
**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
THOUSAND OAKS, CALIFORNIA
ANNUAL FINANCIAL REPORTS
JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Conejo Valley Unified School District
Thousand Oaks, 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 Conejo Valley Unified School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Conejo Valley Unified School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison schedule on page 68, schedule of changes in the District's Total OPEB liability and related ratios on page 69, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 70, schedule of the District's proportionate share of the net pension liability on page 71-72 and the schedule of District contributions on page 73 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 Conejo Valley Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 01, 2020, on our consideration of the Conejo Valley Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Conejo Valley Unified School 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 Conejo Valley Unified School District's internal control over financial reporting and compliance.

Harshwal & Company LLP

San Diego, California
December 01, 2020

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

This section of Conejo Valley Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020, with comparative information for the year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

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

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

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

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

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position and the Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

REPORTING THE DISTRICT AS A WHOLE - CONT'D

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) was (\$70,200,386) for the fiscal year ended June 30, 2020. Of this amount, (\$157,518,518) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net positions for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1 : Statement of Net position

	<u>Governmental Activities</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Assets:		
Current and other assets	\$ 100,162,729	\$ 112,049,588
Capital assets	<u>135,323,011</u>	<u>135,784,525</u>
Total assets	<u>235,485,740</u>	<u>247,834,113</u>
Deferred outflows of resources	<u>70,261,672</u>	<u>62,217,473</u>
Liabilities:		
Current liabilities	17,629,029	16,470,910
Long-term obligations	101,354,540	112,043,600
Net pension liability	210,032,348	206,946,545
Net OPEB liability	<u>20,149,733</u>	<u>21,946,604</u>
Total liabilities	<u>349,165,650</u>	<u>357,407,659</u>
Deferred inflows of resources	<u>26,782,148</u>	<u>19,443,113</u>
Net position:		
Net investment in capital assets	41,112,143	64,370,542
Restricted	46,205,989	24,714,007
Unrestricted (Deficit)	<u>(157,518,518)</u>	<u>(155,883,735)</u>
Total net position	<u>\$ (70,200,386)</u>	<u>\$ (66,799,186)</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

THE DISTRICT AS A WHOLE - CONT'D

CHANGE IN NET POSITION

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2 : Change in Net position

	<u>Governmental Activities</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,058,364	\$ 2,376,772
Operating grants & contributions	25,646,216	24,977,585
General revenues:		
Federal and State aid not restricted	55,688,349	60,129,883
Property taxes	123,825,891	118,698,756
Other general revenues	<u>11,863,952</u>	<u>31,462,814</u>
Total revenues	<u>219,082,772</u>	<u>237,645,810</u>
Expenses:		
Instruction-related	147,149,633	172,022,465
Pupil services	17,661,697	18,939,117
General administration	11,112,680	11,058,096
Maintenance and operations	31,862,063	24,580,569
Other	<u>14,697,899</u>	<u>15,493,415</u>
Total expenses	<u>222,483,972</u>	<u>242,093,662</u>
Change in net position	<u>\$ (3,401,200)</u>	<u>\$ (4,447,852)</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

THE DISTRICT AS A WHOLE - CONT'D

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was \$222,483,972. However, the amount that our taxpayers ultimately financed for these activities through local taxes was \$123,825,891 because the cost was paid by those who benefited from the programs (\$2,058,364) or by other governments and organizations who subsidized certain programs with grants and contributions (\$25,646,216). We paid for the remaining "public benefit" portion of our governmental activities with \$67,552,301 in Federal and State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3 : Statement of Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Instruction	\$ 124,444,286	\$ 148,317,316	\$ 107,335,486	\$ 131,781,928
Instruction - related services	22,705,347	23,705,149	21,349,488	22,382,198
Pupil services	17,661,697	18,939,117	12,079,303	13,068,801
General administration	11,112,680	11,058,096	10,821,653	10,687,577
Maintenance and operation	31,862,063	24,580,569	31,530,330	24,143,418
Other	14,697,899	15,493,415	11,663,132	12,675,383
Total	<u>\$ 222,483,972</u>	<u>\$ 242,093,662</u>	<u>\$ 194,779,392</u>	<u>\$ 214,739,305</u>

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$69,455,865, which is a decrease of \$12,521,422 from last year (Table 4).

Table 4 : District's Fund

	<u>Balances and Activity</u>			
	<u>July 01, 2019</u>	<u>Revenue</u>	<u>Expenditure</u>	<u>June 30, 2020</u>
General fund	\$ 28,066,315	\$ 195,600,812	\$ 195,247,606	\$ 28,419,521
Building fund	29,358,626	489,774	11,609,591	18,238,809
Bond interest and redemption fund	12,910,652	8,140,032	9,689,075	11,361,609
Non - major governmental funds	11,641,694	14,870,348	15,076,116	11,435,926
Total	<u>\$ 81,977,287</u>	<u>\$ 219,100,966</u>	<u>\$ 231,622,388</u>	<u>\$ 69,455,865</u>

The primary reasons for these increases/decreases are:

- The General Fund is the District's principal operating fund. The fund balance in the General Fund increased by 353,206. This can be attributed to COVID 19 school facility closures resulting in unspent program allocations.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

THE DISTRICT'S FUNDS - CONT'D

- The Building Fund balance decreased by 11,119,817 from 29,358,626 to 18,238,809. This decrease can be attributed to continuing construction and modernization projects.
- The Bond Interest and Redemption Fund balance decreased by 1,549,043 from 12,910,652 to 11,361,609. This decrease can be attributed as a result of principal and interest payments on the bond(s).
- The Non-major Governmental Fund balance decreased by 205,768 from 11,641,694 to 11,435,926.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 15, 2020 (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 68.)

CAPITAL ASSETS AND DEBT ADMINISTRATION:

Capital assets

At June 30, 2020, the District had 135,323,011 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$461,514 from last year (Table 5).

Table 5 : Capital Assets

	Governmental Activities	
	June 30, 2020	June 30, 2019
Land and construction in progress	\$ 23,332,662	\$ 40,454,383
Buildings and improvements	108,777,812	91,163,095
Equipment	3,212,537	4,167,047
Total	\$ 135,323,011	\$ 135,784,525

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONT'D

Long-Term Obligation

At the end of this year, the District had \$105,804,540 in long-term obligations outstanding versus \$112,043,600 last year, a decrease of \$6,239,060. Long-term obligations consisted of:

Table 6 : Outstanding Long-Term Debt

	<u>Governmental Activities</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
General obligation bonds (financed with property taxes)	\$ 94,210,868	\$ 99,873,472
Premium on issuance	5,542,193	6,238,330
Compensated absences (vacations)	820,170	705,267
Claims liabilities (IBNR)	5,231,309	5,226,531
Total	<u>\$ 105,804,540</u>	<u>\$ 112,043,600</u>

Net Pension Liability

At year-end, the District had an aggregate net pension liability of \$210,032,348 versus \$206,946,545 last year, an increase of \$3,085,803 or 1.49%.

Net OPEB Liability

At year-end, the District had an aggregate net OPEB liability of \$20,149,733 versus \$21,946,604 last year, a decrease of \$1,796,871 or 8.19%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2020-21 year, the Board of Education and management used the following criteria:

- ◆ State Funding Model - Local Control Funding Formula.
- ◆ Decline in District enrollment.
- ◆ Increase employee retirement program contribution rates, CalSTRS and CalPERS.

District Staffing and enrollment forecasts:

	<u>Staffing Ratio</u>
Grades kindergarten through third	21.5:1
Grades four through eight	30:1
Grades nine through twelve	30:1
Special Education (SDC)	12:1
Independent Study	10:1

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Deputy Superintendent of Business Services at Conejo Valley Unified School District, 750 Mitchell Rd., Newbury Park, California, 91320, or call 805-497-9511.

BASIC FINANCIAL STATEMENTS

GOVERNMENT - WIDE FINANCIAL STATEMENTS

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Deposits and investments	\$ 89,731,407
Receivables	10,009,758
Prepaid expenditures	83,878
Stores inventories	<u>337,686</u>
Total current assets	<u>100,162,729</u>
Capital assets:	
Land and construction in progress	23,332,662
Other capital assets	269,918,614
Less: Accumulated depreciation	<u>(157,928,265)</u>
Capital assets, net of accumulated depreciation	<u>135,323,011</u>
Total assets	<u>235,485,740</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension	68,851,455
Deferred outflows of resources related to OPEB	<u>1,410,217</u>
Total deferred outflows of resources	<u>70,261,672</u>
Total assets and deferred outflows of resources	<u>305,747,412</u>
LIABILITIES	
Current liabilities:	
Accounts payable	8,506,697
Interest payable	908,646
Unearned revenue	1,542,962
Claims liabilities	2,220,724
Current portion of long-term obligations	<u>4,450,000</u>
Total current liabilities	<u>17,629,029</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	101,354,540
Net pension liability	210,032,348
Net OPEB liability	<u>20,149,733</u>
Total noncurrent liabilities	<u>331,536,621</u>
Total liabilities	<u>349,165,650</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow of resources related to pension	23,869,941
Deferred inflow of resources related to OPEB	<u>2,912,207</u>
Total deferred inflows of resources	<u>26,782,148</u>

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

NET POSITION

Net investment in capital assets	41,112,143
Restricted for:	
Debt services	11,361,609
Capital projects	20,145,677
Educational programs	341,384
Other activities	14,357,319
Unrestricted (Deficit)	(157,518,518)
Total net position	\$ (70,200,386)
Total liabilities, deferred inflows of resources and net position	\$ 305,747,412

