PLEASANT VALLEY SCHOOL DISTRICT
VENTURA COUNTY

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Pleasant Valley School District
Camarillo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Valley School District (the District) as of and for the year ended June 30, 2018, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Trustees
Pleasant Valley School District

Opinions

In our opinion, the financial statements referred to in the aforementioned table of contents present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of these standards, the District reported a restatement for the change in accounting principle (see Note 14). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

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

Board of Trustees
Pleasant Valley School District

The Schedule of Average Daily Attendance (ADA), Schedule of Instructional Time, Schedule of Expenditures of Federal Awards, Reconciliation of the Annual Financial and Budget Report with the Audited Financial Statements, the Notes to the Supplementary Information and the combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 10, 2018

PLEASANT VALLEY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the District for the fiscal year ending June 30, 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statements No. 34 (Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments) issued June 1999. Certain comparative information between the current and the prior year is required to be presented in the MD&A.

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

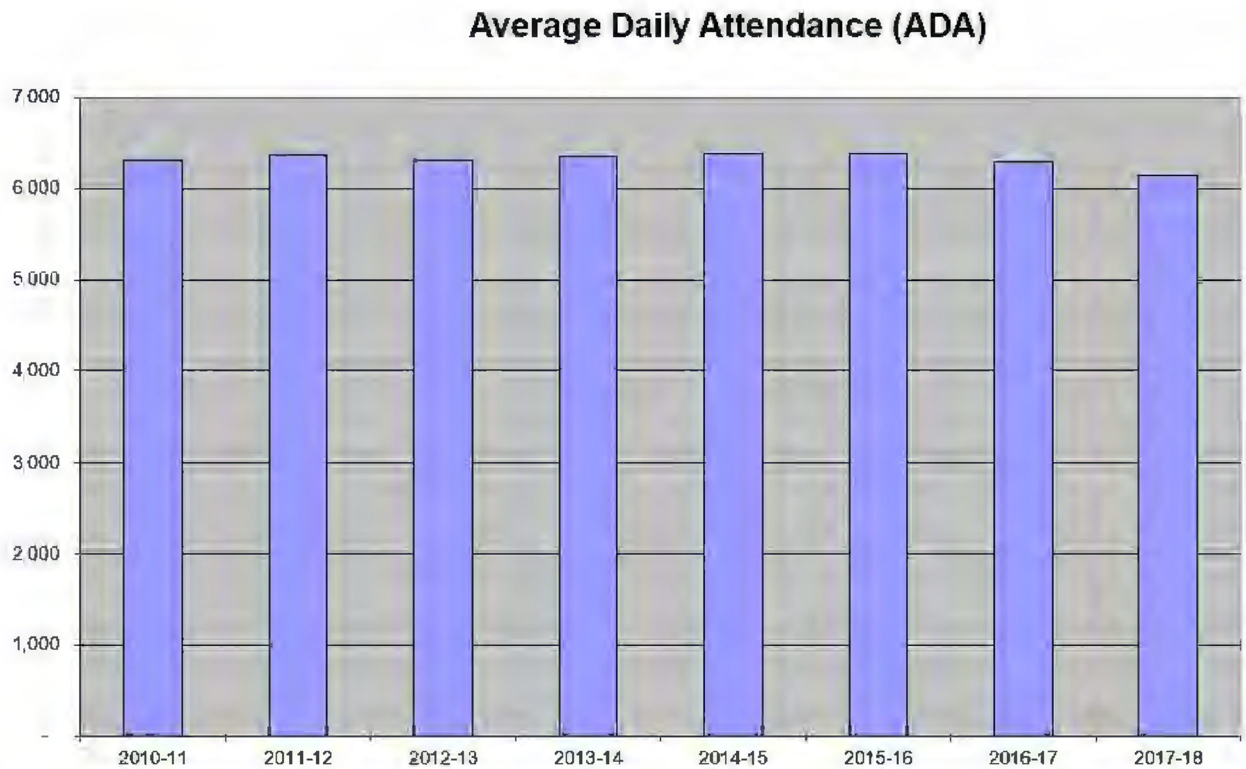
- Total net position of the District decreased by 40% due to planned expenditures that exceeded revenues, growing employee pension contribution rates, facility repair needs, and increased contributions to support restricted programs further impacted the total net position.

- During the adoption of the 2017-18 budget, the District Management Team kept priorities aligned with Board goals and the Local Control Accountability Plan within the parameters of the State Budget.

- At year-end, the government-wide revenues were $75.8 million, representing an increase of 2.6% from the prior year. This increase was mainly due to an increase in funding of the Local Control Funding Formula.

- The District continues to maintain reserves sufficient to meet the state required minimum Reserve for Economic Uncertainties of 3% of General Fund expenditures. It is important to note that 3% reserves are a statutory minimum and represent less than two weeks of payroll expenditures.

- The following chart shows the District's Average Daily Attendance (ADA) for the previous eight-year period. Since 2008-09, ADA has fluctuated between a high of 6,388 to a low of 6,136. ADA has decreased slightly over the past two years. The District should include this recent enrollment decrease in any financial planning. Although two years does not represent a trend, the risks associated with declining enrollment must be factored into financial decision-making processes.



Fund Financial Statements

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

The District maintains two classes of funds:

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

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

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

Statement of Net Position

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

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

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

The District has implemented GASB standards, which requires districts to report their proportionate share of CalSTRS and CalPERS unfunded portion of pension benefits. Notes 12 to the financial statements provide additional information on employee retirement plans.

	June 30, 2017 *	June 30, 2018
Assets		
Cash	$ 24,433,707	$ 24,970,394
Accounts receivable	3,663,664	3,885,995
Prepaid expenses	32,286	12,231
Capital assets, net	74,140,471	71,693,327
Total Assets	102,270,128	100,561,947
Deferred Outflows of Resources		
Deferred outflows - pensions	16,200,076	22,611,879
Liabilities		
Other liabilities	6,522,340	7,700,318
Long-term debt outstanding	101,352,989	106,184,255
Total Liabilities	107,875,329	113,884,573
Deferred Inflows of Resources		
Deferred inflows - pensions	1,561,776	3,908,205
Net Position		
Net investment in capital assets	44,577,595	44,366,827
Restricted	8,682,051	11,322,286
Unrestricted	(44,226,547)	(50,308,065)
Total Net Position	$ 9,033,099	$ 5,381,048

* The 2017 balances have been adjusted $7,831,430 for the change in accounting principle, see Note 14.

- Cash with the District is also explained in the notes to the financial statements and is invested with the Ventura County Treasury to maximize interest income.
- Accounts receivable are mainly amounts due from federal and state government sources for the operation of categorical programs as well as for ongoing operational costs.
- The $2.4 million decrease in net capital assets primarily reflects the impact of increased accumulated depreciation.
- Other liabilities consist mainly of the cost of supplies and/or employee and contractor services received during the 2017-18 fiscal year and paid in the 2018-19 year.
- The $4.8 million increase in long-term debt was caused by the increase valuations of the net pension liability less the GO bond payments and COPS payoff.

