VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE difference

Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Conejo Valley Unified School District (the District) as of and for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 4, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

> Management's estimate of capital asset depreciation is based on the expected useful life for assets being capitalized and as described in Note 1 to the financial statements. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole. This information is disclosed in Note 5 to the financial statements.
>
> Additionally, the estimate of the future costs of postemployment benefits provided to retirees is based upon current information about the District's employees, benefit plans, and health care rates. These factors are considered by the actuary in determining both the estimated liability and the current year required contribution to the plan. Management's estimate of the other postmployment benefits obligation liability is based on actuarial valuations performed. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

> Lastly, the estimate of the future costs of pension plan benefits provided to retirees is based upon employee members' final compensation, age and years of service credit, District contributions to the plans, and projected retirement pension benefit pay-outs. These factors are considered by the actuary in determining the estimated liability as well as deferred inflows and outflows of resourced associated with the liability. Note 13 to the financial statements provides additional information about the actuarial methods and assumptions used, and the required supplementary information provides the schedule of progress toward funding this liability

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 17, 2018.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we applied certain limited procedures to the Budgetary Comparison Schedule, Schedule of Other Postemployment Benefits (OPEB) Funding Progress, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions and the Management's Discussion and Analysis, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the accompanying supplementary information, which accompany the financial statements, but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on this other information.

Restriction on Use

This information is intended solely for the use of the Governing Board and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2018

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

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CONEJO VALLEY UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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 the Conejo Valley Unified School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and 17 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, budgetary comparison schedule on page 73, schedule of changes in the District's Total OPEB liability and related ratios on page 74, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 75, schedule of the District's proportionate share of the net pension liability on page 76, and the schedule of District contributions on page 77 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 non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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 14, 2018, 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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2018

Mark W. McLaughlin, Ed.D.
Superintendent

Victor P. Hayek, Ed.D.
Deputy Superintendent, Business Services

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, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the 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.

Phone: 805.497.9511, ext 205 www.conejousd.org 1400 East Janss Road Thousand Oaks, CA 91362
Phone: 805.497.9511, ext 205 www.conejousd.org 1400 East Janss Road Thousand Oaks, CA 91362

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.

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.

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 was ($62,351,334) for the fiscal year ended June 30, 2018. Of this amount, ($149,336,796) was unrestricted deficit. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net position 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

	Governmental Activities	
	2018	2017 (as Restated)
Assets		
Current and other assets	$ 124,888,406	$ 85,719,630
Capital assets	126,181,453	121,678,325
Total Assets	251,069,859	207,397,955
Deferred Outflows of Resources	63,156,685	43,866,459
Liabilities		
Current liabilities	17,416,251	18,598,282
Long-term obligations	139,189,865	91,884,411
Aggregate net pension liability	198,621,405	184,541,393
Total Liabilities	355,227,521	295,024,086
Deferred Inflows of Resources	21,350,357	9,644,842
Net Position		
Net investment in capital assets	66,883,926	79,212,967
Restricted	20,101,536	15,940,710
Unrestricted (Deficit)	(149,336,796)	(148,558,191)
Total Net Position	$ (62,351,334)	$ (53,404,514)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. 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

	Governmental Activities	
	2018	2017
Revenues		
Program revenues:		
Charges for services	$ 2,464,281	$ 3,329,081
Operating grants and contributions	23,218,483	23,428,239
General revenues:		
Federal and State aid not restricted	56,306,359	61,158,962
Property taxes	113,530,269	111,450,907
Other general revenues	33,068,235	23,179,041
Total Revenues	228,587,627	222,546,230
Expenses		
Instruction-related	172,088,853	159,830,308
Pupil services	17,669,070	16,871,861
General administration	9,637,423	9,831,998
Maintenance and operations	24,295,684	22,371,223
Other	13,843,417	13,654,669
Total Expenses	237,534,447	222,560,059
Change in Net Position	$ (8,946,820)	$ (13,829)

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $237,534,447. However, the amount that our taxpayers ultimately financed for these activities through local taxes was $113,530,269, because the cost was paid by those who benefited from the programs ($2,464,281) or by other governments and organizations who subsidized certain programs with grants and contributions ($23,218,483). We paid for the remaining "public benefit" portion of our governmental activities with $113,530,269 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

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction	$ 149,285,045	$ 138,436,859	$ 134,077,909	$ 122,470,726
Instruction-related activities	22,803,808	21,393,449	21,481,085	20,281,458
Pupil services	17,669,070	16,871,861	11,919,938	11,166,695
General administration	9,637,423	9,831,998	9,339,728	9,661,640
Maintenance and operations	24,295,684	22,371,223	23,838,133	21,672,646
Other	13,843,417	13,654,669	11,194,890	10,549,574
Total	$ 237,534,447	$ 222,560,059	$ 211,851,683	$ 195,802,739

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $98,289,091, which is a increase of $37,106,006 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2017	Revenues	Expenditures	June 30, 2018
General Fund	$ 27,569,223	$ 194,729,512	$ 197,017,555	$ 25,281,180
Building Fund	14,824,966	49,953,591	15,452,338	49,326,219
Bond Interest and Redemption Fund	11,248,928	13,615,238	10,754,569	14,109,597
Non-Major Governmental Funds	7,539,968	19,000,263	16,968,136	9,572,095
Total	$ 61,183,085	$ 277,298,604	$ 240,192,598	$ 98,289,091

The primary reasons for these increases/decreases are:

a. The General Fund is the District's principal operating fund. The fund balance in the General Fund decreased by $2,288,043. This can be attributed to an increase in program expenditures.

b. The Building Fund balance increased by $34,501,253 from $14,824,966 to $49,326,219. This increase can be attributed to the issuance of the Election 2014 Series B Bonds.

c. The Workers' Compensation and Health and Welfare Internal Service Fund balance increased by $3,404,617 from $727,613 to $4,132,230 due to the general fund transfer to cover claims exempt from insurance coverage, close monitoring of expenditures and a decrease in overall claim costs.

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 19, 2018. (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 73.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had $126,181,453 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $4,503,128, or 3.70 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2018	2017
Land and construction in progress	$ 36,840,274	$ 31,958,899
Buildings and improvements	85,745,565	89,048,072
Equipment	3,595,614	671,354
Total	$ 126,181,453	$ 121,678,325

Long-Term Obligations

At the end of this year, the District had $139,189,865 in long-term obligations outstanding versus $91,884,411 last year, a increase of $47,305,454. Long-term obligations consisted of:

Table 6

	Governmental Activities	
	2018	2017 (as Restated)
General obligation bonds (financed with property taxes)	$ 105,421,768	$ 63,446,177
Premium on issuance	6,934,467	1,357,106
Capital leases	-	156,230
Compensated absences (vacations)	667,384	859,152
Claims liabilities (IBNR)	5,291,084	5,450,900
Net other postemployment benefits (OPEB) liabilities	20,875,162	20,614,846
Total	$ 139,189,865	$ 91,884,411

Net Pension Liability (NPL)

At year-end, the District had an aggregate net pension liability of $198,621,405, as a result of the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* The District therefore recorded its proportionate share of net pension liabilities for CalSTRS and CalPERS.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2018-2019 year, the Board of Education and management used the following criteria:

1. State Funding Model – Local Control Funding Formula.
2. Decline in District enrollment.
3. Increase employee retirement program contribution rates, CalSTRS and CalPERS
4. One-time State Mandated Reimbursement Funding

District Staffing and enrollment forecasts:

	Staffing Ratio
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
Total	

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, 1400 E. Janss Road, Thousand Oaks, California, 91362, or call 805-497-9511.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Deposits and investments	$ 116,196,742
Receivables	8,476,578
Prepaid expenditures	35,482
Stores inventories	179,604
Capital assets	
Land and construction in progress	36,840,644
Other capital assets	229,767,331
Less: Accumulated depreciation	(140,426,522)
Capital Assets, Net of Accumulated Depreciation	126,181,453
Total Assets	251,069,859
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	63,156,685
LIABILITIES	
Accounts payable	13,305,714
Interest payable	240,250
Unearned revenue	1,709,338
Claims liabilities	2,160,949
Current portion of long-term obligations other than pensions	7,155,000
Noncurrent portion of long-term obligations other than pensions	132,034,865
Total Long-Term Obligations	139,189,865
Aggregate net pension liability	198,621,405
Total Liabilities	355,227,521
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	21,224,702
Deferred inflows of resources related to postemployment benefits other than pensions	125,655
Total Deferred Inflows of Resources	21,350,357
NET POSITION	
Net investment in capital assets	66,883,926
Restricted for:	
Debt service	13,869,347
Capital projects	1,234,132
Educational programs	621,309
Other activities	4,376,748
Unrestricted (Deficit)	(149,336,796)
Total Net Position	$ (62,351,334)

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, 2018

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental Activities:				
Instruction	$ 149,285,045	$ 205,500	$ 15,001,636	$ (134,077,909)
Instruction-related activities:				
Supervision of instruction	4,322,926	121	751,893	(3,570,912)
Instructional library, media, and technology	1,591,055	349	1,459	(1,589,247)
School site administration	16,889,827	3,543	565,358	(16,320,926)
Pupil services:				
Home-to-school transportation	1,936,923	-	47,447	(1,889,476)
Food services	4,630,525	1,915,509	2,369,398	(345,618)
All other pupil services	11,101,622	481	1,416,297	(9,684,844)
Administration:				
Data processing	3,133,364	430	1,534	(3,131,400)
All other administration	6,504,059	5,818	289,913	(6,208,328)
Plant services	24,295,684	75,799	381,752	(23,838,133)
Ancillary services	2,728,796	-	-	(2,728,796)
Community services	1,390,540	28,438	101,537	(1,260,565)
Enterprise services	5,238,443	1	658,959	(4,579,483)
Interest on long-term obligations	2,246,822	-	-	(2,246,822)
Other outgo	2,238,816	228,292	1,631,300	(379,224)
Total Governmental Activities	$ 237,534,447	$ 2,464,281	$ 23,218,483	(211,851,683)
	General Revenues and Subventions:			
	Property taxes, levied for general purposes			104,844,072
	Property taxes, levied for debt service			7,352,895
	Taxes levied for other specific purposes			1,333,302
	Federal and State aid not restricted to specific purposes			56,306,359
	Interest and investment earnings			998,206
	Miscellaneous			32,070,029
	Subtotal, General Revenues			202,904,863
	Change in Net Position			(8,946,820)
	Net Position - Beginning			(40,301,091)
	Restatement due to GASB Statement No. 75			(13,103,423)
	Net Position - Beginning, as restated			(53,404,514)
	Net Position - Ending			$ (62,351,334)

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	$ 28,884,623	$ 52,152,799	$ 14,067,877
Receivables	7,262,658	157,118	41,720
Due from other funds	473,321	115	-
Prepaid expenditures	35,482	-	-
Stores inventories	95,235	-	-
Total Assets	$ 36,751,319	$ 52,310,032	$ 14,109,597
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 9,322,402	$ 2,983,813	$ -
Due to other funds	1,023,176	-	-
Unearned revenue	1,124,561	-	-
Total Liabilities	11,470,139	2,983,813	-
Fund Balances:			
Nonspendable	174,333	-	-
Restricted	621,309	49,326,219	14,109,597
Committed	3,000,000	-	-
Assigned	-	-	-
Unassigned	21,485,538	-	-
Total Fund Balances	25,281,180	49,326,219	14,109,597
Total Liabilities and Fund Balances	$ 36,751,319	$ 52,310,032	$ 14,109,597

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

Non-Major Governmental Funds	Total Governmental Funds
$ 9,238,738	$ 104,344,037
592,059	8,053,555
1,011,745	1,485,181
-	35,482
84,369	179,604
$ 10,926,911	$ 114,097,859
$ 310,223	$ 12,616,438
466,639	1,489,815
577,954	1,702,515
1,354,816	15,808,768
84,369	258,702
1,478,650	65,535,775
1,635,919	4,635,919
6,373,157	6,373,157
-	21,485,538
9,572,095	98,289,091
$ 10,926,911	$ 114,097,859

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds		**$**	**98,289,091**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.			
The cost of capital assets is:	$ 266,607,975		
Accumulated depreciation is:	(140,426,522)		
Net Capital Assets			126,181,453
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.			(240,250)
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.			4,132,230
Deferred outflows of resources related to pensions represent a consumpion of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:			
Pension contributions subsequent to measurement date	17,058,320		
Net change in proportionate share of net pension liability	7,275,618		
Difference between projected and actual earning on pension plan investments	1,622,883		
Differences between expected and actual experience in the measurement of the total pension liability	2,241,745		
Changes of assumptions	34,958,119		
Total Deferred Outflows of Resources Related to Pensions			63,156,685

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2018

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds.			
Deferred inflows of resources related to pensions at year-end consist of:			
Net change in proportionate share of net pension liability	(13,985,916)		
Difference between expected and actual experience in the measurement of the total pension liability	(2,646,032)		
Difference between projected and actual earning on pension plan investments	(4,040,407)		
Changes of assumptions	(552,347)		
Total Deferred Inflows of Resources Related to Pensions		$	(21,224,702)
Deferred inflows of resources related to OPEB represent a acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB at year-end consist of changes of assumptions.			(125,655)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.			(198,621,405)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.			
Long-term obligations at year-end consist of:			
General obligation bonds payable	$ (101,689,279)		
Premium on Issuance	(6,934,467)		
Compensated absences (vacations)	(667,384)		
Net other postemployment benefits (OPEB) liability	(20,875,162)		
In addition, the District previously issued "capital appreciation" general obligation bonds. The cumulative capital accretion on the general obligation bonds is:	(3,732,489)		
Total Long-Term Obligations			(133,898,781)
Total Net Position - Governmental Activities		$	(62,351,334)

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Local Control Funding Formula	$ 154,209,789	$ -	$ -
Federal sources	5,592,887	-	-
Other State sources	18,703,517	-	43,797
Other local sources	16,223,319	231,841	7,388,722
Total Revenues	194,729,512	231,841	7,432,519
EXPENDITURES			
Current			
Instruction	128,032,296	-	-
Instruction-related activities:			
Supervision of instruction	4,026,842	-	-
Instructional library, media, and technology	1,529,880	-	-
School site administration	15,279,158	-	-
Pupil services:			
Home-to-school transportation	1,933,598	-	-
Food services	-	-	-
All other pupil services	10,275,072	-	-
Administration:			
Data processing	2,866,759	-	-
All other administration	5,815,030	-	-
Plant services	18,307,064	3,147,458	-
Facility acquisition and construction	1,553,603	12,304,880	-
Ancillary services	2,652,049	-	-
Community services	77,497	-	-
Other outgo	2,238,816	-	-
Enterprise services	11,570	-	-
Debt service			
Principal	-	-	9,725,000
Interest and other	-	-	1,029,569
Total Expenditures	194,599,234	15,452,338	10,754,569
Excess (Deficiency) of Revenues Over Expenditures	130,278	(15,220,497)	(3,322,050)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Other sources	-	49,721,750	6,182,719
Transfers out	(2,418,321)	-	-
Net Financing Sources (Uses)	(2,418,321)	49,721,750	6,182,719
NET CHANGE IN FUND BALANCES	(2,288,043)	34,501,253	2,860,669
Fund Balances - Beginning	27,569,223	14,824,966	11,248,928
Fund Balances - Ending	$ 25,281,180	$ 49,326,219	$ 14,109,597

