CONEJO VALLEY UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

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

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, budgetary comparison schedule on page 70, schedule of other postemployment benefits funding progress on page 71, schedule of the district's proportionate share of net pension liability on page 72 and the schedule of district contributions on page 73, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Conejo Valley Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual 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 13, 2017, 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 13, 2017

Ann N. Bonitatibus, Ed.D.
Superintendent

Victor P. Hayek, Ed.D.
Assistant 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, 2017. 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, business-type, and fiduciary.

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

The *Fiduciary Activities* 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.

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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 ($40,301,091) for the fiscal year ended June 30, 2017. Of this amount, ($135,454,768) 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	
	2017	2016
Assets		
Current and other assets	$ 85,719,630	$ 94,040,132
Capital assets	121,678,325	119,342,912
Total Assets	207,397,955	213,383,044
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	43,866,459	39,994,493
Liabilities		
Current liabilities	18,598,282	22,377,972
Long-term obligations	78,780,988	85,730,771
Aggregate net pension liability	184,541,393	154,791,025
Total Liabilities	281,920,663	262,899,768
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	9,644,842	30,765,031
Net Position		
Net investment in capital assets	79,212,967	87,064,253
Restricted	15,940,710	13,661,450
Unrestricted (Deficit)	(135,454,768)	(141,012,965)
Total Net Position	$ (40,301,091)	$ (40,287,262)

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	
	2017	2016
Revenues		
Program revenues:		
Charges for services	$ 3,329,081	$ 2,525,076
Operating grants and contributions	23,428,239	24,513,631
General revenues:		
Federal and State aid not restricted	61,158,962	66,835,361
Property taxes	111,450,907	107,652,501
Other general revenues	23,179,041	31,697,466
Total Revenues	222,546,230	233,224,035
Expenses		
Instruction-related	159,830,308	150,925,613
Pupil services	16,871,861	15,555,256
General administration	9,831,998	9,129,885
Maintenance and operations	22,371,223	23,531,559
Other	13,654,669	12,811,976
Total Expenses	222,560,059	211,954,289
Change in Net Position	$ (13,829)	$ 21,269,746

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $222,560,059. However, the amount that our taxpayers ultimately financed for these activities through local taxes was $111,450,907, because the cost was paid by those who benefited from the programs ($3,329,081) or by other governments and organizations who subsidized certain programs with grants and contributions ($23,428,239). We paid for the remaining "public benefit" portion of our governmental activities with $23,179,041 in 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	
	2017	2016	2017	2016
Instruction	$ 138,436,859	$ 130,901,220	$ 122,470,726	$ 114,188,160
Instruction-related activities	21,393,449	20,024,393	20,281,458	18,881,348
Pupil services	16,871,861	15,555,256	11,166,695	10,503,167
General administration	9,831,998	9,129,885	9,661,640	8,932,136
Maintenance and operations	22,371,223	23,531,559	21,672,646	22,972,652
Other	13,654,669	12,811,976	10,549,574	9,438,119
Total	$ 222,560,059	$ 211,954,289	$ 195,802,739	$ 184,915,582

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $61,183,085, which is a decrease of $3,673,589 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2016	Revenues	Expenditures	June 30, 2017
General Fund	$ 22,125,018	$ 195,093,974	$ 189,649,769	$ 27,569,223
Building Fund	24,911,718	244,923	10,331,675	14,824,966
Bond Interest and Redemption Fund	10,604,966	10,450,562	9,806,600	11,248,928
Non-Major Governmental Funds	7,214,972	16,972,886	16,647,890	7,539,968
Total	$ 64,856,674	$ 222,762,345	$ 226,435,934	$ 61,183,085

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 increased by $5,444,205. This can be attributed to an increase in program carryover balances and State one-time block grant funds.

b. The Bond Building Fund balance decrease by $10,086,752 from $24,911,718 to $14,824,966. These funds have been fully expended in accordance with the guidelines outlined in the Measure I Bond initiative.

c. The Workers' Compensation and Health and Welfare Internal Service Fund balance decreased by $947,938 from $1,675,551 to $727,613 due to higher medical and workers' compensation claims and implementation of a health care management program.

