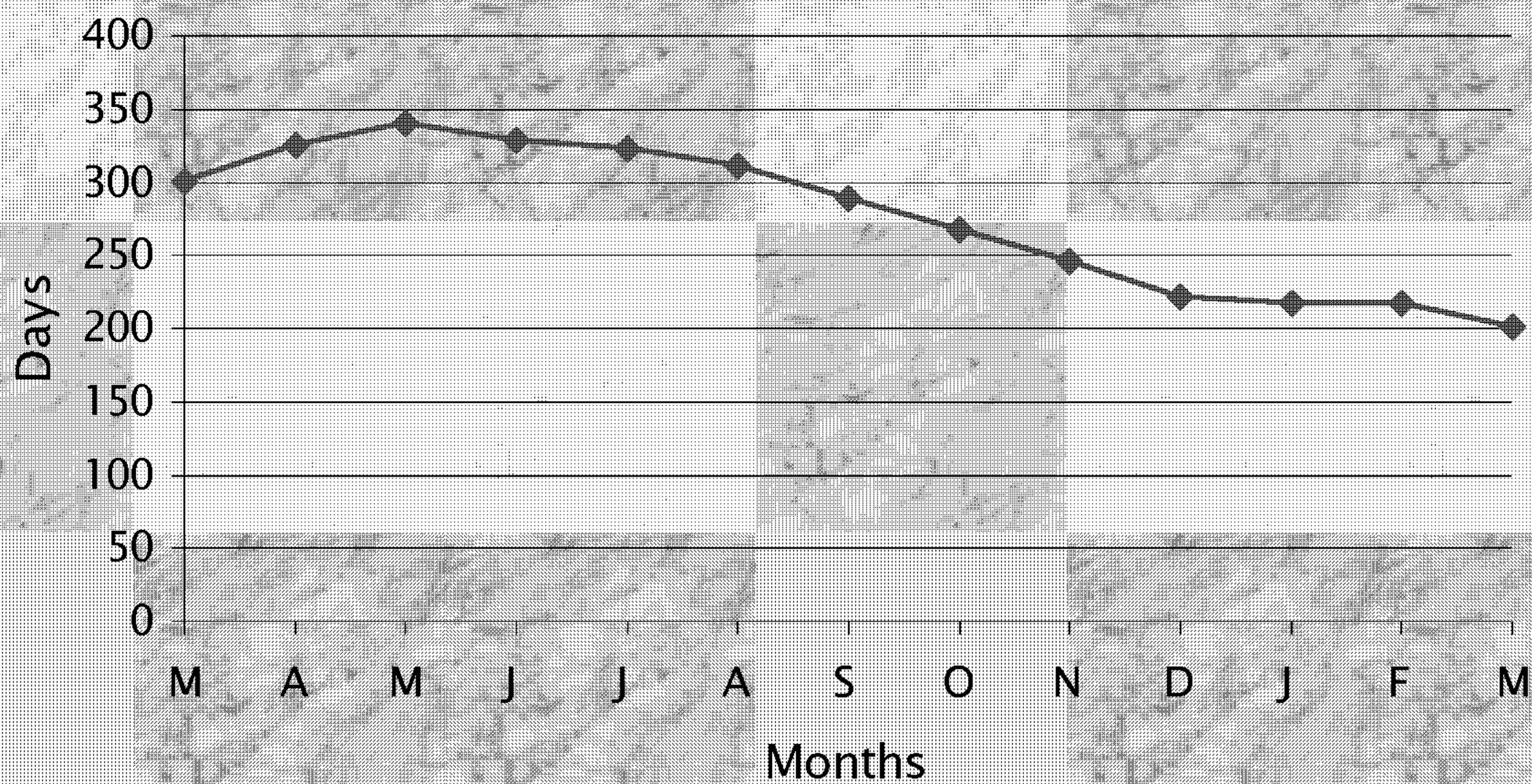


Exhibit 3