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

Non-Major Governmental Funds	Total Governmental Funds
$ -	$ 154,209,789
2,556,465	8,149,352
2,209,818	20,957,132
12,311,659	36,155,541
17,077,942	219,471,814
2,945,659	130,977,955
-	4,026,842
-	1,529,880
572,905	15,852,063
-	1,933,598
4,549,423	4,549,423
45,423	10,320,495
-	2,866,759
647,451	6,462,481
240,946	21,695,468
1,059,719	14,918,202
-	2,652,049
1,286,794	1,364,291
-	2,238,816
5,115,816	5,127,386
-	9,725,000
-	1,029,569
16,464,136	237,270,277
613,806	(17,798,463)
1,922,321	1,922,321
-	55,904,469
(504,000)	(2,922,321)
1,418,321	54,904,469
2,032,127	37,106,006
7,539,968	61,183,085
$ 9,572,095	$ 98,289,091

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds		**$ 37,106,006**
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	$ 12,749,666	
Depreciation expense	(8,246,538)	
Net Expense Adjustment		4,503,128
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). Vacation used was more than the amounts earned by $191,768.		191,768
Proceeds received from issuance of debt is a revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:		
Sale of general obligation refunding bonds		(50,000,000)
Governmental funds report the effect of premiums, discounts, and issuance costs when the debt is first issued, whereas the amounts are deferred and amortized over the life of the debt in the Statement of Activities. This amount is the net effect of these related items:		
Premium on issuance for general obligation refunding bonds		(5,904,469)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(6,369,646)
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	9,725,000	
Capital leases	156,230	
Net Adjustment		9,881,230

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

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	327,108
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows and net OPEB liability during the year.	(385,971)
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.	(1,700,591)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	(116,462)
An internal service fund is used by the District's management to charge the costs of the health and welfare insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	3,521,079
Change in Net Position of Governmental Activities	$ (8,946,820)

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
ASSETS			
Current Assets			
Deposits and investments	$ 7,577,086	$ 4,275,619	$ 11,852,705
Receivables	50,758	372,265	423,023
Due from other funds	13,335	588	13,923
Total Current Assets	7,641,179	4,648,472	12,289,651
LIABILITIES			
Current Liabilities			
Accounts payable	152,674	536,602	689,276
Due to other funds	9,289	-	9,289
Unearned revenue	-	6,823	6,823
Current portion of claims liabilities	1,547,032	613,917	2,160,949
Total Current Liabilities	1,708,995	1,157,342	2,866,337
Noncurrent Liabilities			
Claims liabilities	3,858,612	1,432,472	5,291,084
NET POSITION			
Restricted	$ 2,073,572	$ 2,058,658	$ 4,132,230

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

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
OPERATING REVENUES			
Local and intermediate sources	$ 2,188,374	$ 26,044,069	$ 28,232,443
OPERATING EXPENSES			
Payroll costs	138,109	195,393	333,502
Supplies and materials	5,700	12,279	17,979
Services and other	187,887	3,380	191,267
Professional and contract services	2,007,409	23,359,366	25,366,775
Total Operating Expenses	2,339,105	23,570,418	25,909,523
Operating Income (Loss)	(150,731)	2,473,651	2,322,920
NONOPERATING REVENUES			
Interest income	34,269	47,428	81,697
Transfers in	-	1,000,000	1,000,000
Total Nonoperating Revenues	34,269	1,047,428	1,081,697
Change in Net Position (Deficit)	(116,462)	3,521,079	3,404,617
Total Net Position (Deficit) - Beginning	2,190,034	(1,462,421)	727,613
Total Net Position - Ending	$ 2,073,572	$ 2,058,658	$ 4,132,230

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	$ 28,232,443
Cash payments to employees for services	(333,502)
Cash payments to suppliers for goods and services	(24,339,702)
Cash payments for other operating expenses	(17,979)
Net Cash Provided by Operating Activities	3,541,260
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers in	1,000,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	81,697
Net Increase in Cash and Cash Equivalents	4,622,957
Cash and Cash Equivalents - Beginning	7,229,748
Cash and Cash Equivalents - Ending	$ 11,852,705
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 2,322,920
Changes in assets and liabilities:	
Receivables	1,132,431
Due from other funds	17,198
Accounts payable	(172,679)
Due to other funds	3,827
Unearned revenue	(14,377)
Claim liabilities	251,940
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 3,541,260

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Associated Student Bodies	Foundation Special Reserve	Total Fiduciary Funds
ASSETS			
Deposits and investments	$ 1,434,294	$ 25,472	$ 1,459,766
Receivables	31,010	209	31,219
Prepaid expenditures	30,985	-	30,985
Stores inventory	131,947	-	131,947
Total Assets	$ 1,628,236	$ 25,681	$ 1,653,917
LIABILITIES			
Accounts payable	$ 107,838	$ -	$ 107,838
Unearned revenue	-	23,491	23,491
Due to student groups	1,520,398	-	1,520,398
Total Liabilities	$ 1,628,236	23,491	1,651,727
NET POSITION			
Held in trust for scholarships		$ 2,190	$ 2,190

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Foundation Special Reserve
ADDITIONS	
Private donations	$ 19,706
Interest	447
Total Additions	20,153
DEDUCTIONS	
Other expenditures	19,706
Change in Net Position	447
Net Position - Beginning	1,743
Net Position - Ending	$ 2,190

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

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).

Non-Major Governmental Funds

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

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

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 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).

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

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

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

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose 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.

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.

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, 2018, 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 benefitting 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 estimated fair market value on the date donated.

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. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 40 years; improvements/infrastructure, 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

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 related items.

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

Fund Balances - Governmental Funds

As of June 30, 2018, 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 2017-2018, 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 reports $20,101,536 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are 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.

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.

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.

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.

Change in Accounting Principles

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

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

The District has implemented the provisions of this Statement as of June 30, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;

- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB;
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and

(2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases.* 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. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Governmental activities	$ 116,196,742
Fiduciary funds	1,459,766
Total Deposits and Investments	$ 117,656,508

Deposits and investments as of June 30, 2018, consist of the following:

Cash on hand and in banks	$ 1,528,146
Cash in revolving	480,096
Investments	115,648,266
Total Deposits and Investments	$ 117,656,508

Policies and Practices

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

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

General Authorizations

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

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

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.

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:

Investment Type	Reported Amount	Weighted Average Days to Maturity
Ventura County Investment Pool	$ 115,648,266	148

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.

Investment Type	Minimum Legal Rating	Rating June 30, 2018	Reported Amount
Ventura County Investment Pool	Not Required	AAA	$ 115,648,266

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, 2018, the District had a bank balance of $1,623,820 exposed to custodial credit risk.