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, 2017. (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 70.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the District had $121,678,325 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 $2,335,413, or 1.96 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2017	2016
Land and construction in progress	$ 31,958,899	$ 29,178,992
Buildings and improvements	89,048,072	89,685,962
Equipment	671,354	477,958
Total	$ 121,678,325	$ 119,342,912

Long-Term Obligations

At the end of this year, the District had $78,780,988 in long-term obligations outstanding versus $88,730,771 last year, a decrease of $6,949,783. Long-term obligations consisted of:

Table 6

	Governmental Activities	
	2017	2016
General obligation bonds (financed with property taxes)	$ 63,446,177	$ 70,531,611
Premium on issuance	1,357,106	1,684,214
Capital leases	156,230	307,799
Compensated absences (vacations)	859,152	913,446
Claims liabilities (IBNR)	5,450,900	5,370,185
Net OPEB obligation	7,511,423	6,923,516
Total	$ 78,780,988	$ 85,730,771

Net Pension Liability (NPL)

At year-end, the District had a pension liability of $184,541,393, 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 2017-2018 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 Reimbusement Funding

District Staffing and enrollment forecasts:

	Staffing Ratio	Enrollment
Grades kindergarten through third	21.5:1	4,633
Grades four through eight	30:1	6,605
Grades nine through twelve	30:1	6,740
Special Education (SDC)	12:1	535
Independent Study	10:1	25
Total		18,538

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 Assistant 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, 2017

	Governmental Activities
ASSETS	
Deposits and investments	$ 76,165,393
Receivables	9,334,722
Prepaid expenditures	25,760
Stores inventories	193,755
Capital assets	
Land and construction in progress	31,958,899
Other capital assets	221,934,220
Less: Accumulated depreciation	(132,214,794)
Capital Assets, Net of Accumulated Depreciation	121,678,325
Total Assets	207,397,955
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	43,866,459
LIABILITIES	
Accounts payable	15,037,419
Interest payable	240,250
Unearned revenue	1,571,420
Claims liabilities	1,749,193
Current portion of long-term obligations other than pensions	9,881,230
Noncurrent portion of long-term obligations other than pensions	68,899,758
Total Long-Term Obligations	78,780,988
Aggregate net pension liability	184,541,393
Total Liabilities	281,920,663
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	9,644,842
NET POSITION	
Net investment in capital assets	79,212,967
Restricted for:	
Debt service	11,008,678
Capital projects	1,471,351
Educational programs	2,048,547
Other activities	1,412,134
Unrestricted (Deficit)	(135,454,768)
Total Net Position	$ (40,301,091)

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, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction	$ 138,436,859	$ 313,350	$ 15,652,783	$ (122,470,726)
Instruction-related activities:				
Supervision of instruction	4,135,750	362	862,793	(3,272,595)
Instructional library, media, and technology	1,505,669	302	380	(1,504,987)
School site administration	15,752,030	10,790	237,364	(15,503,876)
Pupil services:				
Home-to-school transportation	1,864,372	-	51,517	(1,812,855)
Food services	4,674,998	1,949,623	2,387,354	(338,021)
All other pupil services	10,332,491	2,229	1,314,443	(9,015,819)
Administration:				
Data processing	3,258,620	7	9	(3,258,604)
All other administration	6,573,378	7,946	162,396	(6,403,036)
Plant services	22,371,223	294,670	403,907	(21,672,646)
Ancillary services	2,702,828	-	-	(2,702,828)
Community services	1,369,236	84,712	106,568	(1,177,956)
Enterprise services	4,986,054	39	592,568	(4,393,447)
Interest on long-term obligations	2,403,519	-	-	(2,403,519)
Other outgo	2,193,032	665,051	1,656,157	128,176
Total Governmental Activities	$ 222,560,059	$ 3,329,081	$ 23,428,239	(195,802,739)
	General Revenues and Subventions:			
	Property taxes, levied for general purposes			99,666,750
	Property taxes, levied for debt service			10,398,295
	Taxes levied for other specific purposes			1,385,862
	Federal and State aid not restricted to specific purposes			61,158,962
	Interest and investment earnings			557,532
	Miscellaneous			22,621,509
	Subtotal, General Revenues			195,788,910
	Change in Net Position			(13,829)
	Net Position - Beginning			(40,287,262)
	Net Position - Ending			$ (40,301,091)