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (Expense)/ Revenue and Changes in Net Positions
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 124,444,286	\$ 104,311	\$ 17,004,489	\$ (107,335,486)
Instruction-related activities				
Supervision of instruction	4,200,227	240	761,054	(3,438,933)
Instructional library, media and technology	1,513,682	459	1,467	(1,511,756)
School site administration	16,991,438	12,264	580,375	(16,398,799)
Pupil services				
Home-to-school transportation	1,626,556	-	-	(1,626,556)
Food services	4,255,747	1,556,365	2,176,720	(522,662)
All other pupil services	11,779,394	15,393	1,833,916	(9,930,085)
General administration				
Data processing	3,401,593	-	-	(3,401,593)
All other administration	7,711,087	8,171	282,856	(7,420,060)
Plant services	31,862,063	61,374	270,359	(31,530,330)
Ancillary services	2,730,526	-	-	(2,730,526)
Community services	447,856	10,012	31,981	(405,863)
Enterprise services	5,469,810	-	712,428	(4,757,382)
Interest on long-term obligations	3,798,741	-	-	(3,798,741)
Other outgo	2,250,966	289,775	1,990,571	29,380
Total governmental activities	<u>\$ 222,483,972</u>	<u>\$ 2,058,364</u>	<u>\$ 25,646,216</u>	<u>(194,779,392)</u>
General revenues and subventions:				
Taxes and subventions:				
Property taxes, levied for general purposes				114,363,443
Property taxes, levied for debt service				7,975,903
Taxes levied for other specific purposes				1,486,545
Federal and State aid not restricted to specific purposes				55,688,349
Interest and investment earnings				1,441,163
Interagency revenues				82,174
Miscellaneous revenues				10,358,811
Loss on disposal of furniture and equipment				<u>(18,196)</u>
Total general revenues				<u>191,378,192</u>
Change in net position				(3,401,200)
Net position - beginning				<u>(66,799,186)</u>
Net position - ending				<u>\$ (70,200,386)</u>

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

FUND FINANCIAL STATEMENTS

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>
ASSETS			
Deposits and investment	\$ 27,121,513	\$ 19,143,746	\$ 11,304,732
Receivables	8,413,492	142,218	56,877
Due from other funds	1,316,746	-	-
Prepaid expenditures	81,925	-	-
Stores inventories	174,648	-	-
	<u>37,108,324</u>	<u>19,285,964</u>	<u>11,361,609</u>
Total assets			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	6,913,127	1,046,213	-
Due to other funds	763,182	942	-
Unearned revenue	1,012,494	-	-
	<u>8,688,803</u>	<u>1,047,155</u>	<u>-</u>
Total liabilities			
FUND BALANCES			
Nonspendable	299,873	-	-
Restricted	1,152,147	18,238,809	11,361,609
Committed	3,000,000	-	-
Assigned	-	-	-
Unassigned	23,967,501	-	-
	<u>28,419,521</u>	<u>18,238,809</u>	<u>11,361,609</u>
Total fund balances			
Total liabilities and fund balances	<u>\$ 37,108,324</u>	<u>\$ 19,285,964</u>	<u>\$ 11,361,609</u>

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	
ASSETS			
Deposits and investment	\$ 12,198,821	\$ 69,768,812	
Receivables	642,495	9,255,082	
Due from other funds	1,052,524	2,369,270	
Prepaid expenditures	1,953	83,878	
Stores inventories	<u>163,038</u>	<u>337,686</u>	
Total assets	<u>14,058,831</u>	<u>81,814,728</u>	
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	500,786	8,460,126	
Due to other funds	1,642,826	2,406,950	
Unearned revenue	<u>479,293</u>	<u>1,491,787</u>	
Total liabilities	<u>2,622,905</u>	<u>12,358,863</u>	
FUND BALANCES			
Nonspendable	164,991	464,864	
Restricted	2,248,252	33,000,817	
Committed	-	3,000,000	
Assigned	9,022,683	9,022,683	
Unassigned	<u>-</u>	<u>23,967,501</u>	
Total fund balances	<u>11,435,926</u>	<u>69,455,865</u>	
Total liabilities and fund balances	<u>\$ 14,058,831</u>	<u>\$ 81,814,728</u>	

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balances - governmental funds		\$ 69,455,865
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not short-term financial resources and therefore are not reported as assets in governmental funds.		
Capital assets	293,251,276	
Less: Accumulated depreciation	<u>(157,928,265)</u>	
Net capital assets		135,323,011
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		
		(908,646)
An internal service fund is used by the District's management to charge the costs of the workers' compensation and health and welfare insurance programs to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities.		
		13,205,172
Deferred outflows of resources related to pensions and OPEB represent a consumption of net position in a future period and is not reported in the District's funds.		
Deferred outflows of resources related to pensions	68,851,455	
Deferred outflows of resources related to OPEB	<u>1,410,217</u>	
Total deferred outflows of resources		70,261,672
Deferred inflows of resources related to pensions and OPEB represent an acquisition of net position in a future period and is not reported in the District's funds.		
Deferred inflows of resources related to pensions	(23,869,941)	
Deferred inflows of resources related to OPEB	<u>(2,912,207)</u>	
Total deferred inflows of resources		(26,782,148)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(210,032,348)
Net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(20,149,733)

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

General obligation bonds payable	(87,199,279)
Premium on issuance	(5,542,193)
Compensated absences (vacations)	(820,170)

In addition, the District previously issued "capital appreciation" general obligation bonds. The cumulative capital accretion on the general obligation bonds is:	(7,011,589)
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Total long-term obligations	(100,573,231)
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Total net position - governmental activities	\$ (70,200,386)
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The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>
REVENUES			
Local control funding formula	\$ 165,053,013	\$ -	\$ -
Federal sources	6,226,586	-	-
Other state sources	8,663,748	-	43,856
Other local sources	<u>15,657,465</u>	<u>489,774</u>	<u>8,096,176</u>
Total revenues	<u>195,600,812</u>	<u>489,774</u>	<u>8,140,032</u>
EXPENDITURES			
Current			
Instruction	125,487,276	-	-
Instruction - related services			
Supervision of instruction	4,200,227	-	-
Instructional library, media, and technology	1,513,682	-	-
School site administration	16,253,304	-	-
Pupil services			
Home-to-school transportation	1,626,556	-	-
Food services	-	-	-
All other pupil services	11,734,433	-	-
General administration			
Data processing	3,129,468	-	-
All other administration	7,053,397	-	-
Plant services	17,538,261	2,207,611	-
Facility acquisition and construction	475,268	9,401,980	-
Ancillary services	2,730,526	-	-
Community services	75,933	-	-
Other outgo	2,250,966	-	-
Enterprise services	-	-	-
Debt service:			
Principal	-	-	7,335,000
Interest	-	-	2,354,075
Total expenditures	<u>194,069,297</u>	<u>11,609,591</u>	<u>9,689,075</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>1,531,515</u>	<u>(11,119,817)</u>	<u>(1,549,043)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,075,598
Transfers out	<u>(1,178,309)</u>	<u>-</u>	<u>(1,075,598)</u>
Net financing sources (uses)	<u>(1,178,309)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	353,206	(11,119,817)	(1,549,043)
Fund balances - beginning	<u>28,066,315</u>	<u>29,358,626</u>	<u>12,910,652</u>
Fund balances - ending	<u>\$ 28,419,521</u>	<u>\$ 18,238,809</u>	<u>\$ 11,361,609</u>

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES		
Local control funding formula	\$ -	\$ 165,053,013
Federal sources	2,253,932	8,480,518
Other state sources	2,311,823	11,019,427
Other local sources	<u>10,304,593</u>	<u>34,548,008</u>
Total revenues	<u>14,870,348</u>	<u>219,100,966</u>
EXPENDITURES		
Current		
Instruction	2,613,276	128,100,552
Instruction - related services		
Supervision of instruction	-	4,200,227
Instructional library, media, and technology	-	1,513,682
School site administration	738,134	16,991,438
Pupil services		
Home-to-school transportation	-	1,626,556
Food services	4,210,394	4,210,394
All other pupil services	44,961	11,779,394
General administration		
Data processing	-	3,129,468
All other administration	612,337	7,665,734
Plant services	228,459	19,974,331
Facility acquisition and construction	1,965,131	11,842,379
Ancillary services	-	2,730,526
Community services	371,923	447,856
Other outgo	-	2,250,966
Enterprise services	5,469,810	5,469,810
Debt service:		
Principal	-	7,335,000
Interest	<u>-</u>	<u>2,354,075</u>
Total expenditures	<u>16,254,425</u>	<u>231,622,388</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>(1,384,077)</u>	<u>(12,521,422)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	1,178,309	2,253,907
Transfers out	<u>-</u>	<u>(2,253,907)</u>
Net financing sources (uses)	<u>1,178,309</u>	<u>-</u>
Net change in fund balance	(205,768)	(12,521,422)
Fund balances - beginning	<u>11,641,694</u>	<u>81,977,287</u>
Fund balances - ending	<u>\$ 11,435,926</u>	<u>\$ 69,455,865</u>

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds \$ (12,521,422)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlay exceeds depreciation in the period.