PLEASANT VALLEY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

Statement of Activities

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

The Statement of Activities is summarized below:

	June 30, 2017	June 30, 2018
Revenues		
Program revenues:		
Charges for services	$ 2,935,341	$ 3,280,370
Operating grants and contributions	11,376,103	11,979,213
General revenues:		
Property taxes	27,239,397	28,923,376
Grants, subsidies and contributions unrestricted	29,107,987	27,658,339
Interest and investment earnings	178,346	279,454
Miscellaneous	3,057,615	3,680,857
Total revenues	73,894,789	75,801,609
Expenses		
Instruction	45,665,450	45,619,740
Instruction-related services	7,982,579	7,489,038
Pupil services	5,347,770	6,115,563
Ancillary services	17,762	25,143
Community services	1,725,945	1,977,628
General administration	4,838,876	5,055,438
Plant services	4,582,294	6,501,199
Other outgo & debt service	3,426,069	3,496,294
Depreciation (unallocated)	3,367,102	3,173,617
Total expenses	76,953,847	79,453,660
Change in net position	$ (3,059,058)	$ (3,652,051)

- Governmental funds expenses increased by 2.1% from the prior year due to a salary increase for employees, increase in healthcare contributions for employees, increased contributions to employee pension programs, increased encroachment of restricted programs, and planned spending of prior year program carryover funds.

- Representing 83% of the General Fund, salaries and benefits comprise the largest expenditures of the District. Certificated and classified salaries are adjusted annually for compensation increases, step and column adjustments and staffing changes.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the District had $44.4 million invested in capital assets, net of associated debt, primarily related to school construction and other capital improvements.

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

	June 30, 2017	June 30, 2018
Land	$ 14,908,761	$ 14,908,761
Buildings and improvements	105,378,180	105,346,999
Site improvements	3,377,252	3,569,578
Machinery and equipment	4,618,543	5,162,737
Construction in progress	132,715	-
Total	128,415,451	128,988,075
Less: accumulated depreciation	(54,274,980)	(57,294,748)
Net capital assets	$ 74,140,471	$ 71,693,327

Debt

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

	June 30, 2017	June 30, 2018
General obligation bonds	$ 29,230,000	$ 27,640,000
Certificates of participation	642,390	-
Early retirement incentive	154,272	-
Other postemployment benefits (OPEB) *	10,376,420	10,150,934
Net pension liability	60,500,908	67,963,043
Compensated absences	448,999	430,278
Total long-term liabilities	$ 101,352,989	$ 106,184,255

* The 2017 balances have been adjusted $7,831,430 for the change in accounting principle, see Note 14.

Governmental Funds

All Governmental Funds are summarized below:

	Fund Balance		
Governmental Funds	June 30, 2017	June 30, 2018	Difference
General	$ 13,646,592	$ 11,136,483	$ (2,510,109)
Child Development	738,101	757,612	19,511
Cafeteria	460,611	644,376	183,765
Deferred Maintenance	1,046,111	616,114	(429,997)
Building	309,514	313,500	3,986
Capital Facilities	3,581,689	5,861,104	2,279,415
Debt Service	2,544,274	2,512,838	(31,436)
Totals	$ 22,326,892	$ 21,842,027	$ (484,865)

- The increase in the Capital Facilities Fund of $2.28 million is due to the receipt of developer fees and redevelopment agency funds exceeding planned projects for the year.

- The Cafeteria Fund ending balance increased by $184 thousand due to revenues exceeding expenditures during the fiscal year. Planned investment in the Food Service program will result in the spending down of these funds in subsequent years.

General Fund Budget Information

During the fiscal year, the Board of Trustees authorized revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A budgetary comparison schedule for the General Fund is presented on page 47.

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

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

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

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

Economic Factors that May Affect the Future

LOCAL CONTROL FUNDING FORMULA - On July 1, 2013, the Local Control Funding Formula (LCFF) replaced revenue limit funding and more than 40 categorical programs with base grants per pupil, plus supplemental and concentration grants based on "Unduplicated Pupil" counts (students who are English Learners, from low-income families, or are homeless/in foster care). The LCFF calculates a target for each district and determines the gap between that target and prior year funding. In the 2018-19 fiscal year Budget Act the LCFF gap funding was set at 100%, fulfilling the "full funding" of the LCFF. With gap funding fully met, the year over year LCFF gap funding increases will cease, leaving the possibility of a COLA only funding increase environment.

Projected Student Average Daily Attendance (ADA) - ADA has decreased over the last two years. The construction of 2,000 housing units within district boundaries should push enrollment upwards in the years ahead. However, construction delays create an unpredictable timeline and continually rising housing costs possibly price out families with children, making future enrollment unpredictable. This environment necessitates conservative enrollment projections.

Year	ADA	Percent Growth %
2010-11 (actual)	6,304	1.4%
2011-12 (actual)	6,376	1.1%
2012-13 (actual)	6,310	(1.0%)
2013-14 (actual)	6,354	0.7%
2014-15 (actual)	6,387	0.5%
2015-16 (actual)	6,388	0.0%
2016-17 (actual)	6,287	(1.6%)
2017-18 (actual)	6,136	(2.4%)

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

Ending Fund Balance Projection - The District's 2017-18 ending fund balance exceeds the required 3% contingency reserve requirement. Reserves beyond the 3% requirement are maintained to buffer against economic volatility, preserve the instructional program in the face of economic uncertainties, fund future curriculum adoptions, and maintain cash flow.

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

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

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

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

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

Contacting the District's Financial Management

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

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

FINANCIAL SECTION

PLEASANT VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities
Assets	
Cash in county treasury	$ 24,931,510
Cash and cash equivalents	38,884
Accounts receivable	3,885,995
Prepaid expenses	12,231
Land	14,908,761
Depreciable assets, net	56,784,566
Total Assets	100,561,947
Deferred Outflows of Resources	
Deferred outflows - pensions	22,611,879
Total Deferred Outflows of Resources	22,611,879
Liabilities	
Accounts payable	6,992,771
Accrued interest	673,725
Unearned revenue	33,822
Current portion of long-term liabilities	1,690,000
Non-current portion of long term liabilities	104,494,255
Total Liabilities	113,884,573
Deferred Inflows of Resources	
Deferred inflows - pensions	3,908,205
Total Deferred Inflows of Resources	3,908,205
Net Position	
Net investment in capital assets	44,366,827
Restricted for:	
Capital projects	5,861,104
Debt service	1,839,113
Educational programs	2,977,693
Other programs	644,376
Unrestricted	(50,308,065)
Total Net Position	$ 5,381,048

See accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 45,619,740	$ 1,098,036	$ 7,685,393	$ (36,836,311)
Instruction - related services	7,489,038	91,161	974,309	(6,423,568)
Pupil services	6,115,563	697,891	1,774,705	(3,642,967)
Ancillary services	25,143	2,596	3,057	(19,490)
Community services	1,977,628	45,995	262,994	(1,668,639)
General administration	5,055,438	45,339	294,094	(4,716,005)
Plant services	6,501,199	5,172	221,248	(6,274,779)
Other outgo	1,818,884	1,294,180	763,413	238,709
Debt service - interest	1,677,410	-	-	(1,677,410)
Depreciation (unallocated)	3,173,617	-	-	(3,173,617)
Total Governmental Activities	$ 79,453,660	$ 3,280,370	$ 11,979,213	(64,194,077)