YIELD COMPARISON

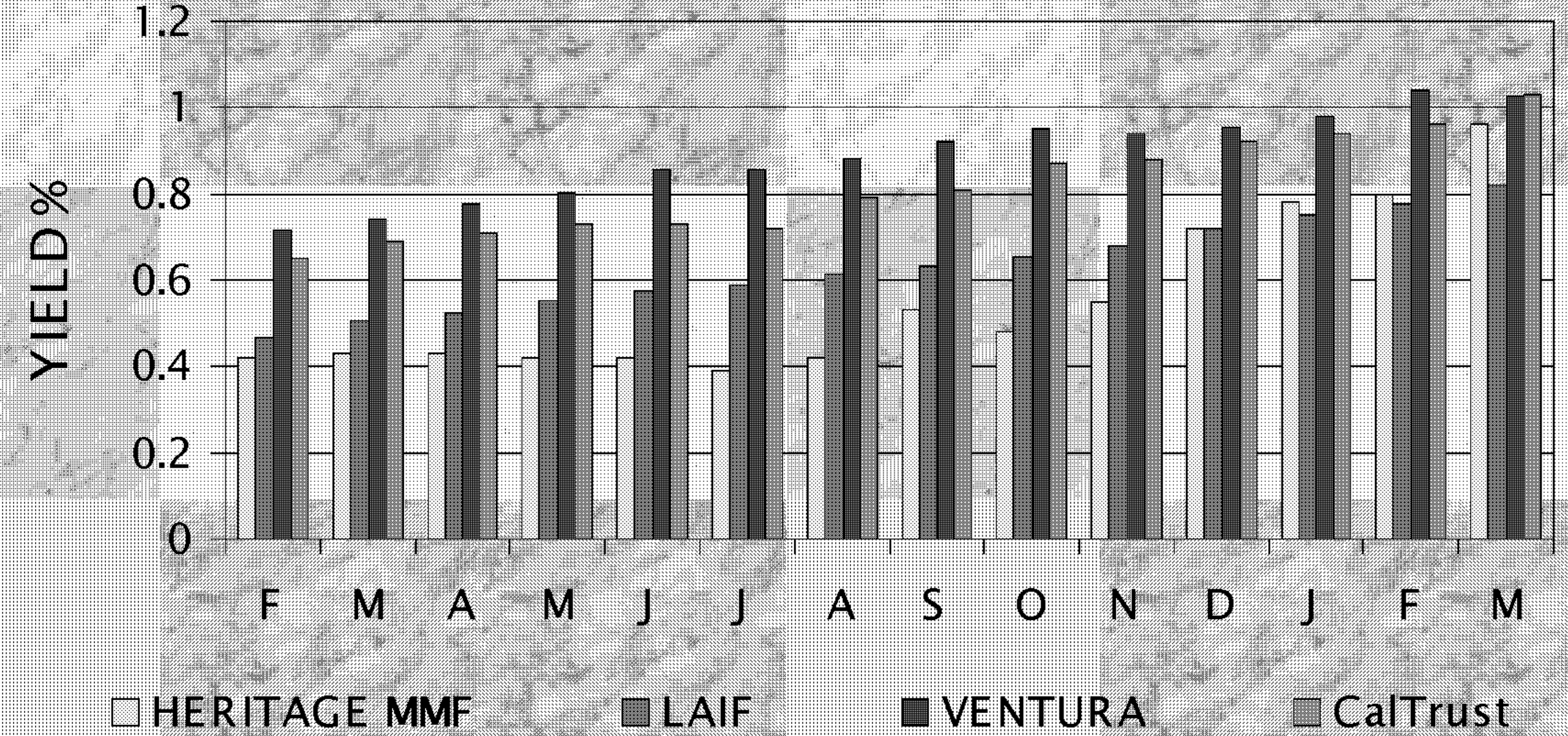