Capital outlays	\$ 8,627,490	
Depreciation	<u>(9,070,808)</u>	
Net expense adjustment		(443,318)

Loss on disposal of capital assets is reported in the government-wide statement of net assets, but is not recorded in the governmental funds. (18,196)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (114,903)

Governmental funds report the District's pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expenses:

Net pension income (expenses)	(532,606)
Net OPEB income (expenses)	(51,162)

Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	7,335,000
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Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:

Amortization of debt premium	696,137
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The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

The accretion of interest on capital appreciation bonds is not recognized in the governmental funds, but it increases long-term obligations in the Statement of Net Position and increases interest expense in the Statement of Activities.		(1,672,396)
Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due.		227,730
An internal service fund is used by the District's management to charge the costs following program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		
Workers' compensation insurance program	(384,017)	
Health and welfare insurance program	<u>4,077,953</u>	
Total net revenue of the Internal Service Fund		<u>3,693,936</u>
Change in net position of governmental activities		<u><u>\$ (3,401,200)</u></u>

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
ASSETS			
Current assets			
Deposits and investment	\$ 7,332,681	\$ 12,629,914	\$ 19,962,595
Receivables	42,938	711,738	754,676
Due from other funds	6,874	54,796	61,670
Total current assets	<u>7,382,493</u>	<u>13,396,448</u>	<u>20,778,941</u>
LIABILITIES			
Current liabilities			
Accounts payable	7,592	38,979	46,571
Due to other funds	21,728	2,262	23,990
Unearned revenue	-	51,175	51,175
Current portion of claims liabilities	<u>1,606,807</u>	<u>613,917</u>	<u>2,220,724</u>
Total current liabilities	<u>1,636,127</u>	<u>706,333</u>	<u>2,342,460</u>
Noncurrent liabilities			
Claims liabilities	<u>3,798,837</u>	<u>1,432,472</u>	<u>5,231,309</u>
NET POSITION			
Restricted	<u>\$ 1,947,529</u>	<u>\$ 11,257,643</u>	<u>\$ 13,205,172</u>

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
OPERATING REVENUES			
Local and intermediate sources	\$ 1,640,998	\$ 26,455,471	\$ 28,096,469
Total operating revenues	<u>1,640,998</u>	<u>26,455,471</u>	<u>28,096,469</u>
OPERATING EXPENSES			
Payroll costs	155,780	110,133	265,913
Supplies and materials	517	4,500	5,017
Services and other	19,017	130,855	149,872
Professional and contract services	<u>1,993,291</u>	<u>22,289,613</u>	<u>24,282,904</u>
Total operating expenses	<u>2,168,605</u>	<u>22,535,101</u>	<u>24,703,706</u>
Operating income (loss)	<u>(527,607)</u>	<u>3,920,370</u>	<u>3,392,763</u>
NON OPERATING REVENUES			
Interest income	<u>143,590</u>	<u>157,583</u>	<u>301,173</u>
Total nonoperating revenues	<u>143,590</u>	<u>157,583</u>	<u>301,173</u>
Change in net position (deficit)	(384,017)	4,077,953	3,693,936
Total net position - beginning	<u>2,331,546</u>	<u>7,179,690</u>	<u>9,511,236</u>
Total net position - ending	<u>\$ 1,947,529</u>	<u>\$ 11,257,643</u>	<u>\$ 13,205,172</u>

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	\$ 28,096,469
Cash payments to employees for services	(265,913)
Cash payments to suppliers for goods and services	(5,017)
Cash payments for other operating expenses	(24,798,977)
Net cash provided (used) by operating activities	3,026,562
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	301,173
Net cash provided (used) by investing activities	301,173
Net change in cash and cash equivalents	3,327,735
Cash and cash equivalents - beginning	16,634,860
Cash and cash equivalents - ending	\$ 19,962,595
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 3,392,763
Changes in assets and liabilities:	
Receivables	(336,022)
Due from other funds	(50,766)
Accounts payable	(136,431)
Prepays	137,239
Due to other funds	12,884
Unearned revenue	6,895
Net cash provided (used) by operating activities	\$ 3,026,562

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2020**

	<u>Associated Student Bodies</u>	<u>Foundation Special Reserve</u>	<u>Total Fiduciary Funds</u>
ASSETS			
Deposits and investment	\$ 1,522,033	\$ 19,587	\$ 1,541,620
Receivables	38,961	135	39,096
Prepaid expenditures	9,210	-	9,210
Stores inventory	<u>162,874</u>	<u>-</u>	<u>162,874</u>
Total assets	<u>1,733,078</u>	<u>19,722</u>	<u>1,752,800</u>
LIABILITIES			
Unearned revenue	-	16,465	16,465
Due to student groups	<u>1,733,078</u>	<u>-</u>	<u>1,733,078</u>
Total liabilities	<u>1,733,078</u>	<u>16,465</u>	<u>1,749,543</u>
NET POSITION			
Held in trust for scholarships	<u>\$ -</u>	<u>\$ 3,257</u>	<u>\$ 3,257</u>

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Foundation Special Reserve</u>
ADDITIONS:	
Private donations	\$ 8,062
Interest	<u>406</u>
Total additions	<u>8,468</u>
DEDUCTIONS:	
Other expenditures	<u>8,062</u>
Total deductions	<u>8,062</u>
Change in net position	406
Net position - beginning of year	<u>2,851</u>
Net position - end of year	<u><u>\$ 3,257</u></u>

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Conejo Valley Unified School District (the District) was unified on July 1, 1974, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates seventeen elementary schools, five middle schools, three high schools, a continuation high school, an adult education program, an alternative education site, and a preschool program.

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

B. Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

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

Nonmajor Governmental Funds

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

B. Basis of Presentation - Fund Accounting - Cont'd

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

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582)

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

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects is used to account for funds set aside for Board designated construction projects.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has no enterprise funds.

Internal Service Fund Internal service funds may be used to account for any activity for which services are provided to other funds of the District on a cost-reimbursement basis. The District operates a workers' compensation program and a health and welfare benefits program that are accounted for in internal service funds.

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

B. *Basis of Presentation - Fund Accounting - Cont'd*

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the District's own programs. The District's trust funds account for the accumulation of resources for the payment of scholarships within the Foundation Special Reserve activities. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

C. *Basis of Accounting - Measurement Focus*

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation.

Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

C. Basis of Accounting - Measurement Focus - Cont'd

Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

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

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

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

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

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

C. Basis of Accounting - Measurement Focus - Cont'd

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2020, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county investment pool are determined by the program sponsor.

Prepaid (Expenses)/ Expenditures

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

Stores Inventories

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$10,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

D. *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position - Cont'd*

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated useful lives</u>
Buildings	20 to 40 years
Improvements	5 to 40 years
Equipment	2 to 15 years

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Debt Issuance Costs, Premiums, and Discounts

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

D. *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position - Cont'd*

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

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

D. *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position - Cont'd*

Fund Balances - Governmental Funds

As of June 30, 2020, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

In 2019-20, the governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$46,205,989 of restricted net position.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

D. *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position - Cont'd*

Operating Revenues and Expenses

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

E. *Interfund Activity*

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

F. *Estimates*

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

G. *Property Tax*

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Ventura bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received. Due to the timing and nature of property tax collections, the District enters into a TRAN agreement to borrow for cash flow purposes.

H. *New Accounting Principles*

GASB has issued the following statements, which are applicable in future years. Management has not determined the impact, if any, these future pronouncements will have on the District.

GASB Statement No. 84, *Fiduciary Activities*

Effective Date: The provisions in Statement 84 are effective for fiscal years beginning after December 15, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments:

- Focus of the criteria generally on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists.
- Separate criteria included to fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

H. New Accounting Principles - Cont'd

GASB Statement No. 87, *Leases*.

Effective Date: The provisions in Statement 87 are effective for fiscal years beginning after December 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

Effective Date: The provisions in Statement 89 are effective for fiscal years beginning after December 15, 2020. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*.

Effective Date: The provisions in Statement 90 are effective for fiscal years beginning after December 15, 2019. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit.

GASB Statement No. 91, *Conduit Debt Obligations*

Effective Date: The provisions in Statement 91 are effective for fiscal years beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 89,731,407
Fiduciary funds	<u>1,541,620</u>
Total deposits and investments	<u><u>\$ 91,273,027</u></u>

Deposits and investments as of June 30, 2020, consist of the following:

Cash on hand and in banks	\$ 7,000
Cash in revolving	460,252
Cash collections awaiting deposit	248,807
Investments	<u>90,556,968</u>
Total deposits and investments	<u><u>\$ 91,273,027</u></u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 - DEPOSITS AND INVESTMENTS - CONT'D

B. Policies and Practices

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

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

C. General Authorizations

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

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 - DEPOSITS AND INVESTMENTS - CONT'D

D. Interest Rate Risk

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

E. Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Weighted Average Days to Maturity</u>
Ventura County Investment Pool	\$ <u>90,556,968</u>	<u>249</u>

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Rating June 30, 2020</u>	<u>Reported Amount</u>
Ventura County Investment Pool	Not Required	AAAf/S1+	\$ <u>90,556,968</u>

G. Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District had a bank balance of \$1,128,504 exposed to custodial credit risk.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

The District's fair value measurements are as follows at June 30, 2020:

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Uncategorized</u>
Ventura County Investment Pool	\$ <u>90,556,968</u>	\$ <u>90,556,968</u>

NOTE 4 - RECEIVABLES

Receivables at June 30, 2020, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>	<u>Fiduciary Funds</u>
Federal government							
Categorical aid	\$ 5,021,102	\$ -	\$ -	\$ 157,375	\$ -	\$ 5,178,477	\$ -
State government							
Categorical aid	1,200,616	-	-	125,016	-	1,325,632	-
Lottery	899,487	-	-	-	-	899,487	-
Local government							
Interest	1,044,142	142,218	56,877	273,629	754,676	2,271,542	135
Other local sources	248,145	-	-	86,475	-	334,620	-
Total	<u>8,413,492</u>	<u>142,218</u>	<u>56,877</u>	<u>642,495</u>	<u>754,676</u>	<u>10,009,758</u>	<u>135</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance July 01, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 20,589,547	\$ 1	\$ -	\$ 20,589,548
Construction in progress	<u>19,864,836</u>	<u>2,163,603</u>	<u>19,285,325</u>	<u>2,743,114</u>
Total capital assets not being depreciated	<u>40,454,383</u>	<u>2,163,604</u>	<u>19,285,325</u>	<u>23,332,662</u>
Capital assets being depreciated:				
Land improvements	24,088,098	3,072,120	-	27,160,218
Buildings and improvements	209,420,670	22,493,687	-	231,914,357
Furniture and equipment	<u>10,738,850</u>	<u>183,404</u>	<u>78,215</u>	<u>10,844,039</u>
Total capital assets being depreciated	<u>244,247,618</u>	<u>25,749,211</u>	<u>78,215</u>	<u>269,918,614</u>
Total capital assets	<u>284,702,001</u>	<u>27,912,815</u>	<u>19,363,540</u>	<u>293,251,276</u>
Less accumulated depreciation:				
Land improvements	11,210,158	1,125,923	-	12,336,081
Buildings and improvements	131,135,515	6,825,167	-	137,960,682
Furniture and equipment	<u>6,571,803</u>	<u>1,119,718</u>	<u>60,019</u>	<u>7,631,502</u>
Total accumulated depreciation	<u>148,917,476</u>	<u>9,070,808</u>	<u>60,019</u>	<u>157,928,265</u>
Governmental activities capital assets, net	<u>\$ 135,784,525</u>	<u>\$ 18,842,007</u>	<u>\$ 19,303,521</u>	<u>\$ 135,323,011</u>