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	$ 32,404,356	$ 17,001,985	$ 11,220,664
Receivables	7,066,711	56,158	28,264
Due from other funds	927,361	89,631	-
Prepaid expenditures	617	-	-
Stores inventories	138,667	-	-
Total Assets	$ 40,537,712	$ 17,147,774	$ 11,248,928
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 10,831,613	$ 2,322,358	$ -
Due to other funds	743,180	450	-
Unearned revenue	1,393,696	-	-
Total Liabilities	12,968,489	2,322,808	-
Fund Balances:			
Nonspendable	182,900	-	-
Restricted	2,048,547	14,824,966	11,248,928
Committed	3,000,000	-	-
Assigned	2,233,106	-	-
Unassigned	20,104,670	-	-
Total Fund Balances	27,569,223	14,824,966	11,248,928
Total Liabilities and Fund Balances	$ 40,537,712	$ 17,147,774	$ 11,248,928

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

Non-Major Governmental Funds		Total Governmental Funds	
$	8,308,640	$	68,935,645
	628,135		7,779,268
	626,152		1,643,144
	25,143		25,760
	55,088		193,755
$	9,643,158	$	78,577,572
$	1,021,493	$	14,175,464
	925,173		1,668,803
	156,524		1,550,220
	2,103,190		17,394,487
	80,232		263,132
	2,155,872		30,278,313
	-		3,000,000
	5,303,864		7,536,970
	-		20,104,670
	7,539,968		61,183,085
$	9,643,158	$	78,577,572

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total Fund Balance - Governmental Funds		**$ 61,183,085**
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:	$ 253,893,119	
Accumulated depreciation is:	(132,214,794)	
Net Capital Assets		121,678,325
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.		727,613
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	15,229,483	
Net change in proportionate share of net pension liability	9,094,522	
Difference between projected and actual earning on pension plan investments	17,776,992	
Differences between expected and actual experience in the measurement of the total pension liability	1,765,462	
Total Deferred Outflows of Resources Related to Pensions		43,866,459
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.		

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, 2017

Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	(4,911,235)	
Difference between expected and actual experience in the measurement of the total pension liability	(3,500,356)	
Changes in assumptions	(1,233,251)	
Total Deferred Inflows of Resources Related to Pensions		$ (9,644,842)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(184,541,393)
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	$ (55,776,988)	
Premium on Issuance	(1,357,106)	
Capital leases payable	(156,230)	
Compensated absences (vacations)	(859,152)	
Net OPEB obligation	(7,511,423)	
In addition, the District previously issued "capital appreciation" general obligation bonds. The cumulative capital accretion on the general obligation bonds is:	(7,669,189)	
Total Long-Term Obligations		(73,330,088)
Total Net Position - Governmental Activities		$ (40,301,091)