Exhibit 3

ROLLING 2-YEAR % YIELD

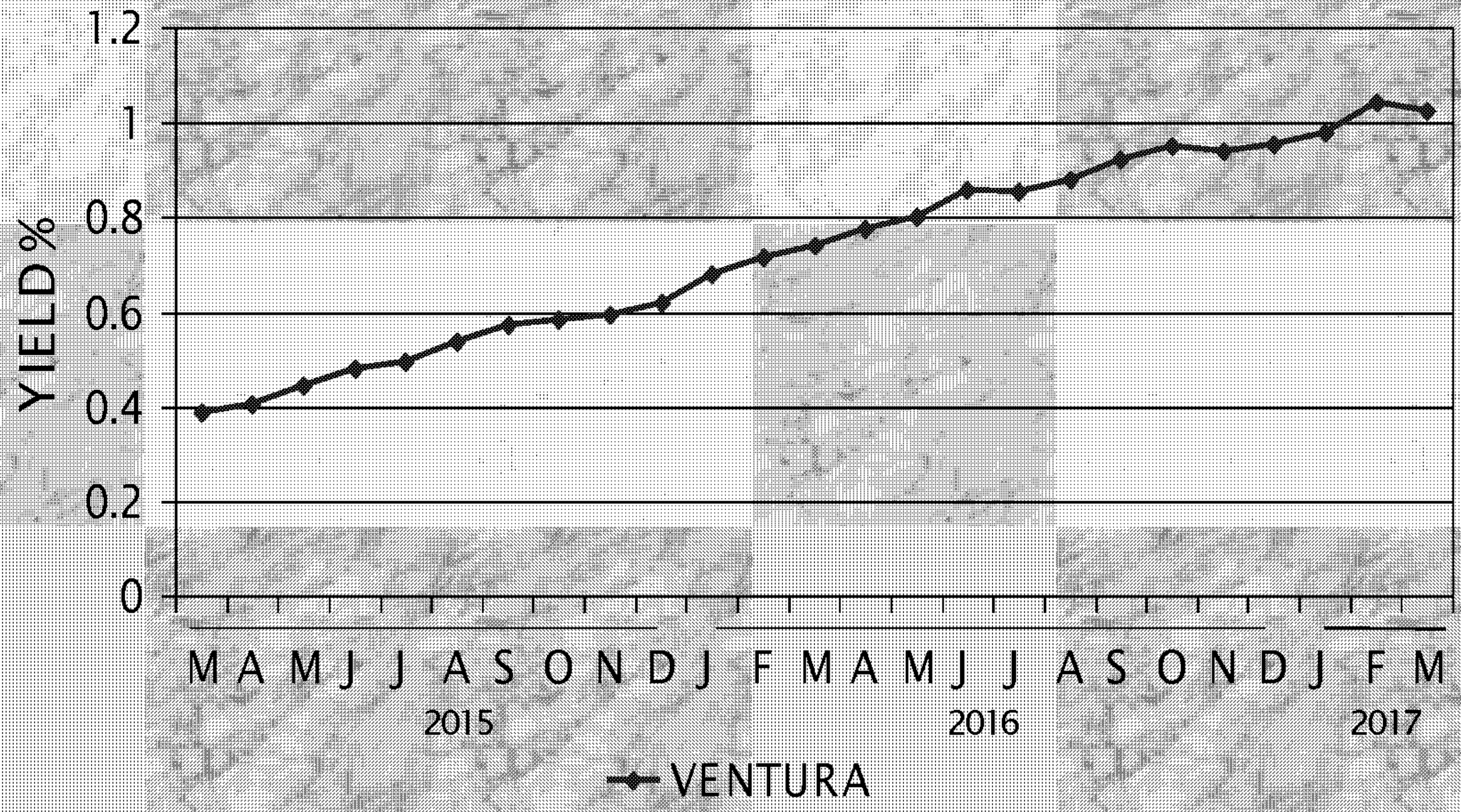