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

Governmental Activities	
Instruction	\$ 8,662,624
Food services	45,353
Data processing	272,125
All other administration	45,353
Plant services	<u>45,353</u>
Total depreciation expenses	<u>\$ 9,070,808</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2020, between major and nonmajor governmental funds, and internal service funds, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,316,746	\$ 763,182
Building Fund	-	942
Bond Interest and Redemption Fund	-	-
Nonmajor governmental funds	1,052,524	1,642,826
Internal service funds	61,670	23,990
Total	\$ 2,430,940	\$ 2,430,940

B. Operating Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfer To	Transfer From General Fund
Nonmajor governmental funds	\$ 1,178,309
The general fund transferred to the cafeteria nonmajor governmental fund to alleviate current year deficit.	\$ 774,684
The general fund transferred to the adult nonmajor governmental fund for contribution for the adult program.	15,583
The general fund transferred to the child development nonmajor governmental fund for contribution for the child development program.	388,042
Total	\$ 1,178,309

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2020, consisted of the following:

	General Fund	Building Fund	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Vendor payables	\$ 1,829,584	\$ -	\$ 500,786	\$ 46,571	\$ 2,376,941
State principal apportionment	5,083,543	-	-	-	5,083,543
Construction	-	1,046,213	-	-	1,046,213
Total	<u>\$ 6,913,127</u>	<u>\$ 1,046,213</u>	<u>\$ 500,786</u>	<u>\$ 46,571</u>	<u>\$ 8,506,697</u>

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2020, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal financial assistance	\$ -	\$ 262,896	\$ -	\$ 262,896	\$ -
State categorical aid	77,166	-	-	77,166	-
Other local	935,328	216,397	51,175	1,202,900	16,465
Total	<u>\$ 1,012,494</u>	<u>\$ 479,293</u>	<u>\$ 51,175</u>	<u>\$ 1,542,962</u>	<u>\$ 16,465</u>

NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 11, 2019, the District issued \$19,996,500 of Tax and Revenue Anticipation Notes bearing interest at 2.00 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 29, 2020. By June 2020, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes.

Issue Date	Rate	Maturity Date	Outstanding July 1, 2019	Additions	Deletions	Outstanding June 30, 2020
7/11/2019	2.00%	6/29/2020	<u>\$ -</u>	<u>\$ 19,996,500</u>	<u>\$ 19,996,500</u>	<u>\$ -</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 - LONG-TERM OBLIGATIONS

A. Summary

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

	Balance July 01,			Balance June 30,		Due in One
	<u>2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>2020</u>	<u>Year</u>	
General obligation bonds	\$ 99,873,472	\$ 1,672,396	\$ 7,335,000	\$ 94,210,868	\$ 4,450,000	
Premium on issuance	6,238,330	-	696,137	5,542,193	-	
Compensated absences (vacations)	705,267	114,903	-	820,170	-	
Claims liabilities (IBNR)	<u>5,226,531</u>	<u>4,778</u>	<u>-</u>	<u>5,231,309</u>	<u>-</u>	
	<u>\$ 112,043,600</u>	<u>\$ 1,792,077</u>	<u>\$ 8,031,137</u>	<u>\$ 105,804,540</u>	<u>\$ 4,450,000</u>	

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues.

The compensated absences will be paid by the fund for which the employee worked.

The claims liabilities are paid by the Internal Service Fund.

The postemployment benefits are paid by the General Fund.

B. Bonded Debt

The outstanding general obligation bonded debt is as follows:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Bonds Outstanding July 1, 2019</u>	<u>Additions/ Accreted Interest</u>	<u>Redeemed</u>	<u>Bonds Outstanding June 30, 2020</u>
12/6/2012	8/1/2019	2.50-4.50%	\$17,220,000	\$ 7,335,000	\$ -	\$ 7,335,000	\$ -
6/25/2015	8/1/2030	2.78-5.56%	\$37,199,279	42,538,472	1,672,396	-	44,210,868
6/12/2018	8/1/2033	3.125-5.00%	\$50,000,000	50,000,000	-	-	50,000,000
				<u>\$99,873,472</u>	<u>\$ 1,672,396</u>	<u>\$ 7,335,000</u>	<u>\$94,210,868</u>

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 - LONG-TERM OBLIGATIONS - CONT'D

C. Debt Service Requirements to Maturity

The payments are as follows:

Fiscal Year	Current Interest Bonds		Capital Appreciation Bonds		
	Principal	Interest	Principal Including Accreted Interest	Future Interest Accretion	Total
2021	\$ 4,450,000	\$ 2,069,500	\$ 4,373,342	\$ 176,658	\$ 11,069,500
2022	4,000,000	1,858,250	4,518,336	216,664	10,593,250
2023	1,175,000	1,734,750	4,234,431	355,569	7,499,750
2024	1,345,000	1,684,350	4,239,532	535,468	7,804,350
2025	1,965,000	1,618,150	4,219,366	745,634	8,548,150
2026 - 2030	13,720,000	6,559,650	19,051,421	7,123,579	46,454,650
2031 - 2034	23,345,000	1,981,875	3,574,440	2,305,560	31,206,875
Total	<u>\$ 50,000,000</u>	<u>\$ 17,506,525</u>	<u>\$ 44,210,868</u>	<u>\$ 11,459,132</u>	<u>\$ 123,176,525</u>

D. General Obligation Bonds

2014 General Obligation Bonds, Series A

In June 2015, the District issued \$37,199,279 principal amount of the General Obligation Bonds Election of 2014, Series A. The Bonds were issued as capital appreciation bonds, with the capital bond principal accreting interest to a maturity value of \$55,670,000. The bonds mature through August 1, 2030, with interest rates from 2.78 to 5.56 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds.

\$ 44,210,868

2014 General Obligation Bonds, Series B

In June 2018, the District issued \$50,000,000 principal amount of the General Obligation Bonds Election of 2014, Series B. The bonds mature through August 1, 2033, with interest rates from 3.12 to 5.00 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds.

50,000,000

Subtotal bonds outstanding

94,210,868

Premium on 2014 General obligation refunding bonds, Series A

375,782

Premium on 2014 General obligation bonds, Series B

5,166,411

Subtotal premium on bonds

5,542,193

Total

\$ 99,753,061

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 - LONG-TERM OBLIGATIONS - CONT'D

E. Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to \$820,170.

F. Claims Liability

The District has an outstanding long-term obligation for incurred, but not reported, claims for the District's Internal Service Fund in the amount of \$5,231,309.

G. Net Other Post Employment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported net OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense for the following plans:

<u>OPEB Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense (Income)</u>
District plan	\$ 19,181,501	\$ 1,410,217	\$ 2,912,207	\$ 237,522
Medicare Premium Payment (MPP) program	<u>968,232</u>	<u>-</u>	<u>-</u>	<u>(186,360)</u>
Total	<u>\$ 20,149,733</u>	<u>\$ 1,410,217</u>	<u>\$ 2,912,207</u>	<u>\$ 51,162</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75.

Plan Membership

The total OPEB liability was determined based on the plan membership as of June 30, 2020:

Inactive employees or beneficiaries currently receiving benefits	64
Active employees	<u>1,270</u>
	<u>1,334</u>

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 - LONG-TERM OBLIGATIONS - CONT'D

G. *Net Other Post Employment Benefit (OPEB) Liability - Cont'd*

Contributions

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Conejo Valley Pupil Personnel Association (CVPPA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, CVPPA, CSEA, and the unrepresented groups. For the fiscal year 2019-20, the District contributed \$1,110,593 to the Plan which was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of \$19,181,501 was measured as of June 30, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2020
Measurement date	June 30, 2020 for FY 2020
Funding policy	Pay-as-you-go-bonding
Discount rate	2.66 percent
Inflation	2.75 percent per annum
Salary increases	3.00 percent per annum, in aggregate

Discount rate

The discount rate was 2.66% as of June 30, 2020 and 3.15% as of July 1, 2019 for accounting disclosure purposes. This is based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Mortality Rate

General	SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2019
Teachers	SOA Pub-2010 Teachers Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-201
Surviving Spouses	SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2019

[Mortality rates as of the June 30, 2018 measurement date were based on the RPH 2014 mortality table with generational improvements using scale MP2017]

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 - LONG-TERM OBLIGATIONS - CONT'D

G. Net Other Post Employment Benefit (OPEB) Liability - Cont'd

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 20,792,012
Service cost	\$ 972,608
Interest	668,094
Difference between expected and actual experience	(3,494,648)
Changes of assumptions	1,354,028
Benefit payments, including refunds of member contributions	(1,110,593)
Net change in total OPEB liability	(1,610,511)
Balance at June 30, 2020	\$ 19,181,501

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, calculated using the discount rate of 2.66%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (1.66%)	\$ 20,692,479
Current discount rate (2.66%)	19,181,501
1% increase (3.66%)	17,780,391

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

Health Care Cost Trend Rates	Net OPEB Liability
1% decrease (5.50% decreasing to 3.50%)	\$ 17,143,107
Current healthcare cost trend rates (6.50 decreasing to 4.50%)	19,181,501
1% increase (7.50% decreasing to 5.50%)	21,525,385

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 - LONG-TERM OBLIGATIONS - CONT'D

G. Net Other Post Employment Benefit (OPEB) Liability - Cont'd

OPEB Expense and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$237,522. At June 30, 2020, the District reported deferred outflows/ (inflows) of resource related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actuarial experience in measurement	\$ -	\$ 2,912,207
Changes of assumptions	1,410,217	-
Total	\$ 1,410,217	\$ 2,912,207

The balances as of June 30, 2020 of the deferred outflows/ (inflows) of resources will be recognized in OPEB expense for the year ending June 30, as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2021	\$ (292,587)
2022	(292,587)
2023	(292,587)
2024	(267,459)
2025	(356,770)
Thereafter	-
	\$ (1,501,990)

H. Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 - LONG-TERM OBLIGATIONS - CONT'D

H. Medicare Premium Payment (MPP) Program - Cont'd

Members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2019, 5,744 retirees participated in the MPP Program. The number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

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 section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. 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.