General Revenues	
Property taxes levied for	
General purposes	25,688,824
Debt service	3,234,552
Federal and state aid not restricted to specific purposes	27,658,339
Interest and investment earnings	279,454
Miscellaneous	3,680,857
Total General Revenues	60,542,026
Change in net position	(3,652,051)
Net Position - Beginning of Year, as Originally Stated	16,864,529
Cumulative effect of change in accounting principle (See Note 14)	(7,831,430)
Net Position - Beginning of Year, after Cumulative Effect	9,033,099
Net Position - End of Year	$ 5,381,048

See accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash in county treasury	$ 14,718,641	$ 5,984,990	$ 4,227,879	$ 24,931,510
Cash and cash equivalents	5,251	-	33,633	38,884
Accounts receivable	3,575,546	32,932	277,517	3,885,995
Due from other funds	162,490	-	715,530	878,020
Prepaid expenditures	3,223	-	9,008	12,231
Total Assets	$ 18,465,151	$ 6,017,922	$ 5,263,567	$ 29,746,640
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 6,579,316	$ 144,318	$ 269,137	$ 6,992,771
Due to other funds	715,530	12,500	149,990	878,020
Unearned revenue	33,822	-	-	33,822
Total Liabilities	7,328,668	156,818	419,127	7,904,613
Fund Balances				
Nonspendable	8,474	-	9,008	17,482
Restricted	2,977,693	5,861,104	3,470,714	12,309,511
Committed	-	-	607,106	607,106
Assigned	6,016,183	-	757,612	6,773,795
Unassigned	2,134,133	-	-	2,134,133
Total Fund Balances	11,136,483	5,861,104	4,844,440	21,842,027
Total Liabilities and Fund Balances	$ 18,465,151	$ 6,017,922	$ 5,263,567	$ 29,746,640

See accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances - governmental funds		$ 21,842,027
Amounts reported for governmental funds are different than the statement of net position because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of:		
Land	$ 14,908,761	
Depreciable assets, net	56,784,566	71,693,327
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:		
General obligation bonds	(27,640,000)	
Other postemployment benefits other than pensions (OPEB)	(10,150,934)	
Net pension liability	(67,963,043)	
Compensated absences	(430,278)	(106,184,255)
In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of:		
Deferred outflows - pensions	22,611,879	
Deferred inflows - pensions	(3,908,205)	18,703,674
Accrued interest on long term debt, that is the amount of interest due from the last payment made until the end of the fiscal period June 30, 2018, consist of:		(673,725)
Total net position - governmental activities		$ 5,381,048

PLEASANT VALLEY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local control funding formula sources:				
State apportionments	$ 27,178,242	$ -	$ 714,200	$ 27,892,442
Local sources	22,524,854	-	-	22,524,854
Total local control funding formula sources	49,703,096	-	714,200	50,417,296
Federal sources	2,354,970	-	1,327,026	3,681,996
Other state sources	4,855,355	-	350,095	5,205,450
Other local sources	7,734,042	2,525,245	5,680,287	15,939,574
Total Revenues	64,647,463	2,525,245	8,071,608	75,244,316
Expenditures				
Instruction	43,647,452	-	5,148	43,652,600
Instruction - related services	6,896,080	-	138,198	7,034,278
Pupil services	4,387,335	-	1,877,617	6,264,952
Ancillary services	22,508	-	-	22,508
Community services	217,690	-	1,596,932	1,814,622
General administration	4,636,402	-	111,779	4,748,181
Plant services	4,871,724	245,830	1,299,952	6,417,506
Other outgo	1,818,884	-	-	1,818,884
Debt service	659,497	-	3,296,153	3,955,650
Total Expenditures	67,157,572	245,830	8,325,779	75,729,181
Net changes in fund balance	(2,510,109)	2,279,415	(254,171)	(484,865)
Fund Balances at Beginning of Year	13,646,592	3,581,689	5,098,611	22,326,892
Fund Balances at End of Year	$ 11,136,483	$ 5,861,104	$ 4,844,440	$ 21,842,027

See accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Net change in fund balances - total governmental funds		$ (484,865)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than $5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	726,473	
Depreciation expense	(3,173,617)	
Deficiency of capital outlay over depreciation expense		(2,447,144)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayment of general obligation bond principal	1,590,000	
Repayment of certificates of participation principal	642,390	2,232,390
In governmental funds, pension costs are recognized when the employer contribution is made, but in the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual basis pension costs and actual employer contributions was:		(3,396,761)
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:		
Decrease in accrued interest expense	45,850	
Decrease in early retiree incentive	154,272	
Net decrease in other postemployment benefits other than pensions (OPEB)	225,486	
Decrease in compensated absences	18,721	444,329
Change in net position of governmental activities		$ (3,652,051)

See accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018

		Associated Student Body Funds
Assets		
Cash in county treasury	$	177,621
Cash and cash equivalents		19,413
Total Assets		197,034
Liabilities		
Accounts payable		35,716
Funds held in trust		161,318
Total Liabilities	$	197,034

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Presentation

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

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

Government-Wide Financial Statements

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements

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

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

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

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

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

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

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

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

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

Other Outgo: includes transfers to other agencies.

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

Fund Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Governmental Funds – Major

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

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

Governmental Funds – Non-Major

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Debt Service Funds: used to account for the financial resources that are restricted, committed or assigned and the accumulation of resources for, the payment of general long-term debt principal, interest, and related costs.

Debt Service Fund: used to account for the payment of principal and interest on general long-term debt.

Fiduciary Funds

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

Basis of Accounting

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the county treasury is recorded at cost, which approximates fair value.

Receivables

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Prepaid Expenses/Expenditures

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which goods or services are consumed.

Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of $5,000. The District does not own any infrastructure as defined by GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Estimated Lives
Buildings and Improvements	15-40 years
Furniture and Equipment	5-20 years
Vehicles	10-20 years

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position by the District that is applicable to a future reporting period. The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 12 to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unearned Revenue

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

Compensated Absences

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

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

Long-Term Obligations

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

Net Pension Liability

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

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future reporting period. The deferred inflows of resources related to pensions resulted from the effects of actuarially-determined changes to the pension plan. These amounts

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

are deferred and amortized as detailed in Note 12 to the financial statements.

Net Position

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

Fund Balance Classification

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Spending Order Policy

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

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

Minimum Fund Balance Policy

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

State Apportionments

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

Property Taxes

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all school districts in California. The amount of on-behalf payments made for the District has been recorded in the fund financial statements.

Contributed Services

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

Estimates

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

Reporting Entity

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

The University Preparation Charter School at CSU Channel Islands (UPS): A charter school approved by the District's Board of Trustees on October 11, 2001 which started operations in September 2002. UPS is a separate not-for-profit corporation. The Board of Directors are elected independent of any District Board of Trustee's appointments. The UPS Board is responsible for approving their own budgets and accounting related activities. Separate financial statements for UPS may be obtained through the District.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following potential component unit has been included in the District's reporting entity:

The Pleasant Valley School District Educational Facilities Corporation: The financial activity, including the Certificated of Participation issued by the Corporation, are included in the statement of net position. Pass-through activity for debt service payments between the District and the Corporation are eliminated. Individually prepared financial statements are not prepared for the Corporation.