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, 2018:

Investment Type	Reported Amount	Uncategorized
Ventura County Investment Pool	$ 115,648,266	$ 115,648,266

NOTE 4 - RECEIVABLES

Receivables at June 30, 2018, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal Government							
Categorical aid	$ 3,753,160	$ -	$ -	$ 102,893	$ -	$ 3,856,053	$ -
State Government							
Categorical aid	679,519	-	-	434	-	679,953	-
Lottery	770,525	-	-	-	-	770,525	-
Local Government							
Interest	301,426	54,579	41,720	61,501	46,126	505,352	209
Other Local Sources	1,758,028	102,539	-	427,231	376,897	2,664,695	31,010
Total	$ 7,262,658	$ 157,118	$ 41,720	$ 592,059	$ 423,023	$ 8,476,578	$ 31,219

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 20,589,547	$ -	$ -	$ 20,589,547
Construction in Progress	11,369,352	10,735,342	5,853,597	16,251,097
Total Capital Assets Not Being Depreciated	31,958,899	10,735,342	5,853,597	36,840,644
Capital Assets Being Depreciated:				
Land Improvements	20,956,419	706,591	-	21,663,010
Buildings and Improvements	195,891,987	3,172,670	-	199,064,657
Furniture and Equipment	5,085,814	3,988,660	34,810	9,039,664
Total Capital Assets Being Depreciated	221,934,220	7,867,921	34,810	229,767,331
Total Capital Assets	253,893,119	18,603,263	5,888,407	266,607,975
Less Accumulated Depreciation:				
Land Improvements	9,068,829	1,066,132	-	10,134,961
Buildings and Improvements	118,731,505	6,116,006	-	124,847,511
Furniture and Equipment	4,414,460	1,064,400	34,810	5,444,050
Total Accumulated Depreciation	132,214,794	8,246,538	34,810	140,426,522
Governmental Activities Capital Assets, Net	$ 121,678,325	$ 10,356,725	$ 5,853,597	$ 126,181,453

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

Governmental Activities	
Instruction	$ 7,875,442
Food services	41,233
Data processing	247,396
All other administration	41,233
Plant services	41,234
Total Depreciation Expenses Governmental Activities	$ 8,246,538

NOTE 6 - INTERFUND TRANSACTIONS

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, 2018, between major and non-major governmental funds, and internal service funds, are as follows:

	Due From			
Due To	General Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
General Fund	$ -	$ 464,032	$ 9,289	$ 473,321
Building Fund	115	-	-	115
Non-Major Governmental Funds	1,009,138	2,607	-	1,011,745
Internal Service Funds	13,923	-	-	13,923
Total	$ 1,023,176	$ 466,639	$ 9,289	$ 1,499,104

The balance of $9,289 is due to the General Fund from the Internal Service Fund for reimbursement of costs.

A balance of $1,000,000 is due to the Deferred Maintenance Non-Major Governmental Fund from the General Fund for a balance contribution.

The balance of $455,214 is due to the General Fund from the Child Development Non-Major Governmental Fund for indirect costs and facility usage.

The balance of $2,867 is due to the Child Development Non-Major Governmental Fund from the General Fund for postage, fingerprinting and copy charges.

The balance of $13,923 is due to the Internal Service Fund from the General Fund to cover excess costs.

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

Operating Transfers

Interfund transfers for the year ended June 30, 2018, consisted of the following:

	Transfer From		
Transfer To	General Fund	Non-Major Governmental Funds	General Fund
Non-Major Governmental Funds	$ 1,418,321	$ 504,000	$ 1,922,321
Internal Service Funds	1,000,000	-	1,000,000
Total	$ 2,418,321	$ 504,000	$ 2,922,321

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund as a contribution.	$ 1,094,366
The General Fund transferred to the Cafeteria Non-Major Governmental Fund to alleviate current year deficit.	122,130
The General Fund transferred to the Child Development Non-Major Governmental Fund for contribution for child care program.	201,825
The General Fund transferred to the Internal Service Fund to cover claims for stop loss.	1,000,000
The Capital Facilities Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for Captial Outlay Projects Fund to cover costs.	4,000
The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects transferred to the Deferred Maintenance Non-Major Governmental Fund to increase fund balance.	500,000
Total	$ 2,922,321

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

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Vendor payables	$ 3,556,675	$ -	$ 121,533	$ 689,276	$ 4,367,484	$ 107,838
State principal apportionment	5,656,385	-	-	-	5,656,385	-
Salaries and benefits	109,342	-	171,618	-	280,960	-
Construction	-	2,983,813	17,072	-	3,000,885	-
Total	$ 9,322,402	$ 2,983,813	$ 310,223	$ 689,276	$ 13,305,714	$ 107,838

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2018, consisted of the following:

	General Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal financial assistance	$ -	$ -	$ -	$ -	$ -
State categorical aid	458,833	-	-	458,833	-
Other local	665,728	577,954	6,823	1,250,505	23,491
Total	$ 1,124,561	$ 577,954	$ 6,823	$ 1,709,338	$ 23,491

NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 6, 2017, the District issued $24,565,000 of Tax and Revenue Anticipation Notes bearing interest at 3.00 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 29, 2018. By June 2018, 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, 2017	Additions	Deletions	Outstanding June 30, 2018
7/6/2017	3.00%	6/29/2018	$ -	$ 24,565,000	$ 24,565,000	$ -

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2017 (as Restated)	Additions	Deductions	Balance June 30, 2018	Due in One Year
General obligation bonds	$ 63,446,177	$ 51,700,591	$ 9,725,000	$ 105,421,768	$ 7,155,000
Premium on issuance	1,357,106	5,904,469	327,108	6,934,467	-
Capital leases	156,230	-	156,230	-	-
Compensated absences (vacations)	859,152	-	191,768	667,384	-
Claims Liabilities (IBNR)	5,450,900	-	159,816	5,291,084	-
Net other postemployment benefits (OPEB) liabilities	20,614,846	487,559	227,243	20,875,162	-
	$ 91,884,411	$ 58,092,619	$ 10,787,165	$ 139,189,865	$ 7,155,000

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

The capital leases are paid by the General Fund.

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.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Additions/ Accreted Interest	Redeemed	Bonds Outstanding June 30, 2018
4/4/2002	8/1/2017	5.55-5.60%	8,205,028	$ 9,568,092	$ 156,908	$ 9,725,000	$ -
12/6/2012	8/1/2019	2.50-4.50%	17,220,000	14,490,000	-	-	14,490,000
6/25/2015	8/1/2030	2.78-5.56%	37,199,279	39,388,085	1,543,683	-	40,931,768
6/12/2018	8/1/2033	3.125-5.00%	50,000,000	-	50,000,000	-	50,000,000
				$ 63,446,177	$51,700,591	$ 9,725,000	$ 105,421,768

General Obligation Bonds, Election of 1998, Series C

In April 2002, the District issued $8,205,028 principal amount of the General Obligation Bonds Election of 1998, Series C. The Election of 1998, Series C Bonds were issued as capital appreciation bonds, with the capital bond principal accreting interest to a maturity value of $18,955,000. The bonds mature through August 1, 2017, with interest rates from 5.55 to 5.60 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds. At June 30, 2018, the principal balance outstanding has been paid off.

2012 General Obligation Refunding Bonds

In December 2012, the District issued $17,220,000 of the 2012 General Obligation Refunding Bonds. The bonds mature on August 1, 2019, with interest yields ranging from 2.50 to 4.50 percent. The proceeds from the sale of the bonds were used to refund the outstanding General Obligation Bonds, Election of 1998, Series A and D. At June 30, 2018, the principal balance outstanding was $14,490,000 and unamortized premium was $585,892.

General Obligation Bonds, Election of 2014, 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. At June 30, 2018, the principal balance outstanding was $40,931,768 and unamortized premium was $444,106.

General Obligation Bonds, Election of 2014, 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. At June 30, 2018, the principal balance outstanding was $50,000,000, and unamortized premium was $5,904,469.