Net OPEB Liabilities and OPEB Expense

At June 30, 2020, the District reported a liability of \$968,232 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.2600 percent, and 0.3016 percent, resulting in a net decrease in the proportionate share of 0.0416 percent.

For the year ended June 30, 2020, the District recognized OPEB expense (income) of \$(186,360).

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2019, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed below.

Measurement date	June 30, 2019
Valuation date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	3.50%
Medicare Part A premium cost trend rate*	3.70%
Medicare Part B premium cost trend rate*	4.10%

* - The assumed increases in the Medicare Part A and Part B Cost Trend Rates vary by year; however, the increases are approximately equivalent to a 3.7% and 4.1% increase each year for Medicare Part A and Part B, respectively.

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' ages increase. 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 380 or an average of 0.23% of the potentially eligible population of 165,422.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 - LONG-TERM OBLIGATIONS - CONT'D

H. Medicare Premium Payment (MPP) Program - Cont'd

For the valuation as of June 30, 2018, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table issued by the Society of Actuaries.

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2019, 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 California State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37% from 3.87% as of June 30, 2018.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net OPEB liability as of June 30, 2019, 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 higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	\$ 1,056,562
Current discount rate (3.50%)	\$ 968,232
1% increase (4.50%)	\$ 887,016

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following table presents the District's proportionate share of the net OPEB liability as of June 30, 2019, 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 or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 882,281
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	\$ 968,232
1% increase (4.7% Part A and 5.1% Part B)	\$ 1,066,733

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - FUND BALANCES

Fund balances at June 30, 2020, are composed of the following elements:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable					
Revolving cash	\$ 40,300	\$ -	\$ -	\$ -	\$ 40,300
Stores inventories	174,648	-	-	163,038	337,686
Prepaid expenditures	81,925	-	-	1,953	83,878
Other reserves	3,000	-	-	-	3,000
Total nonspendable	<u>299,873</u>	<u>-</u>	<u>-</u>	<u>164,991</u>	<u>464,864</u>
Restricted					
Legally restricted programs	1,152,147	-	-	341,384	1,493,531
Capital projects	-	18,238,809	-	1,906,868	20,145,677
Debt services	-	-	11,361,609	-	11,361,609
Total restricted	<u>1,152,147</u>	<u>18,238,809</u>	<u>11,361,609</u>	<u>2,248,252</u>	<u>33,000,817</u>
Committed					
Deferred maintenance program	-	-	-	-	-
Stabilization arrangement	3,000,000	-	-	-	3,000,000
Total committed	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>
Assigned					
Capital projects	-	-	-	7,148,596	7,148,596
Other assigned	-	-	-	1,874,087	1,874,087
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,022,683</u>	<u>9,022,683</u>
Unassigned					
Reserve for economic uncertainties	5,857,428	-	-	-	5,857,428
Remaining unassigned	18,110,073	-	-	-	18,110,073
Total unassigned	<u>23,967,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,967,501</u>
Total	<u>\$ 28,419,521</u>	<u>\$ 18,238,809</u>	<u>\$ 11,361,609</u>	<u>\$ 11,435,926</u>	<u>\$ 69,455,865</u>

NOTE 12 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2020, the District participates in the Ventura County Schools Self-Funding Authority (VCSSFA) for property and liability insurance coverage. See Note 15 for more information on the VCSSFA. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 - RISK MANAGEMENT - CONT'D

B. Workers' Compensation and Employee Medical Benefits

The District's workers' compensation and health and welfare benefits are recorded in the Internal Service Funds. The purpose of the fund is to administer workers' compensation, and employee medical benefit claims. The District has obtained insurance coverage that will cover claims within the following ranges to supplement its self insurance program:

Workers' Compensation	\$650,000 per claim up to statutory limits
Medical and prescription drugs	\$260,000 per contract period per person

C. Claims Liabilities

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

D. Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 01, 2019 to June 30, 2020:

	Workers' Compensation	Health Care	Total
Liability Balance, July 1, 2017	\$ 5,153,704	\$ 2,046,389	\$ 7,200,093
Claims and changes in estimates	(1,295,092)	(11,057,540)	(12,352,632)
Claims payments	<u>1,547,032</u>	<u>11,057,540</u>	<u>12,604,572</u>
Liability Balance, June 30, 2018	5,405,644	2,046,389	7,452,033
Claims and changes in estimates	(1,611,585)	(10,853,675)	(12,465,260)
Claims payments	<u>1,611,585</u>	<u>10,853,675</u>	<u>12,465,260</u>
Liability Balance, June 30, 2019	5,405,644	2,046,389	7,452,033
Claims and changes in estimates	(1,606,807)	(10,511,075)	(12,117,882)
Claims payments	<u>1,606,807</u>	<u>10,511,075</u>	<u>12,117,882</u>
Liability Balance, June 30, 2020	<u>\$ 5,405,644</u>	<u>\$ 2,046,389</u>	<u>\$ 7,452,033</u>
Assets available to pay claims at June 30, 2020	<u>\$ 7,382,493</u>	<u>\$ 13,396,448</u>	<u>\$ 20,778,941</u>

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D

For the fiscal year ended June 30, 2020, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Collective Net Pension Liability</u>	<u>Collective Deferred Outflows of Resources</u>	<u>Collective Deferred Inflows of Resources</u>	<u>Collective Pension Expense</u>
CalSTRS	\$ 151,832,932	\$ 53,610,548	\$ 20,914,796	\$ (6,127,674)
CalPERS	58,199,416	15,240,907	2,955,145	6,660,280
Total	<u>\$ 210,032,348</u>	<u>\$ 68,851,455</u>	<u>\$ 23,869,941</u>	<u>\$ 532,606</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Headquarters, 100 Waterfront Place, West Sacramento, California 95605.

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California (the state) is the sponsor and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	<u>On or before December 31, 2012</u>	<u>On or after January 1, 2013</u>
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age		
Monthly benefits as a percentage of eligible compensation	2.0%	2.0%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D

California State Teachers' Retirement System (CalSTRS) - Cont'd

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2020, the contributions reported as deferred outflows of resources related to pensions recognized as part of pension expense for each Plan were as follows:

	STRS	CalPERS
Contributions - employer	\$ 15,997,428	\$ 5,620,722
On behalf contributions - state	11,554,685	-
Total	\$ 27,552,113	\$ 5,620,722

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including state share:

District's proportionate share of the net pension liability	\$ 151,832,932
State's proportionate share of the net pension liability associated with the district	82,835,001
Total	\$ 234,667,933

The net pension liability was measured as of June 30, 2019. The net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. 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 employers, actuarially determined.

The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, was a follows:

Measurement Dates	Fiscal Year	CalSTRS
June 30, 2018	2018-19	0.16805
June 30, 2019	2019-20	0.16811
Change - Increase (Decrease)		0.00006

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D

California State Teachers' Retirement System (CalSTRS) - Cont'd

For the year ended June 30, 2020, the District recognized pension expense of \$(6,127,674). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 27,552,113	\$ -
Net change in proportionate share of net pension liability	6,471,590	8,017,317
Difference in actual and proportionated contributions	-	2,770,352
Net difference between projected and actual earnings on plan investments	-	5,848,651
Difference between expected and actual experiences	383,298	4,278,476
Changes of assumptions	19,203,547	-
Total	<u>\$ 53,610,548</u>	<u>\$ 20,914,796</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total Deferred Outflows (Inflows) of Resources</u>
2021	\$ 2,099,417
2022	(1,955,469)
2023	2,037,215
2024	3,877,010
2025	(465,673)
Thereafter	(448,861)
Total	<u>\$ 5,143,639</u>

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation, used the following methods and assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return*	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D

California State Teachers' Retirement System (CalSTRS) - Cont'd

Postretirement benefit increases 2% simple for DB (annually) maintain 85% purchasing power level for DB, Not applicable for DBS/CBB

* - Net of investment expenses but gross of administrative expenses.

The long-term investment 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 (Pension Consulting Alliance) as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumptions for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-term Expected Real Rate of Return**</u>
Global equity	47.0 %	4.80 %
Fixed income	12.0 %	1.30 %
Real estate	13.0 %	3.60 %
Private equity	13.0 %	6.30 %
Absolute return/risk mitigating strategies	9.0 %	1.80 %
Inflation sensitive	4.0 %	3.30 %
Cash/liquidity	2.0 %	0.40 %

* - 20-year average

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. 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 expenses occur midyear. Based on those 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 return was applied to all periods of projected benefit payments to determine the total pension liability. 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 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% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table issued by the Society of Actuaries.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D

California State Teachers' Retirement System (CalSTRS) - Cont'd

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (salaries, credited service, etc.) and assumptions about the probability of occurrence of events far into the future (mortality, disabilities, retirements, employment terminations, etc.). 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.