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, 2017

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Local Control Funding Formula	$ 152,731,024	$ -	$ -
Federal sources	5,503,900	-	-
Other State sources	19,793,451	-	64,000
Other local sources	16,998,185	244,923	10,386,562
Total Revenues	195,026,560	244,923	10,450,562
EXPENDITURES			
Current			
Instruction	123,925,107	-	-
Instruction-related activities:			
Supervision of instruction	3,997,055	-	-
Instructional library, media, and technology	1,461,744	-	-
School site administration	14,611,501	-	-
Pupil services:			
Home-to-school transportation	1,859,954	-	-
Food services	-	-	-
All other pupil services	9,955,123	-	-
Administration:			
Data processing	2,957,316	-	-
All other administration	5,831,438	-	-
Plant services	17,185,562	4,141,724	-
Facility acquisition and construction	1,524,762	6,189,951	-
Ancillary services	2,651,377	-	-
Community services	1,329,768	-	-
Other outgo	2,193,032	-	-
Enterprise services	-	-	-
Debt service			
Principal	151,569	-	9,230,000
Interest and other	9,461	-	576,600
Total Expenditures	189,644,769	10,331,675	9,806,600
Excess (Deficiency) of Revenues Over Expenditures	5,381,791	(10,086,752)	643,962
OTHER FINANCING SOURCES (USES)			
Transfers in	67,414	-	-
Transfers out	(5,000)	-	-
Net Financing Sources (Uses)	62,414	-	-
NET CHANGE IN FUND BALANCES	5,444,205	(10,086,752)	643,962
Fund Balances - Beginning	22,125,018	24,911,718	10,604,966
Fund Balances - Ending	$ 27,569,223	$ 14,824,966	$ 11,248,928

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

Non-Major Governmental Funds	Total Governmental Funds
$ 335,816	$ 153,066,840
2,624,934	8,128,834
2,265,343	22,122,794
11,741,793	39,371,463
16,967,886	222,689,931
3,199,841	127,124,948
-	3,997,055
-	1,461,744
590,498	15,201,999
-	1,859,954
4,549,736	4,549,736
43,080	9,998,203
-	2,957,316
605,633	6,437,071
250,368	21,577,654
2,507,806	10,222,519
-	2,651,377
-	1,329,768
-	2,193,032
4,833,514	4,833,514
-	9,381,569
-	586,061
16,580,476	226,363,520
387,410	(3,673,589)
5,000	72,414
(67,414)	(72,414)
(62,414)	-
324,996	(3,673,589)
7,214,972	64,856,674
$ 7,539,968	$ 61,183,085

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, 2017

Total Net Change in Fund Balances - Governmental Funds		**$ (3,673,589)**
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	$ 9,947,449	
Depreciation expense	(7,612,036)	
Net Expense Adjustment		2,335,413
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 $54,294.		54,294
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.		(4,758,213)
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	9,230,000	
Capital leases	151,569	
Net Adjustment		9,381,569

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

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.		
Premium on issuance for general obligation bonds	$	327,108
In the Statement of Activities Other Postemployment Benefit Obligations (OPEB) are measured by an actuarially determined Annual Required Contribution (ARC). In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts contributed toward the OPEB obligation were less than the ARC by $587,907.		(587,907)
The accretion of interest on capital appreciation bonds is not recognized in the governmental funds, but it increases long-term obligations in the Statement of Net Position and increases interest expense in the Statement of Activities.		(2,144,566)
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.		546,850
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.		(1,494,788)
Change in Net Position of Governmental Activities	$	(13,829)

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
ASSETS			
Current Assets			
Deposits and investments	$ 7,283,454	$ (53,706)	$ 7,229,748
Receivables	72,208	1,483,246	1,555,454
Due from other funds	31,121	-	31,121
Total Current Assets	7,386,783	1,429,540	8,816,323
LIABILITIES			
Current Liabilities			
Accounts payable	37,583	824,372	861,955
Due to other funds	5,462	-	5,462
Unearned revenue	-	21,200	21,200
Current portion of claims liabilities	1,135,276	613,917	1,749,193
Total Current Liabilities	1,178,321	1,459,489	2,637,810
Noncurrent Liabilities			
Claims liabilities	4,018,428	1,432,472	5,450,900
NET POSITION			
Restricted	$ 2,190,034	$ (1,462,421)	$ 727,613