Debt Service Requirements to Maturity

The payments are as follows:

	Current Interest Bonds		Capital Appreciation Bonds		
Fiscal Year	Principal	Interest	Principal Including Accreted Interest	Future Interest Accretion	Total
2019	$ 7,155,000	$ 1,651,951	$ -	$ -	$ 8,806,951
2020	7,335,000	2,454,026	-	-	9,789,026
2021	4,450,000	2,069,500	3,924,775	625,225	11,069,500
2022	4,000,000	1,858,250	4,277,214	457,786	10,593,250
2023	1,175,000	1,734,750	3,990,587	599,413	7,499,750
2024-2028	10,800,000	7,607,650	18,618,142	6,206,858	43,232,650
2029-2033	22,455,000	4,125,125	10,121,050	6,848,950	43,550,125
2034	7,120,000	111,250	-	-	7,231,250
Total	$ 64,490,000	$ 21,612,502	$ 40,931,768	$ 14,738,232	$ 141,772,502

Capital Leases

The District has agreed to construct, acquire and install certain capital improvements at the Sycamore Canyon Elementary School (the Project) and to finance the Project by leasing the Project to Public Property Financing Corporation of California (the Corporation) pursuant to a Site Lease Agreement dated June 14, 2005, and leasing back from the Corporation the site pursuant to the terms of the Sublease/Option Agreement. The Corporation assigned the Site Lease Agreement and the Sublease/Option Agreement to Citi Mortgage, Inc. (the Assignee). The Corporation is required to either deposit or cause to be deposited with the escrow agent the amount to be used to pay the cost of the Project in accordance with the terms and provisions of the Sublease/Option Agreement and as provided in the Escrow Agreement.

	Capital Leases
Balance, July 1, 2017	$ 161,031
Additions	-
Payments	161,031
Balance, June 30, 2018	$ -

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2018, amounted to $667,384.

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 $5,291,084.

Net Other Post Employment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2018, the District reported net OPEB liability, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 19,625,702	$ 125,655	$ 613,214
Medicare Premium Payment (MPP) Program	1,249,460	-	(227,243)
Total	$ 20,875,162	$ 125,655	$ 385,971

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

At June 30, 2017, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	65
Active employees	1,249
	1,314

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.

Contributions

The contribution 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 required contribution 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 fiscal year 2017-2018, the District contributed $902,303 to the Plan which was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of $19,625,702 was measured as of June 30, 2018, 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, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	3.50 percent
Health care cost trend rates	5.00 percent for 2018

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 19,138,143
Service cost	$ 875,523
Interest	665,125
Changes of assumptions or other inputs	(150,786)
Benefit payments	(902,303)
Net change in total OPEB liability	487,559
Balance at June 30, 2018	$ 19,625,702

Changes of assumptions and other inputs reflect a change in the discount rate from 3.40 percent in 2017 to 3.50 percent in 2018.

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

The following presents the total OPEB liability of the District, as well as what the District's total 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	Total OPEB Liability
1% decrease (2.50%)	$ 21,191,394
Current discount rate (3.50%)	19,625,702
1% increase (4.50%)	18,187,742

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Health Care Cost Trend Rates	Total OPEB Liability
1% decrease (4.00%)	$ 17,605,071
Current healthcare cost trend rate (5.00%)	19,625,702
1% increase (6.00%)	21,948,699

OPEB Expense and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $613,214. At June 30, 2018, the District reported deferred inflows of resources changes of assumptions of $125,655.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (25,131)
2020	(25,131)
2021	(25,131)
2022	(25,131)
2023	(25,131)
	$ (125,655)

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, 2016 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The 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. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

Contributions

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District 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.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB

At June 30, 2018, the District reported a liability of $1,249,460 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. 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, 2017 and June 30, 2016, respectively, was 0.2970 percent, and 0.3155 percent, resulting in a net decrease in the proportionate share of 0.0185 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of ($227,243).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.58%	2.85%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among the members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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

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, 2017 and 2016, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.58%)	$ 1,383,239
Current discount rate (3.58%)	1,249,460
1% increase (4.58%)	1,119,331

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

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net pension 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)	$ 1,129,078
Current medicare costs trend rate (3.7% Part A and 4.1% Part B)	1,249,460
1% increase (4.7% Part A and 5.1% Part B)	1,368,639

NOTE 11 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 40,300	$ -	$ -	$ -	$ 40,300
Stores inventories	95,235	-	-	84,369	179,604
Prepaid expenditures	35,482	-	-	-	35,482
Other reserves	3,316	-	-	-	3,316
Total Nonspendable	174,333	-	-	84,369	258,702
Restricted					
Legally restricted programs	621,309	-	-	244,518	865,827
Capital projects	-	49,326,219	-	1,234,132	50,560,351
Debt services	-	-	14,109,597	-	14,109,597
Total Restricted	621,309	49,326,219	14,109,597	1,478,650	65,535,775
Committed					
Deferred maintenance program	-	-	-	1,635,919	1,635,919
Stabilization arragement	3,000,000	-	-	-	3,000,000
Total Committed	3,000,000	-	-	1,635,919	4,635,919
Assigned					
Capital projects	-	-	-	6,009,400	6,009,400
Other assigned	-	-	-	363,757	363,757
Total Assigned	-	-	-	6,373,157	6,373,157
Unassigned					
Reserve for economic uncertainties	5,716,413	-	-	-	5,716,413
Remaining unassigned	15,769,125	-	-	-	15,769,125
Total Unassigned	21,485,538	-	-	-	21,485,538
Total	$ 25,281,180	$ 49,326,219	$ 14,109,597	$ 9,572,095	$ 98,289,091

NOTE 12 - RISK MANAGEMENT

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 fiscal year ending June 30, 2018, the District participates in the Ventura County Schools Self-Funding Authority (VCSSFA) for property and liability insurance coverage. See Note 16 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.

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

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.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2017 to June 30, 2018:

	Workers' Compensation	Health Care	Total
Liability Balance, July 1, 2016	$ 5,153,704	$ 2,046,389	$ 7,200,093
Claims and changes in estimates	(1,135,274)	(13,924,460)	(15,059,734)
Claims payments	1,135,274	13,924,460	15,059,734
Liability Balance, June 30, 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	1,547,032	11,057,540	12,604,572
Liability Balance, June 30, 2018	$ 5,405,644	$ 2,046,389	$ 7,452,033
Assets available to pay claims at June 30, 2018	$ 7,641,179	$ 4,648,472	$ 12,289,651

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 (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2018, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 151,708,002	$ 48,949,937	$ 19,087,736	$ 15,745,895
CalSTRS	46,913,403	14,206,748	2,136,966	7,682,071
Total	$ 198,621,405	$ 63,156,685	$ 21,224,702	$ 23,427,966

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.21%
Required employer contribution rate	14.43%	14.43%
Required State contribution rate	9.328%	9.328%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $13,007,609.

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

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

Total Net Pension Liability, Including State Share:

District's proportionate share of the net pension liability	$ 151,708,002
State's proportionate share of the net pension liability associated with the District	89,749,173
Total	$ 241,457,175

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively, was 0.1640 percent and 0.1774 percent, resulting in a net decrease in the proportionate share of 0.0134 percent.

For the year ended June 30, 2018, the District recognized pension expense of $15,745,895. In addition, the District recognized pension expense and revenue of $9,034,116 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 13,007,609	$ -
Net change in proportionate share of net pension liability	7,275,618	12,401,297
Difference between projected and actual earnings on pension plan investments	-	4,040,407
Difference between expected and actual experiences in the measurement of the total pension liability	561,031	2,646,032
Changes of assumptions	28,105,679	
Total	$ 48,949,937	$ 19,087,736

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

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2019	$ (3,358,941)
2020	2,541,726
2021	366,502
2022	(3,589,694)
Total	$ (4,040,407)

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

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2019	$ 3,817,614
2020	3,817,614
2021	3,817,614
2022	3,817,617
2023	2,306,291
Thereafter	3,318,249
Total	$ 20,894,999

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input 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 consulting actuary (Milliman) reviews the return assumption 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 for the year ended June 30, 2017, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 222,755,511
Current discount rate (7.10%)	151,708,002
1% increase (8.10%)	94,048,135

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were $4,050,711.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $46,913,403. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively, was .1965 percent and .2078 percent, resulting in a net decrease in the proportionate share of .0113 percent.