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 226,091,805
Current discount rate (7.10%)	151,832,932
1% increase (8.10%)	90,258,186

California Public Employees Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

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.

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 55	2% at 62
Benefit formula	5 Years of Service	5 Years of Service
Benefit vesting schedule	Monthly for Life	Monthly for Life
Benefit payments	55	62
Retirement age	2.0%	2.0%
Monthly benefits as a percentage of eligible compensation	7.00%	7.00%
Required employee contribution rate	19.721%	19.721%
Required employer contribution rate		

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D

California Public Employees Retirement System (CalPERS) - Cont'd

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 July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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, 2020, are presented above and the total District contributions were \$5,620,722.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$58,199,416. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined.

The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, was as follows:

<u>Measurement Dates</u>	<u>Fiscal Year</u>	<u>CalPERS</u>
June 30, 2018	2018-19	0.001969
June 30, 2019	2019-20	0.001997
Change - Increase (Decrease)		<u>0.000028</u>

For the year ended June 30, 2020, the District recognized pension expense of \$6,660,280. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 5,620,722	\$ -
Net change in proportionate share of net pension liability	2,622,098	2,389,827
Difference in actual and proportionated contributions	-	25,508
Difference between projected and actual earnings on pension plan investments	-	539,810
Difference between expected and actual experiences	4,227,614	-
Changes of assumptions	<u>2,770,473</u>	<u>-</u>
Total	<u>\$ 15,240,907</u>	<u>\$ 2,955,145</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D

California Public Employees Retirement System (CalPERS) - Cont'd

The deferred outflows of resources and deferred inflows of resources reported will be amortized in the proportionate share of pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$ 4,632,862
2022	431,404
2023	1,379,661
2024	221,113
Total	<u>\$ 6,665,040</u>

Actuarial Methods and Assumptions

The total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019.

The total pension liability was based on the following assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Investment rate of return	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS' membership data for all funds
Payroll Growth Rate	2.75%

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries scale 90 percent of scale MP-2016.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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 of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D

California Public Employees Retirement System (CalPERS) - Cont'd

The expected real rates of return by asset class are as follows:

<u>Asset Class*</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10**</u>	<u>Real Return Years 11+***</u>
Global equity	50 %	4.80 %	5.98 %
Fixed income	28 %	1.00 %	2.62 %
Inflation assets	- %	0.77 %	1.81 %
Private equity	8 %	6.30 %	7.23 %
Real assets	13 %	3.75 %	4.93 %
Liquidity	1 %	- %	(0.92)%

* - Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

** - An expected inflation of 2.0% used for this period.

*** - An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>Discount rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 83,890,631
Current discount rate (7.15%)	58,199,416
1% increase (8.15%)	36,886,778

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and an employees are calculated according to Federal law.

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and STRS comprehensive annual financial reports.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS - CONT'D

California Public Employees Retirement System (CalPERS) - Cont'd

Payable to the Pension Plan

As of June 30, 2020, the District had no outstanding required contributions to the pension plans.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. *Grants*

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

B. *Litigation*

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the Ventura County Schools Self-Funding Authority (VCSSFA) public entity risk pool. The District pays an annual premium to the VCSSFA for its property liability coverage. The relationship between the District and the pool is such that it is not a component unit of the District for financial reporting purposes.

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

During the year ended June 30, 2020, the District made payments of \$1,716,101 to VCSSFA for services received.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 16 - SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the District’s operations and financial results at this time.

The District’s management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2020 through December 01, 2020, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive- (Negative)
REVENUES:				
Local control funding formula	\$ 164,994,980	\$ 165,072,433	\$ 165,053,013	\$ (19,420)
Federal sources	5,695,714	6,397,144	6,226,586	(170,558)
Other state sources	6,165,202	8,415,681	8,663,748	248,067
Other local sources	<u>11,455,771</u>	<u>12,913,436</u>	<u>15,657,465</u>	<u>2,744,029</u>
Total revenues	<u>188,311,667</u>	<u>192,798,694</u>	<u>195,600,812</u>	<u>2,802,118</u>
EXPENDITURES:				
Current:				
Certificated salaries	93,190,562	92,463,348	94,103,957	(1,640,609)
Classified salaries	26,949,830	26,981,208	27,908,101	(926,893)
Employee benefits	47,987,886	47,832,768	47,206,385	626,383
Books & supplies	8,421,351	10,828,590	5,018,645	5,809,945
Services and other operating expenditures	16,841,767	18,636,304	17,712,795	923,509
Capital outlay	100,000	429,702	376,022	53,680
Other outgo	<u>1,641,044</u>	<u>1,622,873</u>	<u>1,743,392</u>	<u>(120,519)</u>
Total expenditures	<u>195,132,440</u>	<u>198,794,793</u>	<u>194,069,297</u>	<u>4,725,496</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>(6,820,773)</u>	<u>(5,996,099)</u>	<u>1,531,515</u>	<u>7,527,614</u>
Other Financing Sources/(Uses):				
Transfers out	<u>(40,000)</u>	<u>(15,583)</u>	<u>(1,178,309)</u>	<u>(1,162,726)</u>
Total other financing sources/ (uses)	<u>(40,000)</u>	<u>(15,583)</u>	<u>(1,178,309)</u>	<u>(1,162,726)</u>
Net change in fund balance	(6,860,773)	(6,011,682)	353,206	6,364,888
Fund balance - beginning	<u>28,066,315</u>	<u>28,066,315</u>	<u>28,066,315</u>	<u>-</u>
Fund balance - ending	<u>\$ 21,205,542</u>	<u>\$ 22,054,633</u>	<u>\$ 28,419,521</u>	<u>\$ 6,364,888</u>

See accompanying notes to required supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED
RATIOS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability			
Service cost	\$ 972,608	\$ 890,144	\$ 875,523
Interest	668,094	701,238	665,125
Difference between expected and actual experience	(3,494,648)	-	-
Changes of assumptions	1,354,028	535,881	(150,786)
Benefit payments, including refunds of member contributions	<u>(1,110,593)</u>	<u>(960,953)</u>	<u>(902,303)</u>
Net change in total OPEB liability	(1,610,511)	1,166,310	487,559
Total OPEB liability - beginning	<u>20,792,012</u>	<u>19,625,702</u>	<u>19,138,143</u>
Total OPEB liability - ending	<u><u>\$ 19,181,501</u></u>	<u><u>\$ 20,792,012</u></u>	<u><u>19,625,702</u></u>
Covered-employee payroll	N/A ¹	N/A ¹	N/A ¹
District's total OPEB liability as a percentage of covered-employee payroll	N/A ¹	N/A ¹	N/A ¹

¹The District's OPEB Plan is not administered through a trust, and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

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

Schedule of Contributions is not required for unfunded OPEB plans.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB
LIABILITY-MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net OPEB liability	<u>0.2600 %</u>	<u>0.3016 %</u>	<u>0.2970 %</u>
District's proportionate share of the net OPEB liability	<u>\$ 968,232</u>	<u>\$ 1,154,592</u>	<u>\$ 1,249,460</u>
District's covered-employee payroll	N/A ¹	N/A ¹	N/A ¹
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.81 %</u>	<u>0.01 %</u>	<u>0.01 %</u>

¹As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS						
District's proportion of the net pension liability	0.1680 %	0.1681 %	0.1640 %	0.1774 %	0.1843 %	0.1668 %
District's proportionate share of the net pension liability	\$ 151,832,932	\$ 154,454,759	\$ 151,708,002	\$ 143,493,298	\$ 124,086,834	\$ 97,490,415
State's proportionate share of the net pension liability associated with the District	<u>82,835,001</u>	<u>88,432,573</u>	<u>89,749,173</u>	<u>81,688,175</u>	<u>65,628,256</u>	<u>58,868,922</u>
Total	<u><u>\$ 234,667,933</u></u>	<u><u>\$ 242,887,332</u></u>	<u><u>\$ 241,457,175</u></u>	<u><u>\$ 225,181,473</u></u>	<u><u>\$ 189,715,090</u></u>	<u><u>\$ 156,359,337</u></u>
District's covered - employee payroll	\$ 93,576,544	\$ 90,142,821	\$ 93,456,717	\$ 89,038,518	\$ 74,835,450	\$ 74,967,115
District's proportionate share of the net pension liability as a percentage of it's covered - employee payroll	162 %	171.34 %	162.33 %	161.16 %	165.81 %	130.04 %
Plan fiduciary net position as a percentage of the total pension liability	72.56 %	71 %	69 %	70 %	74 %	77 %

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

See accompanying notes to required supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalPERS						
District's proportion of the net pension liability	<u>0.1997 %</u>	<u>0.1969 %</u>	<u>0.1965 %</u>	<u>0.2078 %</u>	<u>0.2083 %</u>	<u>0.2130 %</u>
District's proportionate share of the net pension liability	<u>\$ 58,199,416</u>	<u>\$ 52,491,786</u>	<u>\$ 46,913,403</u>	<u>\$ 41,048,095</u>	<u>\$ 30,704,191</u>	<u>\$ 24,184,962</u>
District's covered - employee payroll	<u>\$ 28,626,470</u>	<u>\$ 26,081,456</u>	<u>\$ 25,000,922</u>	<u>\$ 24,923,846</u>	<u>\$ 22,722,345</u>	<u>\$ 22,059,972</u>
District's proportionate share of the net pension liability as a percentage of it's covered - employee payroll	<u>203 %</u>	<u>201.26 %</u>	<u>187.65 %</u>	<u>164.69 %</u>	<u>135.13 %</u>	<u>109.63 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70.05 %</u>	<u>71 %</u>	<u>72 %</u>	<u>74 %</u>	<u>79 %</u>	<u>83 %</u>