NOTE 2: BUDGETS

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

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

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

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of June 30, 2018, none of the District's bank balance was exposed to credit risk as uninsured and uncollateralized.

Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Ventura County Treasury as part of the common investment pool. These pooled funds are carried at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2018 is measured at 100.22% of amortized cost. The District's deposits in the fund are considered to be highly liquid.

NOTE 3: DEPOSITS AND INVESTMENTS

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

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

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

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018 consists of the following:

Accounts Receivable	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal and state	$ 2,618,434	$ -	$ 249,131	$ 2,867,565
Miscellaneous	957,112	32,932	28,386	1,018,430
Total accounts receivable	$ 3,575,546	$ 32,932	$ 277,517	$ 3,885,995

NOTE 5: INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2018 are temporary loans and are detailed as follows:

Fund	Interfund Receivables	Interfund Payables
Major Fund:		
General Fund	$ 162,490	$ 715,530
Capital Facilities Fund	-	12,500
Non-Major Governmental Funds:		
Child Development Fund	-	149,990
Cafeteria Fund	1,330	-
Deferred Maintenance Fund	714,200	-
Total	$ 878,020	$ 878,020

NOTE 6: FUND BALANCES

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

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:				
Cash in revolving fund	$ 5,251	$ -	$ -	$ 5,251
Prepaid expenditures	3,223	-	9,008	12,231
Total nonspendable	8,474	-	9,008	17,482
Restricted:				
Legally restricted programs	2,977,693	-	644,376	3,622,069
Construction projects	-	5,861,104	313,500	6,174,604
Debt service	-	-	2,512,838	2,512,838
Total restricted	2,977,693	5,861,104	3,470,714	12,309,511
Committed:				
Deferred maintenance	-	-	607,106	607,106
Total committed	-	-	607,106	607,106
Assigned:				
Mandated costs (one time funds)	6,016,183	-	-	6,016,183
Child care program	-	-	757,612	757,612
Total assigned	6,016,183	-	757,612	6,773,795
Unassigned:				
Economic uncertainties	2,134,133	-	-	2,134,133
Total unassigned	2,134,133	-	-	2,134,133
Total fund balance	$ 11,136,483	$ 5,861,104	$ 4,844,440	$ 21,842,027

NOTE 7: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

Capital asset activity for the year ended June 30, 2018 is shown below.

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 14,908,761	$ -	$ -	$ 14,908,761
Construction in progress	132,715	-	132,715	-
Total capital assets not being depreciated	15,041,476	-	132,715	14,908,761
Capital assets being depreciated:				
Buildings	105,378,180	44,789	75,970	105,346,999
Site improvements	3,377,252	192,326	-	3,569,578
Machinery, equipment and vehicles	4,618,543	622,073	77,879	5,162,737
Total capital assets being depreciated	113,373,975	859,188	153,849	114,079,314
Less accumulated depreciation for:				
Buildings	49,228,328	2,722,348	75,970	51,874,706
Site improvements	1,608,978	177,576	-	1,786,554
Machinery, equipment and vehicles	3,437,674	273,693	77,879	3,633,488
Total accumulated depreciation	54,274,980	3,173,617	153,849	57,294,748
Depreciable assets, net	59,098,995	(2,314,429)	-	56,784,566
Capital assets, net	$ 74,140,471	$ (2,314,429)	$ 132,715	$ 71,693,327

NOTE 8: LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2018 is shown below.

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount Due in One Year
General obligation bonds- refunding	$ 29,230,000	$ -	$ 1,590,000	$ 27,640,000	$ 1,690,000
Certificates of participation	642,390	-	642,390	-	-
Early retirement incentive	154,272	-	154,272	-	-
Other postemployment benefits (OPEB)	10,376,420	-	225,486	10,150,934	-
Net pension liability	60,500,908	7,462,135	-	67,963,043	-
Compensated absences	448,999	-	18,721	430,278	-
Total	$ 101,352,989	$ 7,462,135	$ 2,630,869	$ 106,184,255	$ 1,690,000

* The July 1, 2017 balance has been restated by $7,831,430 for the cumulative effect of the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This includes the District's Postemployment Retiree Benefits Plan and the Medicare Premium Payment Program. See Note 14.

NOTE 8: LONG-TERM DEBT – SCHEDULE OF CHANGES

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

NOTE 9: GENERAL OBLIGATION BONDS

Several bond series were issued during the time period of 1998-2001. The purpose of these bonds was to finance additional classrooms and repair and refurbishment of existing facilities. On October 2, 2002, the District refinanced all bonds previously issued.

The outstanding general obligation bonded debt of the District at June 30, 2018 is:

General Obligation Bonds	Date of Issue	Date of Final Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2018
Refunding	10/2/2002	8/1/2031	2.20-5.85	$ 45,825,000	$ 27,640,000

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

Year Ending June 30,	Principal	Interest	Total
2019	$ 1,690,000	$ 1,612,845	$ 3,302,845
2020	1,795,000	1,513,688	3,308,688
2021	1,905,000	1,408,388	3,313,388
2022	2,025,000	1,296,653	3,321,653
2023	2,140,000	1,178,190	3,318,190
2024-2028	12,735,000	3,857,783	16,592,783
2029-2032	5,350,000	513,923	5,863,923
Total	$ 27,640,000	$ 11,381,470	$ 39,021,469

NOTE 10: CERTIFICATES OF PARTICIPATION

The District originally entered into a long-term lease agreement to provide for the financing of the acquisition and installation of certain items of equipment and capital improvements in 1993. The agreement is between the Pleasant Valley School District as the “lessee” and the Pleasant Valley School District Educational Facilities Corporation, as the “lessor” or “corporation”. The Corporation’s funds for acquiring these items were generated by the issuance of $4,370,000 of Certificate of Participation, which are tax exempt and therefore issued at interest rates below current market levels for taxable investments.

On May 1, 1997, the Pleasant Valley School District Educational Facilities Corporation issued Refunding Certificates of Participation in the amount of $4,550,000 with interest rates ranging

NOTE 10: CERTIFICATES OF PARTICIPATION

from 3.8% to 5.7%. The proceeds were used to pay off the 1993 Certificates of Participation.

On June 28, 2012, the Pleasant Valley School District Educational Facilities Corporation issued Refunding Certificates of Participation in the amount of $2,100,463 with a stated interest rate of 2.65%. The refunding proceeds were issued to advance refund the 1997 Refunding Certificates of Participation.

The District paid the remaining outstanding balance of the Refunding Certificates of Participation during the fiscal year 2017-18.

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

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

As of June 30, 2018, the District's total liability for post-employment healthcare benefits consisted of the following:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Benefits Plan	$ 9,561,943	$ -	$ -	$ 565,783
Medicare Premium Payment Program	588,991	-	-	(25,462)
Total	$ 10,150,934	$ -	$ -	$ 540,321

Retiree Benefits Plan

Plan Description and Eligibility

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

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

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

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

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

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

Retiree benefits for employees hired after June 30, 1984:

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

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

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

The Retiree Health Plan does not issue a separate financial report.

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. The District contributes the cost of current year premiums for eligible retired plan members and their dependents as applicable. For the year ended June 30, 2018, the District contributed $725,030 to the plan for current year premiums.