For the year ended June 30, 2018, the District recognized pension expense of $7,682,071. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,050,711	$ -
Net change in proportionate share of net pension liability	-	1,584,619
Difference between projected and actual earnings on pension plan investments	1,622,883	-
Difference between expected and actual experiences in the measurement of the total pension liability	1,680,714	-
Changes of assumptions	6,852,440	552,347
Total	$ 14,206,748	$ 2,136,966

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

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2019	$ (43,974)
2020	1,872,455
2021	683,093
2022	(888,691)
Total	$ 1,622,883

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

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2019	$ 2,134,348
2020	2,321,224
2021	1,940,616
Total	$ 6,396,188

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7. 15%
Investment rate of return	7. 15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.9%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 69,024,649
Current discount rate (7.15%)	46,913,403
1% increase (8.15%)	28,570,273

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $6,470,440 (9.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves,but have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

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.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

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, 2018.

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, 2018, the District made payments of $1,348,576 to VCSSFA for services received.

NOTE 16 - SUBSEQUENT EVENTS

The District issued $25,185,000 of Tax and Revenue Anticipation Notes dated July 12, 2018. The notes mature on June 28, 2019, and yield 3.00 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning January 1, 2019, until 100 percent of principal and interest due is on account in June 1, 2019.

NOTE 17 – RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the current year. As a result, the effect on the current fiscal year is as follows:

Government-Wide - Statement of Net Position	
Net Position - Beginning	$ (40,301,091)
Inclusion of net OPEB liability from the implementation of GASB Statement No. 75	(13,103,423)
Net Position - Beginning, as Restated	$ (53,404,514)

REQUIRED SUPPLEMENTARY INFORMATION

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local Control Funding Formula	$ 153,836,452	$ 154,285,651	$ 154,209,789	$ (75,862)
Federal sources	5,358,028	6,225,469	5,592,887	(632,582)
Other State sources	10,153,705	12,380,440	18,703,517	6,323,077
Other local sources	11,213,511	14,110,231	16,223,319	2,113,088
Total Revenues [1]	180,561,696	187,001,791	194,729,512	7,727,721
EXPENDITURES				
Current				
Certificated salaries	89,815,913	90,508,220	90,188,394	319,826
Classified salaries	24,870,748	24,770,925	26,539,968	(1,769,043)
Employee benefits	42,530,371	42,622,030	50,279,831	(7,657,801)
Books and supplies	8,727,798	11,601,831	9,147,602	2,454,229
Services and operating expenditures	15,889,588	18,983,245	17,790,012	1,193,233
Capital outlay	120,000	189,800	457,698	(267,898)
Other outgo	1,986,825	1,920,862	195,729	1,725,133
Total Expenditures [1]	183,941,243	190,596,913	194,599,234	(4,002,321)
Excess (Deficiency) of Revenues Over Expenditures	(3,379,547)	(3,595,122)	130,278	3,725,400
Other Financing Uses				
Transfers out	(5,000)	(1,498,569)	(2,418,321)	(919,752)
NET CHANGE IN FUND BALANCES	(3,384,547)	(5,093,691)	(2,288,043)	2,805,648
Fund Balance - Beginning	27,569,223	27,569,223	27,569,223	-
Fund Balance - Ending	$ 24,184,676	$ 22,475,532	$ 25,281,180	$ 2,805,648

[1] On behalf payments of $6,470,440 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

See accompanying note 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, 2018

	2018
Total OPEB Liability	
Service cost	$ 875,523
Interest	665,125
Changes of assumptions	(150,786)
Benefit payments	(902,303)
Net change in total OPEB liability	487,559
Total OPEB liability - beginning	19,138,143
Total OPEB liability - ending	$ 19,625,702
Covered-employee payroll	N/A[1]
District's total OPEB liability as a percentage of covered-employee payroll	N/A[1]

[1] The 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.

See accompanying note to required supplementary information.

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, 2018

Year ended June 30,[1]	2018
District's proportion of the net OPEB liability	0.2970%
District's proportionate share of the net OPEB liability	$1,249,460
District's covered-employee payroll	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

[1]As 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.

See accompanying note 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, 2018

	2018	2017	2016	2015
CalSTRS				
District's proportion of the net pension liability	0.1640%	0.1774%	0.1843%	0.1668%
District's proportionate share of the net pension liability	$ 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	89,749,173	81,688,175	65,628,256	58,868,922
Total	$ 241,457,175	$ 225,181,473	$ 189,715,090	$ 156,359,337
District's covered - employee payroll	$ 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 its covered - employee payroll	162.33%	161.16%	165.81%	130.04%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
CalPERS				
District's proportion of the net pension liability	0.1965%	0.2078%	0.2083%	0.2130%
District's proportionate share of the net pension liability	$ 46,913,403	$ 41,048,095	$ 30,704,191	$ 24,184,962
District's covered - employee payroll	$ 25,000,922	$ 24,923,846	$ 22,722,345	$ 22,059,972
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	187.65%	164.69%	135.13%	109.63%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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

See accompanying note to required supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 13,007,609	$ 11,756,855	$ 9,553,833	$ 6,645,388
Contributions in relation to the contractually required contribution	13,007,609	11,756,855	9,553,833	6,645,388
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered - employee payroll	$ 90,142,821	$ 93,456,717	$ 89,038,518	$ 74,835,450
Contributions as a percentage of covered - employee payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 4,050,711	$ 3,472,628	$ 2,952,728	$ 2,674,420
Contributions in relation to the contractually required contribution	4,050,711	3,472,628	2,952,728	2,674,420
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered - employee payroll	$ 26,081,456	$ 25,000,922	$ 24,923,846	$ 22,722,345
Contributions as a percentage of covered - employee payroll	15.53%	13.89%	11.85%	11.77%

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

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

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.

At June 30, 2018, the following District's major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	$ 192,095,482	$ 197,017,555	$ 4,922,073

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 3.40 percent to 3.50 percent since the previous valuation

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 2.85 percent to 3.85 percent since the previous valuation.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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* –** The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

Schedule of District Contributions

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

SUPPLEMENTARY INFORMATION

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education - Basic Grants to States:			
Adult Basic Education - Adult Basic Education and ESL	84.002A	14508	$ 192,550
Adult Basic Education - Adult Secondary	84.002	13978	15,937
Adult Basic Education - English Literacy and Civics Education	84.002A	14109	61,602
Total Adult Education - Basic Grants to States			270,089
Carl D. Perkins Vocational and Technical Education Act Secondary Education	84.048	14894	79,952
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	1,548,858
Title II, Part A - Supporting Effective Instruction	84.367	14341	386,124
Title III Program			
Title III - Immigrant Student Program	84.365	15146	46,049
Title III - English Learner Student Program	84.365	14346	162,199
Total Title III Program			208,248
Passed through Ventura County Special Education Local Plan Area:			
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	3,101,151
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	60,996
Preschool Local Entitlement, Part B, Section 611 (Age 3-4-5)	84.027A	13682	207,557
Total Special Education (IDEA) Cluster			3,369,704
Total U.S. Department of Education			5,862,975
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
Basic School Breakfast Program	10.553	13390	5,675
Especially Needy Breakfast	10.553	13526	332,287
National School Lunch Program	10.555	13391	1,735,145
Food Distribution	10.555	13524	180,313
Summer Food Service Program	10.559	13004	13,995
Meal Supplement	10.555	13396	18,962
Total Child Nutrition Cluster			2,286,377
Total Federal Programs			$ 8,149,352

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2018

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

MEMBER	OFFICE	TERM EXPIRES
John Anderson	President	December 2018
Sandee Everett	Vice President	December 2020
Dr. Betsy Connolly	Clerk	December 2020
Pat Phelps	Member	December 2018
Mike Dunn	Member	December 2018