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

See accompanying notes to required supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS						
Contractually required contribution	\$ 15,997,428	\$ 14,944,186	\$ 13,007,609	\$ 11,756,855	\$ 9,553,833	\$ 6,645,388
Contributions in relations to the contractually required contribution	<u>(15,997,428)</u>	<u>(14,944,186)</u>	<u>(13,007,609)</u>	<u>(11,756,855)</u>	<u>(9,553,833)</u>	<u>(6,645,388)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
District's covered - employee payroll	<u>\$ 93,576,544</u>	<u>\$ 91,794,754</u>	<u>\$ 90,142,921</u>	<u>\$ 93,456,717</u>	<u>\$ 89,038,518</u>	<u>\$ 74,835,450</u>
Contributions as a percentage of covered - employee payroll	<u>17.10 %</u>	<u>16.28 %</u>	<u>14.43 %</u>	<u>12.58 %</u>	<u>10.73 %</u>	<u>8.88 %</u>
CalPERS						
Contractually required contribution	\$ 5,620,722	\$ 5,013,714	\$ 4,050,711	\$ 3,472,628	\$ 2,952,728	\$ 2,674,420
Contributions in relations to the contractually required contribution	<u>(5,620,722)</u>	<u>(5,013,714)</u>	<u>(4,050,711)</u>	<u>(3,472,628)</u>	<u>(2,952,728)</u>	<u>(2,674,420)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
District's covered - employee payroll	<u>\$ 28,626,470</u>	<u>\$ 27,758,355</u>	<u>\$ 26,081,456</u>	<u>\$ 25,000,922</u>	<u>\$ 24,923,846</u>	<u>\$ 22,722,345</u>
Contributions as a percentage of covered - employee payroll	<u>19.63 %</u>	<u>18.06 %</u>	<u>15.53 %</u>	<u>13.89 %</u>	<u>11.85 %</u>	<u>11.77 %</u>

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

See accompanying notes to required supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1 - PURPOSE OF SCHEDULES

A. Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations. The District's major fund was not exceeded the budgeted amount in total.

B. Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms - There were no changes in the benefit terms since the previous valuation.

Change of assumptions - Changes of assumptions and other inputs reflect a change in the discount rate from 3.15 percent to 2.66 percent since the previous valuation.

C. Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

Changes in Benefits Terms - There were no changes in the benefits terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.87 percent to 3.50 percent since the previous valuation.

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

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

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - There were no changes in the assumptions used in the calculation of both the PERS and STRS collective net pension liabilities.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

E. *Schedule of District Contributions*

If an employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plans (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll. In the future, as data becomes available, ten years of information will be presented.

Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

	CalPERS	CalSTRS
Valuation date	June 30, 2018	June 30, 2018
Measurement date	June 30, 2019	June 30, 2019
Actuarial cost method	Entry- Age Normal Cost	Entry- Age Normal Cost
Actuarial Assumptions:		
Discount rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth Rate	2.75%	3.50%
Projected Salary increases	Varies by entry age and service	Varies by entry age and service
Investment rate of return ¹	7.15%	7.10%
Mortality rate table	Derived using CalPERS' membership data for all funds	Derived using CalSTRS' membership data for all funds

¹ Net of pension plan investment expenses, including inflation

SUPPLEMENTARY INFORMATION

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Program Expenditures</u>
U.S. Department of Education:			
Passed Through California Department of Education (CDE):			
Adult Education - Basic Grants to States:			
Adult Basic Education - Adult Basic Education and ESL	84.002A	14508	\$ 239,000
Adult Basic Education - Adult Secondary	84.002	13978	19,800
Adult Basic Education - English Literacy and Civics Education	84.002A	14109	<u>92,675</u>
Total Adult Education - Basic Grants to States			<u>351,475</u>
Carl D. Perkins Vocational and Technical Education Act Secondary Education	84.048	14894	90,101
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	1,711,315
Title II, Part A - Supporting Effective Instruction	84.367	14341	367,941
Title III - English Learner Student Program	84.365	14346	238,137
Title IV, Part A - Student Support and Academic Enrichment Grants	84.424		<u>119,723</u>
Total Passed Through California Department of Education (CDE)			<u>2,878,692</u>
Passed through Ventura County Special Education Local Plan Area:			
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	5,287,264
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	<u>476,985</u>
Total Special Education (IDEA) Cluster			<u>5,764,249</u>
Total Passed through Ventura County Special Education Local Plan Area			<u>5,764,249</u>
Total U.S. Department of Education			<u>8,642,941</u>

See accompanying notes to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Program Expenditures</u>
U.S. Department of Agriculture			
Passed Through California Department of Education (CDE):			
Child Nutrition Cluster:			
Basic School Breakfast Program	10.553	13390	21,052
Especially Needy Breakfast	10.553	13526	715,767
National School Lunch Program	10.555	13391	2,989,380
Summer Food Service Program	10.559	13004	463,143
Meal Supplement	10.555	13396	<u>21,052</u>
Total Child Nutrition Cluster			<u>4,210,394</u>
Total U.S. Department of Agriculture			<u>4,210,394</u>
Total Expenditures of Federal Awards			<u>\$ 12,853,335</u>

See accompanying notes to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2020**

ORGANIZATION

The Conejo Valley Unified School District was established on July 1, 1974, and consists of an area comprising approximately 139 square miles. The District operates 17 elementary schools, five middle schools, three high schools, a continuation high school, and an adult education program, an alternate education site, and a preschool program. There were no boundary changes during the year.

GOVERNING BOARD

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Cindy Goldberg	President	November, 2022
Jenny Fitzgerald	Vice President	November, 2022
Bill Gorback	Board Clerk	November, 2022
Betsy Connolly, DVM	Member	November, 2020
Sandee Everett, M.S. Ed.	Member	November 2020

ADMINISTRATION

Dr. Mark W. McLaughlin, Ed.D.	Superintendent
Dr. Victor P. Hayek, Ed.D.	Deputy Superintendent, Business Services
Luis Lichtl	Assistant Superintendent, Instructional Services
Jeanne Valentine	Assistant Superintendent, Human Resources
Dr. Lisa A. Miller	Assistant Superintendent, Student Support Services

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,553.73	4,553.73
Fourth through sixth	3,583.67	3,583.67
Seventh and eighth	2,728.05	2,728.05
Ninth through twelfth	<u>6,706.27</u>	<u>6,706.27</u>
Total Regular ADA	<u>17,571.72</u>	<u>17,571.72</u>
Extended Year Special Education		
Transitional kindergarten through third	6.18	6.18
Fourth through sixth	3.14	3.14
Seventh and eighth	1.15	1.15
Ninth through twelfth	<u>3.52</u>	<u>3.52</u>
Total Extended Year Special Education	<u>13.99</u>	<u>13.99</u>
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	3.79	3.79
Ninth through twelfth	<u>14.54</u>	<u>14.54</u>
Total Special Education, Nonpublic, Nonsectarian Schools	<u>18.33</u>	<u>18.33</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.63	0.63
Ninth through twelfth	<u>2.02</u>	<u>2.02</u>
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>2.65</u>	<u>2.65</u>
Total ADA	<u><u>17,606.69</u></u>	<u><u>17,606.69</u></u>

See accompanying notes to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Grade Level</u>	<u>1986-87 Minutes Requirement</u>	<u>2019-20 Actual Minutes</u>	<u>Number of Days</u>		<u>Status</u>
			<u>Traditional Calendar</u>	<u>Multitrack Calendar</u>	
Kindergarten	36,000	49,974	180	Not Applicable	In Compliance
Grades 1 - 3	50,400				
Grade 1		51,142	180	Not Applicable	In Compliance
Grade 2		51,142	180	Not Applicable	In Compliance
Grade 3		51,142	180	Not Applicable	In Compliance
Grades 4 - 6	54,000				
Grade 4		54,166	180	Not Applicable	In Compliance
Grade 5		54,166	180	Not Applicable	In Compliance
Grade 6		56,275	180	Not Applicable	In Compliance
Grades 7 - 8	54,000				
Grade 7		56,275	180	Not Applicable	In Compliance
Grade 8		56,520	180	Not Applicable	In Compliance
Grades 9 - 12	64,800				
Grade 9		67,353	180	Not Applicable	In Compliance
Grade 10		67,353	180	Not Applicable	In Compliance
Grade 11		67,353	180	Not Applicable	In Compliance
Grade 12		67,210	180	Not Applicable	In Compliance

See accompanying notes to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2020.

See accompanying notes to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>General Fund</u>	<u>Budget 2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues	\$ 199,843,644	\$ 195,600,812	\$ 213,825,401	\$ 194,729,512
Other sources and transfers in	-	-	-	-
Total revenues and other sources	<u>199,843,644</u>	<u>195,600,812</u>	<u>213,825,401</u>	<u>194,729,512</u>
Expenditures	205,130,449	194,069,297	210,668,945	194,599,234
Other uses & transfers out	<u>447,394</u>	<u>1,178,309</u>	<u>371,321</u>	<u>2,418,321</u>
Total expenditures and other uses	<u>205,577,843</u>	<u>195,247,606</u>	<u>211,040,266</u>	<u>197,017,555</u>
Change in fund balance	<u>(5,734,199)</u>	<u>353,206</u>	<u>2,785,135</u>	<u>(2,288,043)</u>
Ending fund balance	<u>\$ 22,685,322</u>	<u>\$ 28,419,521</u>	<u>\$ 28,066,315</u>	<u>\$ 25,281,180</u>
Available reserves (See Note 2)	<u>\$ 21,533,175</u>	<u>\$ 23,967,501</u>	<u>\$ 23,823,162</u>	<u>\$ 21,485,538</u>
Available reserves as a percentage of total outgo	<u>10.47 %</u>	<u>12.28 %</u>	<u>11.29 %</u>	<u>10.91 %</u>
Long-term obligation	<u>\$ 101,354,540</u>	<u>\$ 105,804,540</u>	<u>\$ 133,990,204</u>	<u>\$ 139,189,265</u>
K-12 Average daily attendance at P-2	<u>17,607</u>	<u>17,607</u>	<u>17,741</u>	<u>18,057</u>

The General Fund balance has increased by \$3,138,341 over the past two years. The fiscal year 2020-21 budget projects a decrease of \$5,734,199 (20.18% percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2020-21 fiscal year. Total long-term obligations have decreased by \$33,384,725 over the past two years.