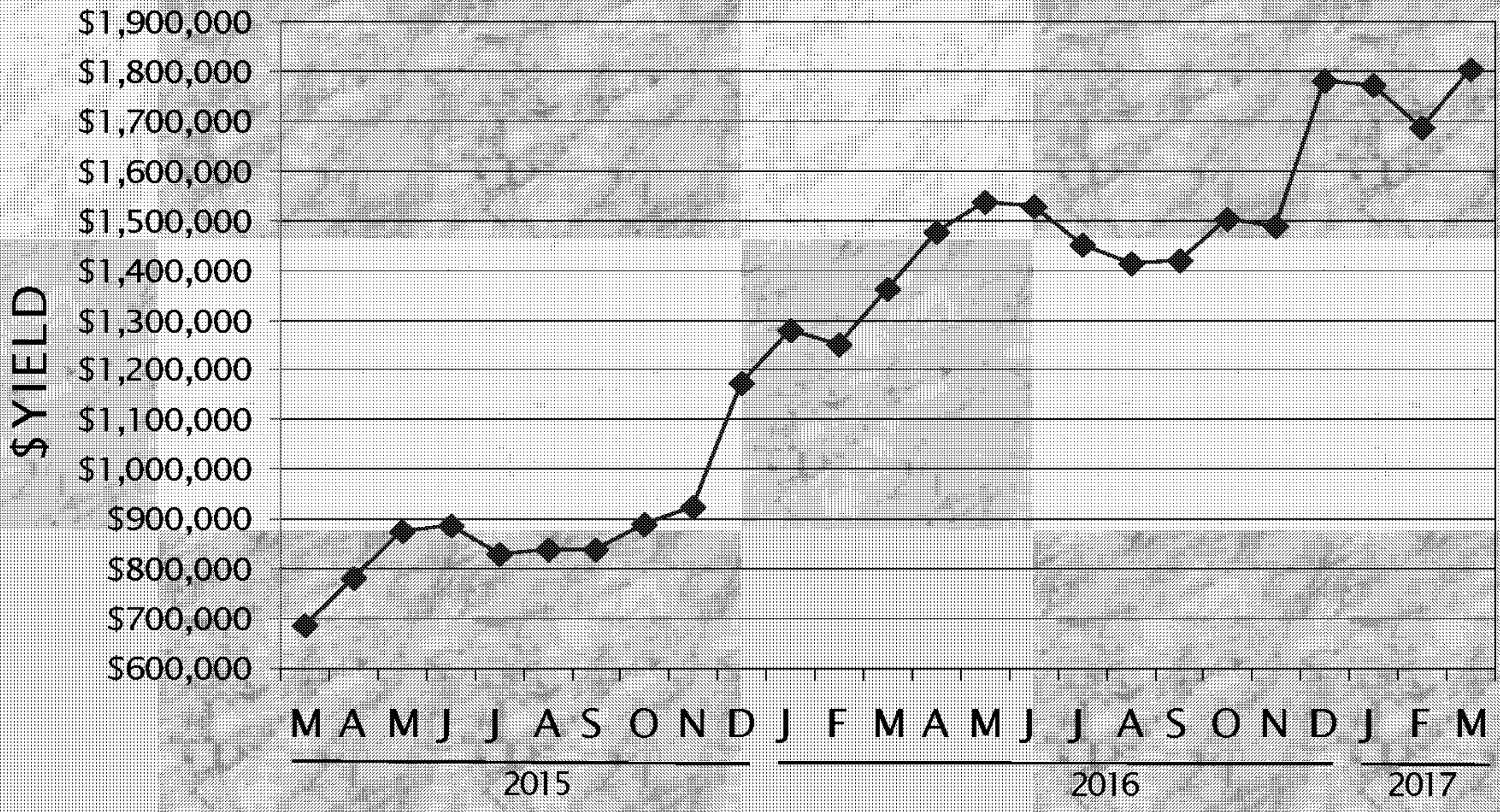