Actuarial Methods and Assumptions

Actuarial assumptions

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

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

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

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

Discount Rate

The discount rate used to measure the OPEB liability was 3.80%. The projection of cash flows used to determine the discount rate was based on the Bond Buyer 20 Bond Index. There are no plan assets.

Changes in the Total OPEB Liability

Total OPEB liability	2018
Service cost	$ 206,341
Interest	359,442
Employer contributions	(725,030)
Net change in total OPEB liability	(159,247)
Total OPEB liability - beginning	9,721,190
Total OPEB liability - ending	$ 9,561,943

Sensitivity

The following present the District’s OPEB liability calculated using the discount rate of 3.80% as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Discount rate	Total OPEB Liability
1% decrease (2.8%)	$ 10,265,784
Current discount rate (3.8%)	9,561,943
1% increase (4.8%)	8,939,262

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

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

Healthcare trend rate	Total OPEB Liability
1% decrease (3.0%)	$ 9,371,126
Current healthcare trend rate (4.0%)	9,561,943
1% increase (5.0%)	9,708,321

Medicare Premium Payment Program (MPP)

Plan Description and Eligibility

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

The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis. Medicare Part A premium rates for fiscal year 2016 -17 were $411 for the period 7/1/16 through 12/13/16 and $413 for the period January 1, 2017 through June 30, 2017. Part A and B late enrollment penalties are generally 10 percent of the respective monthly premiums rates; however, the fees charged to individual participants may be higher based on certain income thresholds.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program. For the years ending June 30, 2017 and 2016, 6,271 and 6,588 retirees participated in the MPP Program, respectively. The number of retired members who will participate in the program in the future is unknown because eligibility cannot be pre-determined.

Funding Policy

The MPP Program is funded on a pay-as-you go basis from a portion of monthly employer contributions. In accordance with California Education Code, contributions that would otherwise be credited to the CalSTRS defined benefit pension program (STRP) each month are instead

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

credited to the MPP Program to fund monthly program and administrative costs. These contributions are generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds remaining within the MPP Program as of June 30, 2017 were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program. Total aggregate employer contributions of all participating employers to the MPP Program for fiscal year 2016-17 were $29.1 million.

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

Net OPEB Liability

As of June 30, 2017, the District reported a net OPEB liability for its proportionate share of the MPP total OPEB liability, fiduciary net position and net OPEB liability as follows:

Proportionate Share of OPEB Liability	Balance June 30, 2018
Total OPEB liability	$ 589,049
Plan fiduciary net position	(58)
District's net OPEB liability	$ 588,991

Given the nature of the MPP Program, not all employers have eligible participants. The program is also closed to any members retired after July 1, 2012. As such, the District elected to calculate their proportionate share based on Schedule D of the audited proportionate share schedules of the MPP Program. This schedule presents current year Medicare Part A premiums and Medicare Part A and B surcharges paid or payable to the Centers for Medicare and Medicaid Services (CMS). Medicare premiums and surcharges paid or payable to CMS are aggregated for eligible program beneficiaries based on their last contributing employer prior to retirement to establish the basis of the proportionate share calculation. At June 30, 2017, the District's proportion was 0.140%.

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

Actuarial assumptions

The June 30, 2017 total OPEB liability for the MPP Program was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017 using the assumptions listed in the following table:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry age normal
Experience Study	July 1, 2010 through June 30, 2015
Investment Rate of Return	3.58%
Medicare Part A Premium Costs Trend Rate	3.70%
Medicare Part B Premium Costs Trend Rate	4.10%

In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 571 or an average of 0.32 percent of the potentially eligible population (177,763).

For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.
Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (for example, Medicare premiums) and assumptions about the probability of occurrence of events far into the future (for example, mortality, disabilities and retirees eligible for the program). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

benefit costs. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

Sensitivity

The following table presents the net OPEB liability of employers as of June 30, 2017, using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

Discount rate	Net OPEB Liability
1% decrease (2.58%)	$ 527,648
Current discount rate (3.58%)	588,991
1% increase (4.58%)	652,054

Medicare Costs Trend Rate

The June 30, 2016 valuation uses the 2017 Medicare Part A and Part B premiums as the basis for future premium calculations. Future premiums are assumed to increase with a medical trend rate that varies by year. The Part A trend is approximately equivalent to assuming a fixed 3.7 percent increase each year. The Part B trend is approximately equivalent to assuming a fixed 4.1 percent increase each year.

The following table presents as of June 30, 2017, the net OPEB liability of employers using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower and one percent higher than the current rate:

NOTE 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

Healthcare trend rate	Net OPEB Liability
1% decrease (2.7% Part A, 3.1% Part B)	$ 532,244
Current healthcare trend rate (3.7% Part A, 4.1% Part B)	588,991
1% increase (4.7% Part A, 5.1% Part B)	645,172

Amortization of Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources are the consumption of net position by CalSTRS that is applicable to future reporting periods. As the MPP Program is a retiree only OPEB plan with no average remaining service life, other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in OPEB expense in the current period. The net deferred inflows and outflows relating to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. As of June 30, 2017, the deferred outflows of resources and deferred inflows of resources related to the MPP Program are not material and have not been recognized in these financial statements.

MPP Program Net OPEB Liability

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

NOTE 12: EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2018, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expense for each of the retirement plans are as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	$ 49,939,200	$ 17,077,324	$ 3,511,166	$ 5,642,400
CalPERS (Schools Pool Plan)	18,023,843	5,534,555	397,039	3,491,427
Total	$ 67,963,043	$ 22,611,879	$ 3,908,205	$ 9,133,827

NOTE 12: EMPLOYEE RETIREMENT PLANS

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

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

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

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

NOTE 12: EMPLOYEE RETIREMENT PLANS

Provisions and Benefits	STRP Defined Benefit Program and Supplement Program	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0%-2.4%	2.0%-2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

Contributions

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2018 are presented above and the total District contributions were $4,199,622.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

Proportionate Share of Net Pension Liability	Balance June 30, 2018
District proportionate share of net pension liability	$ 49,939,200
State's proportionate share of the net pension liability associated with the District	29,543,849
Total	$ 79,483,049

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2017, the District's proportion was 0.0540%.

For the year ended June 30, 2018, the District recognized pension expense of $5,642,400. In addition, the District recognized revenue and corresponding expense of $2,973,872 for support

NOTE 12: EMPLOYEE RETIREMENT PLANS

provided by the state. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,199,622	$ -
Differences between expected and actual experience	184,680	871,020
Changes of assumptions	9,251,820	-
Changes in proportion	3,441,202	1,310,126
Net differences between projected and actual earnings on pension plan investments	-	1,330,020
Total	$ 17,077,324	$ 3,511,166

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2017 measurement date is seven years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed six years.