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
OPERATING REVENUES			
Local and intermediate sources	$ 2,208,569	$ 25,585,591	$ 27,794,160
OPERATING EXPENSES			
Payroll costs	138,139	164,634	302,773
Supplies and materials	-	7,024	7,024
Services and other	208,419	475	208,894
Professional and contract services	1,345,875	26,920,515	28,266,390
Total Operating Expenses	1,692,433	27,092,648	28,785,081
Operating Loss	516,136	(1,507,057)	(990,921)
NONOPERATING REVENUES			
Interest income	30,714	12,269	42,983
Change in Net Position (Deficit)	546,850	(1,494,788)	(947,938)
Total Net Position (Deficit) - Beginning	1,643,184	32,367	1,675,551
Total Net Position (Deficit) - Ending	$ 2,190,034	$ (1,462,421)	$ 727,613

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, 2017

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	$ 27,794,160
Cash payments to employees for services	(302,773)
Cash payments to suppliers for goods and services	(29,137,120)
Cash payments for other operating expenses	(7,024)
Net Cash (Used by) Operating Activities	(1,652,757)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	42,983
Net Decrease in Cash and Cash Equivalents	(1,609,774)
Cash and Cash Equivalents - Beginning	8,839,522
Cash and Cash Equivalents - Ending	$ 7,229,748
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (990,921)
Changes in assets and liabilities:	
Receivables	(1,189,208)
Due from other funds	(16,938)
Accounts payable	792,463
Due to other funds	(259,373)
Unearned revenue	11,220
NET CASH USED BY OPERATING ACTIVITIES	$ (1,652,757)

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

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017

	Associated Student Bodies	Foundation Special Reserve	Total Fiduciary Funds
ASSETS			
Deposits and investments	$ 1,663,343	$ 32,338	$ 1,695,681
Receivables	46,762	2,630	49,392
Prepaid expenditures	43,920	-	43,920
Stores inventory	151,468	-	151,468
Total Assets	$ 1,905,493	$ 34,968	$ 1,940,461
LIABILITIES			
Accounts payable	$ 222,730	$ -	$ 222,730
Unearned revenue	-	33,225	33,225
Due to student groups	1,682,763	-	1,682,763
Total Liabilities	$ 1,905,493	33,225	1,938,718
NET POSITION			
Held in trust for scholarships		$ 1,743	$ 1,743

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, 2017

	Foundation Special Reserve
ADDITIONS	
Private donations	$ 10,036
Interest	324
Total Additions	10,360
DEDUCTIONS	
Other expenditures	10,036
Change in Net Position	324
Net Position - Beginning	1,419
Net Position - Ending	$ 1,743

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. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

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

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).

Capital Project Funds The Capital Project funds are used to account for and report financial resources that are restricted, committed, or assigned to the acquisition or construction of 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 approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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, 2017, 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 Expensitures

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.

Pensions

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

Fund Balances - Governmental Funds

As of June 30, 2017, 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

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 $15,940,710 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.

Budgetary Data

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

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

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Ventura bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received. 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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

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

The District has implemented the provisions of this Statement as of June 30, 2017.

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

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

The District has implemented the provisions of this Statement as of June 30, 2017.

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

Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.
This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense,

expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The District has implemented the provisions of this Statement as of June 30, 2017.

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

The District has implemented the provisions of this Statement as of June 30, 2017.

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

The District has implemented the provisions of this Statement as of June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

New Accounting Pronouncements

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

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

Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

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

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

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

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

In 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 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 requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation is encouraged.