Exhibit 3

ROLLING 2-YEAR $ YIELD



03-17 INV.PPT

Exhibit 3

MATURITY DISTRIBUTION

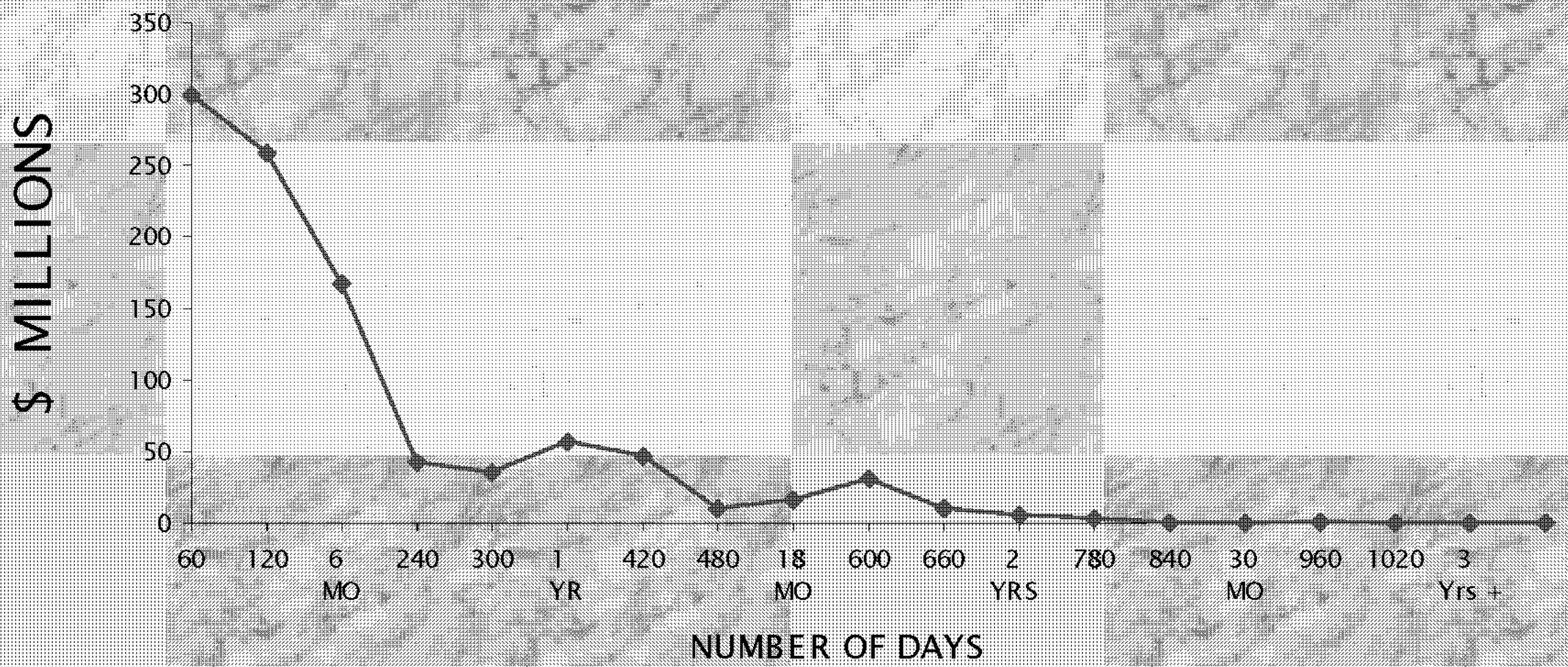
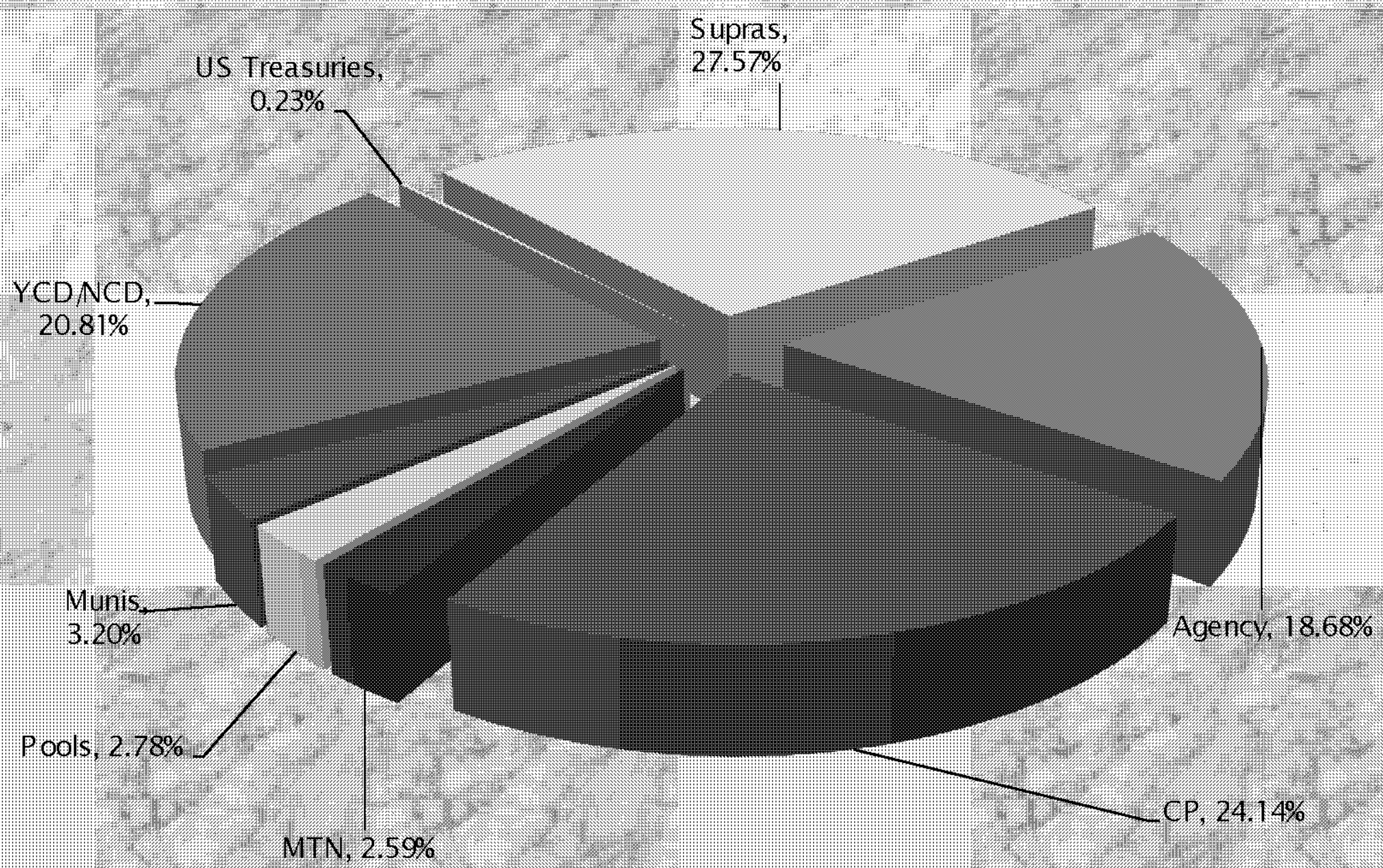


Exhibit 3

PORTFOLIO HOLDINGS BY CLASS



SIMI VALLEY UNIFIED SCHOOL DISTRICT (Ventura County, California) General Obligation Bonds Election of 2016, Series A

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