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

Year Ending June 30,	Amortization
2019	$ 888,141
2020	2,830,521
2021	2,114,482
2022	812,181
2023	1,366,818
2024	1,354,396
Total	$ 9,366,539

NOTE 12: EMPLOYEE RETIREMENT PLANS

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

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

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

NOTE 12: EMPLOYEE RETIREMENT PLANS

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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 (7.10%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.10%)	$ 73,326,600
Current discount rate (7.10%)	49,939,200
1% increase (8.10%)	30,958,740

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2017, CalSTRS completed an experience study for the period starting July 1, 2010 and ending June 30, 2015. The experience study was adopted by the CalSTRS Board in February 2017. As a result of the study, certain assumptions used in determining the net pension liability of the STRP changed, including the discount rate, price inflation, wage growth, mortality assumptions and the mortality tables used in the actuarial valuation of the net pension liability.

NOTE 12: EMPLOYEE RETIREMENT PLANS

The changes to the assumptions as a result of the experience study follow:

Assumptions:	As of June 30, 2017	As of June 30, 2016
Investment Rate of Return	7.10%	7.60%
Consumer Price Inflation	2.75%	3.00%
Wage Growth	3.50%	3.75%

Plan Fiduciary Net Position

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

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

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

NOTE 12: EMPLOYEE RETIREMENT PLANS

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

Provisions and Benefits	Schools Pool Plan (CalPERS)	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1%-2.5%	1.0%-2.5%
Required employee contribution rate	7.00%	6.00%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018 are as presented above and the total District contributions were $1,541,147.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $18,023,843. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.0755%.

For the year ended June 30, 2018, the District recognized pension expense of $3,491,427. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 12: EMPLOYEE RETIREMENT PLANS

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,541,147	$ -
Differences between expected and actual experience	645,720	-
Changes of assumptions	2,632,666	212,208
Changes in proportion	91,520	184,831
Net differences between projected and actual earnings on pension plan investments	623,502	-
Total	$ 5,534,555	$ 397,039

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2017 measurement date is 4.0 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 3.0 years.

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

Year Ending June 30,	Amortization
2019	$ 1,053,594
2020	1,705,430
2021	1,178,773
2022	(341,428)
Total	$ 3,596,369

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016

NOTE 12: EMPLOYEE RETIREMENT PLANS

used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.50%
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 20 years of mortality improvements using Scale BB published by the Society of Actuaries.

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

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	5.38%
Fixed income	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and forestland	3%	5.39%
Liquidity	2%	-0.90%

NOTE 12: EMPLOYEE RETIREMENT PLANS

Discount Rate

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

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

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 26,518,848
Current discount rate (7.15%)	18,023,843
1% increase (8.15%)	10,976,524

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2017, the financial reporting discount rate for the Schools Pool Plan was lowered from 7.65% to 7.15%. Deferred outflows of resources for changes of assumptions represents the unamortized portion of this assumption change.

Plan Fiduciary Net Position

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

NOTE 13: JOINT POWERS AGREEMENTS

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

VCSSFA provides workers' compensation, property and liability coverage for its member school districts. The District pays a contribution commensurate with the level of coverage requested. SISC arranges for health and welfare benefits for employees and retirees of participating school

NOTE 13: JOINT POWERS AGREEMENTS

districts and their eligible dependents. Member districts pay a monthly premium per eligible participant.

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

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

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

Condensed financial information is as follows:

JPA Condensed Financial Information	VCSSFA (Audited) June 30, 2018	SISC (Audited) September 30, 2017
Total assets and deferred outflows of resources	$ 118,963,325	$ 540,842,328
Total liabilities and deferred inflows of resources	49,048,669	173,862,442
Net position	$ 69,914,656	$ 366,979,886
Total revenues	28,128,576	2,089,274,509
Total expenditures	20,805,287	1,984,882,354
Change in net position	$ 7,323,289	$ 104,392,155

NOTE 14: CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

The beginning net position of the basic financial statements has been restated by a reduction of $7,831,430 in the Statement of Activities to recognize the beginning balance of the OPEB liability resulting from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*

NOTE 15: COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

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

Litigation

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

NOTE 16: SUBSEQUENT EVENT

General Obligation Bonds

The District issued for sale $40,000,000 of Series A General Obligation Bonds (Election 2018) on October 2, 2018 to finance the construction and improvements to facilities of the District. The bonds were issued as current interest bonds and accrue interest at a rate of 3.5%-5.0%. The bonds mature beginning August 1, 2019 with a final maturity on August 1, 2043.

NOTE 17: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2018, that have effective dates that will impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 83, Certain Asset Retirement Obligations

Issued in November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of tangible capital assets. The statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources. The statement is effective for the fiscal year 2019-20.

NOTE 17: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

Statement No. 84, Fiduciary Activities

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

Statement No. 87 – Leases

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

Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Replacements

The statement defines debt for purposes of disclosure in the notes to the financial statements. The statement requires additional disclosures related to debt obligations, including direct borrowings and direct placements. Amounts of unused lines of credit, assets pledged as collateral for debt and terms specified in debt agreements related to significant 1) events or default with finance related consequences; 2) termination events with finance-related consequences and) subjective acceleration clauses are also required to be disclosed. The statement is effective for the fiscal year 2018-19.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2018

	Budgetary Amounts - General Fund		Actual Amounts
	Original	Final (a)	General Fund (a)
Revenues			
Local control funding formula sources:			
State apportionments	$ 29,838,155	27,178,243	$ 27,178,242
Local sources	20,187,606	22,524,856	22,524,854
Total local control funding formula sources:	50,025,761	49,703,099	49,703,096
Federal sources	2,241,647	2,594,468	2,354,970
Other state sources	1,345,449	4,972,450	4,855,355
Other local sources	5,578,708	4,152,118	7,734,042
Total Revenues	59,191,565	61,422,135	64,647,463
Expenditures			
Certificated salaries	29,607,257	30,152,046	30,193,279
Classified salaries	9,042,954	9,285,569	9,247,782
Employee benefits	13,960,462	16,278,242	15,965,348
Books and supplies	2,582,821	4,554,091	2,774,791
Services and other operating expenditures	5,203,753	6,628,577	6,108,458
Capital outlay	361,968	501,366	501,312
Other outgo	1,120,646	887,140	1,707,105
Debt service	-	659,498	659,497
Total Expenditures	61,879,861	68,946,529	67,157,572
Deficiency of revenues over expenditures	(2,688,296)	(7,524,394)	(2,510,109)
Other Financing Sources Uses			
Interfund transfers out	(53,912)	-	-
Total Other Financing Uses	(53,912)	-	-
Net change in fund balances	$ (2,742,208)	$ (7,524,394)	(2,510,109)
Fund Balance - Beginning of Year			13,646,592
Fund Balance - End of Year			$ 11,136,483

(a) amounts have been revised to reflect the recording of state on-behalf payments to CalSTRS.