Average daily attendance has decreased by 450 over the past two years. The District anticipates ADA for the fiscal year 2020-2021 to remain consistent.

¹ Budget 2021 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2020**

No charter schools are chartered by Conejo Valley Unified School District

Charter Schools	Included in Audit?
None	N/A

See accompanying notes to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	Adult Education Fund	Child Development Fund	Cafeteria Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Deposits and investments	\$ 551,649	\$ 231,971	\$ 378,758
Receivables	429,442	59,147	1,791
Due from other funds	-	740,838	293,281
Prepaid expenditures	-	1,953	-
Stores inventories	-	-	163,038
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>981,091</u>	<u>1,033,909</u>	<u>836,868</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	98,411	34,555	20,924
Due to other funds	415,632	837,184	390,010
Unearned revenue	<u>56,180</u>	<u>160,217</u>	<u>262,896</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>570,223</u>	<u>1,031,956</u>	<u>673,830</u>
FUND BALANCES			
Nonspendable	-	1,953	163,038
Restricted	341,385	-	-
Committed	-	-	-
Assigned	<u>69,483</u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>410,868</u>	<u>1,953</u>	<u>163,038</u>
Total liabilities and fund balances	<u>\$ 981,091</u>	<u>\$ 1,033,909</u>	<u>\$ 836,868</u>

See accompanying notes to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects
ASSETS			
Deposits and investments	\$ 1,757,003	\$ 1,913,786	\$ 7,365,654
Receivables	46,725	62,851	42,539
Due from other funds	18,152	253	-
Prepaid expenditures	-	-	-
Stores inventories	-	-	-
	<u>1,821,880</u>	<u>1,976,890</u>	<u>7,408,193</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	17,276	129,888	199,732
Due to other funds	-	-	-
Unearned revenue	-	-	-
	<u>17,276</u>	<u>129,888</u>	<u>199,732</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	1,847,002	59,865
Committed	-	-	-
Assigned	1,804,604	-	7,148,596
	<u>1,804,604</u>	<u>1,847,002</u>	<u>7,208,461</u>
Total fund balances	<u>1,804,604</u>	<u>1,847,002</u>	<u>7,208,461</u>
Total liabilities and fund balances	<u>\$ 1,821,880</u>	<u>\$ 1,976,890</u>	<u>\$ 7,408,193</u>

See accompanying notes to supplementary information.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	<u>Total Nonmajor Governmental Funds</u>
ASSETS	
Deposits and investments	\$ 12,198,821
Receivables	642,495
Due from other funds	1,052,524
Prepaid expenditures	1,953
Stores inventories	<u>163,038</u>
Total assets	<u>14,058,831</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	500,786
Due to other funds	1,642,826
Unearned revenue	<u>479,293</u>
Total liabilities	<u>2,622,905</u>
FUND BALANCES	
Nonspendable	164,991
Restricted	2,248,252
Committed	-
Assigned	<u>9,022,683</u>
Total fund balances	<u>11,435,926</u>
Total liabilities and fund balances	<u><u>\$ 14,058,831</u></u>

See accompanying notes to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Federal sources	\$ 351,475	\$ -	\$ 1,902,457
Other state sources	1,418,932	747,750	145,141
Other local sources	<u>1,512,194</u>	<u>4,830,803</u>	<u>1,414,371</u>
Total revenues	<u>3,282,601</u>	<u>5,578,553</u>	<u>3,461,969</u>
EXPENDITURES			
Current			
Instruction	2,613,276	-	-
Instruction-related activities:			
School site administration	738,134	-	-
Pupil services:			
Food services	-	-	4,210,394
All other pupil services	44,961	-	-
General administration			
All other administration	143,481	364,094	-
Plant services	210,093	18,366	-
Facility acquisition and construction	15,258	-	-
Community services	-	371,923	-
Enterprise services	<u>-</u>	<u>5,469,810</u>	<u>-</u>
Total expenditures	<u>3,765,203</u>	<u>6,224,193</u>	<u>4,210,394</u>
Excess (Deficiency) of revenues over expenditures	<u>(482,602)</u>	<u>(645,640)</u>	<u>(748,425)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>15,583</u>	<u>388,042</u>	<u>774,684</u>
Net financing sources (Uses)	<u>15,583</u>	<u>388,042</u>	<u>774,684</u>
Net change in fund balances	(467,019)	(257,598)	26,259
Fund balances - beginning	<u>877,887</u>	<u>259,551</u>	<u>136,779</u>
Fund balances - ending	<u>\$ 410,868</u>	<u>\$ 1,953</u>	<u>\$ 163,038</u>

See accompanying notes to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Federal sources	\$ -	\$ -	\$ -
Other state sources	-	-	-
Other local sources	235,129	689,543	1,622,553
	<u>235,129</u>	<u>689,543</u>	<u>1,622,553</u>
Total revenues	<u>235,129</u>	<u>689,543</u>	<u>1,622,553</u>
EXPENDITURES			
Current			
Instruction	-	-	-
Instruction-related activities:			
School site administration	-	-	-
Pupil services:			
Food services	-	-	-
All other pupil services	-	-	-
General administration			
All other administration	-	104,762	-
Plant services	-	-	-
Facility acquisition and construction	114,697	390,632	1,444,544
Community services	-	-	-
Enterprise services	-	-	-
	<u>114,697</u>	<u>495,394</u>	<u>1,444,544</u>
Total expenditures	<u>114,697</u>	<u>495,394</u>	<u>1,444,544</u>
Excess (Deficiency) of revenues over expenditures	<u>120,432</u>	<u>194,149</u>	<u>178,009</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net financing sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	120,432	194,149	178,009
Fund balances - beginning	1,684,172	1,652,853	7,030,452
	<u>1,684,172</u>	<u>1,652,853</u>	<u>7,030,452</u>
Fund balances - ending	<u>\$ 1,804,604</u>	<u>\$ 1,847,002</u>	<u>\$ 7,208,461</u>

See accompanying notes to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Total Nonmajor Governmental Funds</u>
REVENUES	
Federal sources	\$ 2,253,932
Other state sources	2,311,823
Other local sources	<u>10,304,593</u>
Total revenues	<u>14,870,348</u>
EXPENDITURES	
Current	
Instruction	2,613,276
Instruction-related activities:	
School site administration	738,134
Pupil services:	
Food services	4,210,394
All other pupil services	44,961
General administration	
All other administration	612,337
Plant services	228,459
Facility acquisition and construction	1,965,131
Community services	371,923
Enterprise services	<u>5,469,810</u>
Total expenditures	<u>16,254,425</u>
Excess (Deficiency) of revenues over expenditures	<u>(1,384,077)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	<u>1,178,309</u>
Net financing sources (Uses)	<u>1,178,309</u>
Net change in fund balances	(205,768)
Fund balances - beginning	<u>11,641,694</u>
Fund balances - ending	<u><u>\$ 11,435,926</u></u>

See accompanying notes to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES

A. *Schedule of Expenditures of Federal Awards*

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

B. *Local Education Agency Organization Structure*

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

C. *Schedule of Average Daily Attendance (ADA)*

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

D. *Schedule of Instructional Time*

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

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

E. *Reconciliation of Annual Financial and Budget Report with Audited Financial Statements*

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

F. *Schedule of Financial Trends and Analysis*

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

G. *Nonmajor Governmental Funds - Combining Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances*

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

INDEPENDENT AUDITOR'S REPORTS

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

To the Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejo Valley Unified School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Conejo Valley Unified School District's basic financial statements, and have issued our report thereon dated December 01, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Conejo Valley Unified School District's internal control over financial reporting (internal control) as a basis for designing 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 Conejo Valley Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Conejo Valley Unified School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Harshwal & Company LLP

San Diego, California
December 01, 2020

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

To the Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

Report on Compliance for Each Major Federal Program

We have audited Conejo Valley Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Conejo Valley Unified School District's major Federal programs for the year ended June 30, 2020. Conejo Valley Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Conejo Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Harshwal & Company LLP

San Diego, California
December 01, 2020

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE REPORTING

To the Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

Report on State Compliance

We have audited Conejo Valley Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Conejo Valley Unified School District's State government programs as noted below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Conejo Valley Unified School District's state 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; *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards 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 the state programs noted below. An audit includes examining, on a test basis, evidence about Conejo Valley Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Conejo Valley Unified School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Conejo Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2020.

Procedures Performed

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

Program Description

Procedures Performed

Local Education Agencies other than Charter Schools

Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below

School Districts, County Offices of Education, and Charter Schools

California Clean Energy Jobs Act	Yes
After/ Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below

Charter Schools

Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform testing for Independent Study because ADA was below the threshold required for testing.

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

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

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

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

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a District of Choice Program; therefore, we did not perform any procedures for the District of Choice Program.

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

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

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

Harshwal & Company LLP

San Diego, California
December 01, 2020

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A - Basic Grants Low Income and Neglected
10.555/10.553	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

State Awards

Type of auditor's report issued on compliance for state programs:	Unmodified
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**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II - AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Prior Year Audit Findings</u>	<u>Status</u>
2019-001 Instructional Materials	Resolved