ADMINISTRATION

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

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2018

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,580.46	4,688.19
Fourth through sixth	3,800.27	3,791.57
Seventh and eighth	2,878.93	2,880.07
Ninth through twelfth	6,771.04	6,734.71
Total Regular ADA	18,030.70	18,094.54
Extended Year Special Education		
Transitional kindergarten through third	7.33	7.33
Fourth through sixth	2.70	2.70
Seventh and eighth	0.73	0.73
Ninth through twelfth	1.54	1.54
Total Extended Year Special Education	12.30	12.30
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.57	0.66
Fourth through sixth	1.51	1.02
Seventh and eighth	2.22	2.50
Ninth through twelfth	8.36	8.79
Total Special Education, Nonpublic, Nonsectarian Schools	12.66	12.97
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.17	0.17
Ninth through twelfth	1.09	1.09
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	1.26	1.26
Total ADA	18,056.92	18,121.07

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2018

Grade Level	1986-87 Minutes Requirement	2017-18 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	36,620	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		50,670	180	N/A	Complied
Grade 2		50,670	180	N/A	Complied
Grade 3		50,670	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,100	180	N/A	Complied
Grade 5		54,100	180	N/A	Complied
Grade 6		56,330	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		56,330	180	N/A	Complied
Grade 8		56,426	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,750	180	N/A	Complied
Grade 10		65,750	180	N/A	Complied
Grade 11		65,750	180	N/A	Complied
Grade 12		65,750	180	N/A	Complied

See accompanying note 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, 2018

Summarized below are the fund balance reconciliation between the Unaudited Actual Financial Report and the audited financial statements.

	Internal Service Fund
FUND BALANCE	
Balance, June 30, 2018, Unaudited Actuals	$ 4,384,170
Increase in:	
Claims liabilities	(251,940)
Balance, June 30, 2018, Audited Financial Statement	$ 4,132,230

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

	(Budget) 2019 [1]	2018	2017	2016
GENERAL FUND				
Revenues	$ 190,455,245	$ 194,729,512	$ 195,026,560	$ 197,926,490
Other sources and transfers in	-	-	67,414	454,730
Total Revenues and Other Sources	190,455,245	194,729,512	195,093,974	198,381,220
Expenditures	192,675,115	194,599,234	189,644,769	185,071,109
Other uses and transfers out	40,000	2,418,321	5,000	233,597
Total Expenditures and Other Uses	192,715,115	197,017,555	189,649,769	185,304,706
Increase(decrease) in Fund Balance	$ (2,259,870)	$ (2,288,043)	$ 5,444,205	$ 13,076,514
Ending Fund Balance	$ 23,021,310	$ 25,281,180	$ 27,569,223	$ 22,125,018
Available Reserves [2]	$ 22,400,001	$ 21,485,538	$ 20,104,670	$ 13,080,616
Available reserves as a percentage of total outgo	11.62%	10.91%	10.60%	7.06%
Long-term obligations [3]	N/A	$ 139,189,865	$ 91,884,411	$ 85,730,771
K-12 Average daily attendance at P-2	17,945	18,057	18,310	18,625

The General Fund balance has increased by $3,156,162 over the past two years. The fiscal year 2018-2019 budget projects a decrease of $2,259,870 (8.94 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2018-2019 fiscal year. Total long-term obligations have increased by $53,459,094 over the past two years.

Average daily attendance has decreased by 568 over the past two years. Additional decline of 112 ADA is anticipated during fiscal year 2018-2019.

[1] Budget 2019 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.

[3] Long-term obligations have been restated for the year ending June 30, 2017 due to the implementation of GASB Statement No. 75.

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

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

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS				
Deposits and investments	$ 875,295	$ 313,293	$ 205,872	$ 623,067
Receivables	121,516	408,923	3,246	18,607
Due from other funds	6,018	2,867	2,860	1,000,000
Stores inventories	-	-	84,369	-
Total Assets	$ 1,002,829	$ 725,083	$ 296,347	$ 1,641,674
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 115,963	$ 70,887	$ 106,301	$ -
Due to other funds	259	457,821	2,430	5,755
Unearned revenue	286,717	196,375	94,862	-
Total Liabilities	402,939	725,083	203,593	5,755
Fund Balances:				
Nonspendable	-	-	84,369	-
Restricted	236,133	-	8,385	-
Committed	-	-	-	1,635,919
Assigned	363,757	-	-	-
Total Fund Balances	599,890	-	92,754	1,635,919
Total Liabilities and Fund Balances	$ 1,002,829	$ 725,083	$ 296,347	$ 1,641,674

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
$ 1,244,918	$ 5,976,293	$ 9,238,738
6,660	33,107	592,059
-	-	1,011,745
-	-	84,369
$ 1,251,578	$ 6,009,400	$ 10,926,911
$ 17,072	$ -	$ 310,223
374	-	466,639
-	-	577,954
17,446	-	1,354,816
-	-	84,369
1,234,132	-	1,478,650
-	-	1,635,919
-	6,009,400	6,373,157
1,234,132	6,009,400	9,572,095
$ 1,251,578	$ 6,009,400	$ 10,926,911

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES				
Federal sources	270,089	-	2,286,376	$ -
Other State sources	1,356,434	689,654	163,730	-
Other local sources	2,226,000	5,925,322	2,028,422	82,823
Total Revenues	3,852,523	6,614,976	4,478,528	82,823
EXPENDITURES				
Current				
Instruction	2,945,659	-	-	-
Instruction-related activities:				
School site administration	572,905	-	-	-
Pupil services:				
Food services	-	-	4,549,423	-
All other pupil services	45,423	-	-	-
Administration:				
All other administration	165,174	394,808	-	-
Plant services	206,599	20,777	13,570	-
Facility acquisition and construction	-	-	-	41,270
Community services	-	1,286,794	-	-
Enterprise services	-	5,115,816	-	-
Total Expenditures	3,935,760	6,818,195	4,562,993	41,270
Excess (Deficiency) of Revenues Over Expenditures	(83,237)	(203,219)	(84,465)	41,553
OTHER FINANCING SOURCES (USES)				
Transfers in	-	201,825	122,130	1,594,366
Transfers out	-	-	-	-
Net Financing Sources (Uses)	-	201,825	122,130	1,594,366
NET CHANGE IN FUND BALANCES	(83,237)	(1,394)	37,665	1,635,919
Fund Balances - Beginning	683,127	1,394	55,089	-
Fund Balances - Ending	$ 599,890	$ -	$ 92,754	$ 1,635,919

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
-	-	2,556,465
-	-	2,209,818
647,450	1,401,642	12,311,659
647,450	1,401,642	17,077,942
-	-	2,945,659
-	-	572,905
-	-	4,549,423
-	-	45,423
87,469	-	647,451
-	-	240,946
793,200	225,249	1,059,719
-	-	1,286,794
-	-	5,115,816
880,669	225,249	16,464,136
(233,219)	1,176,393	613,806
-	4,000	1,922,321
(4,000)	(500,000)	(504,000)
(4,000)	(496,000)	1,418,321
(237,219)	680,393	2,032,127
1,471,351	5,329,007	7,539,968
$ 1,234,132	$ 6,009,400	$ 9,572,095

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

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.

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.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Schedule of Financial Trends and Analysis

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

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

The Non-Major 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 Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

INDEPENDENT AUDITOR'S REPORTS

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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

Governing Board
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, 2018, 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 14, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and 17 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Conejo Valley Unified School District in a separate letter dated December 14, 2018.

Purpose of This Report

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2018

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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

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, 2018. 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.

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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, 2018.

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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2018

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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 *2017-2018 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, 2018.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the 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 in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about 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 opinions. Our audit does not provide a legal determination of Conejo Valley Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Conejo Valley Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2018.