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS – RETIREE BENEFITS PLAN
For the Fiscal Year Ended June 30, 2018

Total OPEB Liability - Retiree Benefits Plan	2018
Service cost	$ 206,341
Interest	359,442
Employer contributions	(725,030)
Net change in total OPEB liability	(159,247)
Total OPEB liability - beginning	9,721,190
Total OPEB liability - ending	$ 9,561,943
Covered payroll	$ 39,185,756
Net OPEB liability (asset) as a percentage of covered-employee payroll	24.40%

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

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS – MEDICARE PREMIUM PAYMENT PLAN
For the Fiscal Year Ended June 30, 2018

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

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

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

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2018

State Teachers' Retirement Plan	2015	2016	2017	2018
District's proportion of the net pension liability	0.0480%	0.0550%	0.0560%	0.0540%
District's proportionate share of the net pension liability	$ 28,049,760	$ 37,028,200	$ 45,293,360	$ 49,939,200
State's proportionate share of the net pension liability associated with the District	16,937,826	19,583,783	25,788,498	29,543,849
Total	$ 44,987,586	$ 56,611,983	$ 71,081,858	$ 79,483,049
District's covered payroll	$ 24,300,000	$ 25,650,000	$ 27,770,000	$ 28,640,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	115%	144%	163%	174%
Plan fiduciary net position as a percentage of the total pension liability	77%	74%	70%	69%

California Public Employees' Retirement Plan	2015	2016	2017	2018
District's proportion of the net pension liability	0.0744%	0.0770%	0.0770%	0.0755%
District's proportionate share of the net pension liability	$ 8,446,212	$ 11,349,876	$ 15,207,548	$ 18,023,843
District's covered payroll	$ 7,800,000	$ 8,538,000	$ 9,230,000	$ 9,650,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108%	133%	165%	187%
Plan fiduciary net position as a percentage of the total pension liability	83%	79%	74%	72%

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

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

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2018

State Teachers' Retirement Plan	2015	2016	2017	2018
Contractually required contribution	$ 2,278,095	$ 2,979,394	$ 3,602,313	$ 4,199,622
Contributions in relation to the contractually required contributions	2,278,095	2,979,394	3,602,313	4,199,622
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 25,650,000	$ 27,770,000	$ 28,640,000	$ 29,100,000
Contributions as a percentage of its covered payroll	8.88%	10.73%	12.58%	14.43%

California Public Employees' Retirement Plan	2015	2016	2017	2018
Contractually required contribution	$ 1,005,080	$ 1,093,764	$ 1,340,193	$ 1,541,147
Contributions in relation to the contractually required contributions	1,005,080	1,093,764	1,340,193	1,541,147
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 8,538,000	$ 9,230,000	$ 9,650,000	$ 9,920,000
Contributions as a percentage of its covered payroll	11.77%	11.85%	13.89%	15.53%

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

See the accompanying notes to the required supplementary information.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Budgetary Comparison For The General Fund

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

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

The schedule is intended to show trends about the changes in the District’s actuarially determined liability for postemployment benefits other than pension associated with the District’s retiree benefits plan.

Benefit changes – None.

Schedule of Changes in the Net Pension Liability and Related Ratios – Medicare Premium Payment Plan

The schedule is intended to show trends about the changes in the District’s actuarially determined liability for postemployment benefits other than pension associated with the District’s retiree benefits plan.

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

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

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

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

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

Certificated salaries	$	41,233
Other outgo		819,965

SUPPLEMENTARY INFORMATION

PLEASANT VALLEY SCHOOL DISTRICT

HISTORY AND ORGANIZATION
For the Fiscal Year Ended June 30, 2018

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

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2018 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Mr. Bob Rust	President	December 2018
Mrs. Debra Kuske	Clerk	December 2018
Mr. Pat FitzGerald	Member	December 2020
Mrs. Suzanne Kitchens	Member	December 2020
Mr. Ron Speakman	Member	December 2018

DISTRICT ADMINISTRATORS

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

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Fiscal Year Ended June 30, 2018

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

ADA statistics reported to the state for the fiscal year ended June 30, 2018 are as follows:

	Revised Second Period	Annual
Grades Transitional Kindergarten through third:		
Regular ADA	2,676	2,675
Extended year special education	5	5
Total grades transitional kindergarten through third ADA	2,681	2,680
Grades four through six:		
Regular ADA	2,028	2,026
Extended year special education	4	4
Special education - nonpublic, nonsectarian schools	1	1
Total grades four through six ADA	2,033	2,031
Grades seven and eight:		
Regular ADA	1,416	1,413
Extended year special education	1	1
Special education - nonpublic, nonsectarian schools	5	5
Total grades seven and eight ADA	1,422	1,419
Total ADA	6,136	6,130

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2018

Grade Level	Minute Requirement	Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	40,130	180	In Compliance
Grade 1	50,400	50,567	180	In Compliance
Grade 2	50,400	50,567	180	In Compliance
Grade 3	50,400	50,567	180	In Compliance
Grade 4	54,000	55,977	180	In Compliance
Grade 5	54,000	55,977	180	In Compliance
Grade 6	54,000	59,480	180	In Compliance
Grade 7	54,000	59,480	180	In Compliance
Grade 8	54,000	59,480	180	In Compliance

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
United States Department of Agriculture			
Pass-Through Program From California Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	13390	$ 364,853
National School Lunch Program	10.555	13396	962,173
Subtotal: Child Nutrition Cluster			1,327,026
Total: United States Department of Agriculture			1,327,026
United States Department of Education			
Pass-Through Program From California Department of Education:			
Special Education Cluster:			
IDEA Basic Local Assistance Entitlement	84.027	13379	1,178,952
IDEA Federal Preschool Grants	84.173	13430	64,724
IDEA Preschool Local Entitlements	84.027A	13682	220,241
Subtotal: Special Education Cluster			1,463,917
Every Student Succeeds Act:			
Title I, Part A - Low Income and Neglected	84.010	14329	580,875
Title II, Part A - Improving Teacher Quality	84.367	14341	25,316
Title III - Limited English Proficiency	84.365	14346	66,591
Total: United States Department of Education			2,136,699
United States Department of Health and Human Services			
Pass-Through Program From California Department of Education:			
Medi-Cal	93.778	10013	60,061
Total: United States Department of Health and Human Services			60,061
Total Federal Programs			$ 3,523,786

Reconciliation to Federal Revenue	
Total Federal Program Expenditures	$ 3,523,786
Revenues in excess (deficiency) of expenditures related to Federal Entitlements:	
Medi-Cal	(3,856)
Federal Impact Aid: Maintenance and Operations	162,066
Total Federal Program Revenue	$ 3,681,996

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted $163,383 of commodities under the National School Lunch Program (CFDA 10.555) which is included in the total reported above for this program.

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

	2019 (Budgeted)	2018	2017	2016
Revenue				
Local control funding formula sources	$ 51,420,810	$ 49,703,096	$ 49,376,651	$ 46,766,612
Federal sources	2,664,572	2,354,970	2,513,294	2,547,240
Other state sources	3,637,132	4,855,355	5,408,914	7,128,520
Other local sources	5,986,525	7,734,042	6,869,961	6,835,329
Total revenue	63,709,039	64,647,463	64,168,820	63,277,701
Expenditures				
Certificated salaries	29,296,947	30,193,256	29,538,604	28,754,385
Classified salaries	9,144,491	9,247,805	9,099,063	9,106,100
Employee benefits	13,825,388	15,965,348	15,636,118	13,423,624
Books and supplies	3,199,074	2,774,791	4,433,967	3,044,301
Services and other operating expenditures	6,352,889	6,108,458	5,210,721	4,739,501
Capital outlay	80,000	501,312	277,572	515,405
Other outgo	1,754,893	1,707,105	1,540,324	1,371,746
Debt service	-	659,497	326,963	327,170
Interfund transfers out	-	-	56,286	194,364
Total expenditures	63,653,682	67,157,572	66,119,618	61,476,596
Change in fund balance	$ 55,357	$ (2,510,109)	$ (1,950,798)	$ 1,801,105
Ending fund balance	$ 11,191,840	$ 11,136,483	$ 13,646,592	$ 15,597,390
Available reserve	$ 1,909,610	$ 2,134,133	$ 5,576,677	$ 5,172,824
Available reserve %	3.0%	3.2%	8.4%	8.4%
ADA	6,151	6,136	6,287	6,388
Total long term debt	$ 104,494,255	$ 106,184,255	$ 101,352,989	$ 82,507,743

Available reserves are those amounts reserved for economic uncertainty, budget stabilization and any other remaining unassigned fund balance from the General Fund. For a District this size, the state recommends a 3% reserve of total General Fund expenditures, transfers out and other uses. For the year ended June 30, 2018, the District has met this requirement.