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
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 Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

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 Before School Education and Safety Program; therefore, we did not perform any procedures related to the Before School Education and Safety Program.

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

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency 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 Federal major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.027A, 84.173	Special Education (IDEA) 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

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

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

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE difference

Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

In planning and performing our audit of the financial statements of Conejo Valley Unified School District (the District) for the year ended June 30, 2017, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 13, 2017, on the government-wide financial statements of the District.

CONSOLIDATED ASB OVERVATIONS AND RECOMMENDATIONS

LOS CERRITOS MIDDLE SCHOOL

ASB – Ticketed Wristbands Sales Report

Observation

A master ticket log is not being used by the site to account for all tickets on hand and used during the year. In addition, a ticket sale recap form is not prepared which calculates the number of tickets sold and the total revenue generated based on the selling price per ticket.

Recommendation

A master ticket log should be maintained which notes the type of ticket, color, and current beginning ticket number in the roll. The tickets should be safeguarded as if they were cash because stolen tickets would equate to lost revenue. When ticket wristbands are issued, they should be logged out noting the beginning ticket number in the roll and to whom the roll was issued. When the ticket sales recap form is returned, the form should be reconciled to the log.

10681 Foothill Blvd., Suite 300, Rancho Cucamonga, CA 91730 P 909.466.4410 F 909.466.4431 W vtdcpa.com

ASB – Change Fund

Observation

The site maintains a change fund account which is not reported on their financial statements thereby understating the ASB assets. The change fund that is maintained by the school site is $25.

Recommendation

The site should maintain the change fund account on their financials. Accurately showing the change fund amount shows the advisors, administrators and students the petty cash amount readily available for the ASB. It also ensures bookkeepers are maintaining proper controls over the change fund.

ASB – NSF Check Receivable

Observation

In reviewing the sites balance sheet the auditor noted "Non Sufficient Funds (NSF) Receivables". This account contains checks that did not clear the bank and the fees associated with it. The amount noted is approximately two years old making the probability of them collecting on the account quite low.

Recommendation

Outstanding NSF Receivables checks over 1 year old should be written off the balance sheet as the chances are low the check may be collected.

Associated Student Body – Student Store Sales

Observation

During our audit we found that student store tally sheets are not reconciled to amounts deposited, and we were unable to trace which deposits were associated with specific sales dates to verify timeliness and accuracy.

Recommendation

We recommend that the student store tally sheets be reconciled to the amounts deposited. This will allow the site to account for and investigate any overages or shortages.

REDWOOD MIDDLE SCHOOL

Associated Student Body - Perpetual Inventory

Observation

Perpetual Inventory is not being maintained. According to the policies and procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*, a physical inventory should be taken quarterly under supervision of the student store advisor.

The inventory listing should contain a description, unit cost, quantity, and extended value. This information is necessary in order to analyze sales activity, profits, and to determine if merchandise has been lost or stolen.

Recommendation

The student body should maintain a perpetual inventory of goods purchased and sold and should perform a physical inventory count at least quarterly. Perpetual inventory involves the continual updating of the inventory records. These updates typically include additions to and subtractions from inventory for such activities as purchased inventory and goods sold from inventory. This will allow the school site to know what they have on hand and will make it easier to compare the physical count to the amount in the software system.

SYCAMORE CANYON MIDDLE SCHOOL

Associated Student Body - Revenue Potentials

Observation

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

Recommendation

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

1. Potential Income-This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.
2. Receipts/Fundraiser Deposits-This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.
3. Analysis-This section is used to compare the potential income as calculated in the Potential Income section to the actual funds raised as calculated in the Receipts/Fundraiser Deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.
4. Recap-This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Also, the revenue potential form should be approved in the ASB student council minutes, to ensure the club is appropriate and approved.

SEQUOIA MIDDLE SCHOOL

Associated Student Body – Fundraiser Approvals

Observation

During the testing of revenue potentials for fundraisers, auditor noted that the only fundraiser performed during the year is not being approved or documented in the minutes and is incomplete as suggested in the Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference.

Recommendation

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

1. Potential Income-This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.
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4. Recap-This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Also, the revenue potential form should be approved in the ASB student council minutes, to ensure the club is appropriate and approved.

Associated Student Body – Ticket Log

Observation

A master ticket log is not being used by the site to account for all tickets on hand and used during the year. In addition, a ticket sales recap form is not prepared which calculates the number of tickets sold and the total revenue generated based on the selling price per ticket.

Recommendation

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

WESTLAKE HIGH SCHOOL

Associated Student Body – Perpetual Inventory

Observation

Perpetual Inventory is not being maintained. According to the policies and procedures outlined in the Associated Student Body Accounting Manual, Fraud Prevention and Desk Reference prepared by the FCMAT, a physical inventory should be taken quarterly under supervision of the student store advisor. The inventory listing should contain a description, unit cost, quantity, and extended value. This information is necessary in order to analyze sales activity, profits, and to determine if merchandise has been lost or stolen.

Recommendation

Perpetual inventory involves the continual updating of the ASB inventory records. These updates typically include additions to and subtractions from inventory for such activities as purchased inventory and goods sold from inventory. This will allow the school site to know what they have on hand and will make it easier to compare the physical count to the amount that is in ASB Works.

NEWBURY PARK HIGH SCHOOL

Associated Student Body - Revenue Potentials

Observation

Revenue potential forms are not being completed with all the necessary items. The Revenue Potentials are not explaining the differences between budgeted and actual. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

Recommendation

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

1. Potential Income-This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.
2. Receipts/Fundraiser Deposits-This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.
3. Analysis-This section is used to compare the potential income as calculated in the Potential Income section to the actual funds raised as calculated in the Receipts/Fundraiser Deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.
4. Recap-This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Also, the revenue potential form should be approved in the ASB student council minutes, to ensure the club is appropriate and approved.

THOUSAND OAKS HIGH SCHOOL

Associated Student Body – Deficit Club Account Balances

Observation

In reviewing the financial statements for the student body accounts we noted the following trust accounts had a negative club account balance:

- Class of 2019 ($1,556.23)
- Environmental Club ($8.73)

Since the student body accounts represent individual portions of the cash and asset pool, by some accounts having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of individual account balances by ensuring the expenditure is allowable and the account requesting the expenditure has the funds to cover it.

Recommendation

By allowing certain clubs to spend in excess of their available reserves, the Associated Student Body is effectively using the funds of the other clubs and organizations. Request for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the clubs account.

Governing Board
Conejo Valley Unified School District

Associated Student Body – Perpetual Inventory and Snack Shop Inventory

Observation

Perpetual Inventory is not being maintained additionally, the student store does not maintain an inventory of the merchandise in the student snack shop. According to the policies and procedures outlined in the "Associated Student Body Accounting Manual, Fraud Prevention and Desk Reference" prepared by the FCMAT, a physical inventory should be taken quarterly under supervision of the student store advisor. The inventory listing should contain a description, unit cost, quantity, and extended value. This information is necessary in order to analyze sales activity, profits, and to determine if merchandise has been lost or stolen.

Recommendation

Perpetual inventory involves the continual updating of the ASB inventory records. These updates typically include additions to and subtractions from inventory for such activities as purchased inventory and goods sold from inventory. This will allow the school site to know what they have on hand and will make it easier to compare the physical count to the amount that is in ASB Works.

CASH RECEIPTS OBSERVATIONS AND RECOMMENDATIONS

OBSERVATION

In our review of the reconciliation of the District's cash accounts and the year end allocations of these monies to the various funds, we noted that there were unreconciled differences in several funds.

RECOMMENDATION

The difference should be investigated and appropriate action taken to bring the cash accounts balance in balance with the year end accounting record amount.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2018