The 2019 budget is the original budget adopted on June 21, 2018.

In 2018, the District adopted GASB Statement No. 75 which resulted in the recognition of additional other postemployment healthcare benefits (OPEB). 2017 has been restated to reflect this change.

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
For the Fiscal Year Ended June 30, 2018

Charter School	Included in District Audit Report
University Preparation Charter School at CSU Channel Islands	No

See the accompanying notes to the supplementary information.

RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT WITH THE AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

There were no differences between the fund balances reported on the June 30, 2018 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has not met or exceeded its target funding and has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal governmental for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Summary of Significant Accounting Policies

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

NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Financial Trends and Analysis

The *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.

Schedule of Charter Schools

The *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

OPTIONAL SUPPLEMENTARY INFORMATION

PLEASANT VALLEY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Debt Service Fund	Total Non-Major Governmental Funds
Assets						
Cash in county treasury	$ 924,827	$ 428,814	$ 62,203	$ 311,641	$ 2,500,394	$ 4,227,879
Cash and cash equivalents	-	33,633	-	-	-	33,633
Accounts receivable	16,689	245,182	1,343	1,859	12,444	277,517
Due from other funds	-	1,330	714,200	-	-	715,530
Prepaid expenditures	-	-	9,008	-	-	9,008
Total Assets	$ 941,516	$ 708,959	$ 786,754	$ 313,500	$ 2,512,838	$ 5,263,567
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 33,914	$ 64,583	$ 170,640	$ -	$ -	$ 269,137
Due to other funds	149,990	-	-	-	-	149,990
Total Liabilities	183,904	64,583	170,640	-	-	419,127
Fund Balances						
Nonspendable	-	-	9,008	-	-	9,008
Restricted	-	644,376	-	313,500	2,512,838	3,470,714
Committed	-	-	607,106	-	-	607,106
Assigned	757,612	-	-	-	-	757,612
Total Fund Balances	757,612	644,376	616,114	313,500	2,512,838	4,844,440
Total Liabilities and Fund Balances	$ 941,516	$ 708,959	$ 786,754	$ 313,500	$ 2,512,838	$ 5,263,567

See the accompanying notes to the optional supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues						
Local control funding formula sources:						
State apportionments	$ -	$ -	$ 714,200	$ -	$ -	$ 714,200
Federal sources	-	1,327,026	-	-	-	1,327,026
Other state sources	233,414	93,885	-	-	22,796	350,095
Other local sources	1,700,515	730,180	3,685	3,986	3,241,921	5,680,287
Total Revenues	1,933,929	2,151,091	717,885	3,986	3,264,717	8,071,608
Expenditures						
Instruction	5,148	-	-	-	-	5,148
Instruction - related services	138,198	-	-	-	-	138,198
Pupil services	600	1,877,017	-	-	-	1,877,617
Community services	1,596,932	-	-	-	-	1,596,932
General administration	21,796	89,983	-	-	-	111,779
Plant services	151,744	326	1,147,882	-		1,299,952
Debt service	-	-	-	-	3,296,153	3,296,153
Total Expenditures	1,914,418	1,967,326	1,147,882	-	3,296,153	8,325,779
Net changes in fund balance	19,511	183,765	(429,997)	3,986	(31,436)	(254,171)
Fund Balances at Beginning of Year	738,101	460,611	1,046,111	309,514	2,544,274	5,098,611
Fund Balances at End of Year	$ 757,612	$ 644,376	$ 616,114	$ 313,500	$ 2,512,838	$ 4,844,440

See the accompanying notes to the optional supplementary information.

NOTES TO THE OPTIONAL SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

NOTE 1: PURPOSE OF SCHEDULES

Combining Fund Financial Statements

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

OTHER INDEPENDENT AUDITOR’S REPORT

CliftonLarsonAllen LLP
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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*

Board of Trustees
Pleasant Valley School District
Camarillo, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Valley School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2018.

Internal Control Over Financial Reporting

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

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

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

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*

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 10, 2018

CliftonLarsonAllen LLP
CLAconnect.com

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

Board of Trustees
Pleasant Valley School District
Camarillo, California

Report on Compliance for Each Major Federal Program

We have audited Pleasant Valley School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The 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 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 10, 2018

CliftonLarsonAllen LLP
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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Pleasant Valley School District
Camarillo, California

We have audited the Pleasant Valley School District's (the District) compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2018. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

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

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

[1]Testing was not performed because the independent study ADA was under the level which requires testing.
[2]The testing for Charter Schools was done by each school's respective auditor.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2018.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 10, 2018

FINDINGS AND QUESTIONED COSTS

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2018

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	____	*Yes*	X	*No*
Significant deficiency(ies) identified?	____	*Yes*	X	*None Reported*
Noncompliance material to financial statements noted?	____	*Yes*	X	*No*

Federal Awards

Internal control over major federal awards:

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

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

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

Identification of Major Federal Programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?	X	*Yes*	____	*No*

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO THE FINANCIAL STATEMENTS June 30, 2018

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

Five Digit Code	Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the financial statements for June 30, 2018.

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS
June 30, 2018

There were no findings and questioned costs related to federal awards for June 30, 2018.

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS June 30, 2018

There were no findings and questioned costs related to state awards for June 30, 2018.

PLEASANT VALLEY SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2018

2017-01 **Year-End Accruals** **30000**

Criteria: Audit adjustments may indicate, at a minimum, a reportable deficiency in the year-end closing process.

Condition: During the 2016-17 audit it was noted that an error occurred in reporting the appropriate the local control funding formula revenue adjustment and accruals. In addition, an oversight caused the June 2017 cafeteria claim reimbursements to not be accrued.

Context: The local control funding formula adjustment recorded an amount reported by the state that had already been properly accrued in the prior year. The June 2017 cafeteria claim reimbursement was never setup as a receivable as of June 30, 2018.

Effect: The District did not accurately record local control funding formula and cafeteria revenue and corresponding accruals. This resulted in an audit adjustment to the general fund of $285,246 and an adjustment in the cafeteria fund of $71,512.

Cause: The District had practices in place that led to a miscommunication regarding the local control funding formula revenue adjustment calculation.

Recommendation: Implement a process of review of all year-end accruals, including the local control funding formula calculation and cafeteria claim reimbursement, to verify the year-end accrual is accurate.

Status: Implemented.