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 requirements of this Statement are effective for reporting periods beginning after June 15, 2017. 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.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Governmental activities	$ 76,165,393
Fiduciary funds	1,695,681
Total Deposits and Investments	$ 77,861,074

Deposits and investments as of June 30, 2017, consist of the following:

Cash on hand and in banks	$ 2,116,151
Cash in revolving	480,096
Investments	75,264,827
Total Deposits and Investments	$ 77,861,074

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	Fair Value	Weighted Average Days to Maturity
Ventura County Investment Pool	$ 75,286,901	181

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, 2017	Fair Value
Ventura County Investment Pool	Not Required	AAAf/S-1+	$ 75,286,901

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, 2017, the District had a bank balance of $1,789,639 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, 2017:

Investment Type	Fair Value	Uncategorized
County Pool	$ 75,286,901	$ 75,286,901

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

NOTE 4 - RECEIVABLES

Receivables at June 30, 2017, 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	$ 3,769,126	$ -	$ -	$ 81,535	$ -	$ 3,850,661	$ -
State Government							
Categorical aid	840,151	-	-	-	-	840,151	-
Lottery	754,706	-	-	-	-	754,706	-
Local Government							
Interest	132,225	56,158	28,264	23,450	22,313	262,410	91
Other Local Sources	1,570,503	-	-	523,150	1,533,141	3,626,794	49,301
Total	$ 7,066,711	$ 56,158	$ 28,264	$ 628,135	$ 1,555,454	$ 9,334,722	$ 49,392

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 20,589,547	$ -	$ -	$ 20,589,547
Construction in Progress	8,589,445	4,720,771	1,940,864	11,369,352
Total Capital Assets Not Being Depreciated	29,178,992	4,720,771	1,940,864	31,958,899
Capital Assets Being Depreciated:				
Land Improvements	20,956,419	-	-	20,956,419
Buildings and Improvements	189,303,035	6,588,952	-	195,891,987
Furniture and Equipment	4,517,724	578,590	10,500	5,085,814
Total Capital Assets Being Depreciated	214,777,178	7,167,542	10,500	221,934,220
Total Capital Assets	243,956,170	11,888,313	1,951,364	253,893,119
Less Accumulated Depreciation:				
Land Improvements	8,126,336	942,493	-	9,068,829
Buildings and Improvements	112,447,156	6,284,349	-	118,731,505
Furniture and Equipment	4,039,766	385,194	10,500	4,414,460
Total Accumulated Depreciation	124,613,258	7,612,036	10,500	132,214,794
Governmental Activities Capital Assets, Net	$ 119,342,912	$ 4,276,277	$ 1,940,864	$ 121,678,325

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

Governmental Activities	
Instruction	$ 7,269,492
Food services	38,061
Data processing	228,361
All other administration	38,061
Plant services	38,061
Total Depreciation Expenses Governmental Activities	$ 7,612,036

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, 2017, between major and non-major governmental funds, and internal service funds, are as follows:

	Due From				
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
General Fund	$ -	$ -	$ 922,127	$ 5,234	$ 927,361
Building Fund	86,690	-	2,941	-	89,631
Non-Major Governmental	625,369	450	105	228	626,152
Internal Service Funds	31,121	-	-	-	31,121
Total	$ 743,180	$ 450	$ 925,173	$ 5,462	$ 1,674,265

The balance of $5,234 is due to the General Fund from the Internal Service Fund for reimbursement of costs.

A balance of $622,166 is due to the Cafeteria Non-Major Governmental Fund from the General Fund for cash flow purposes.

A balance of $75,880 is due to the General Fund from the Child Development Non-MajorGovernmental Fund for indirect costs.

A balance of $3,203 is due to the Child Development Non-Major Governmental Fundfrom the General Fund for postage, fingerprinting and copy charges.

A balance of $738,000 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for temporary loan.

The balance of $86,690 is due to the Building Fund from the General Fund for ERATE revenues.

The balance of $31,121 is due to the Self-Insurance Fund from the General Fund to cover costs.

A balance of $2,913 is due to the Building Fund from the Capital Facilities Non-Major Governmental Fund for construction expenses.

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, 2017, consisted of the following:

	Transfer From		
Transfer To	General Fund	Non-Major Governmental Funds	General Fund
General Fund	$ -	$ 67,414	$ 67,414
Non-Major Governmental Funds	5,000	-	5,000
Total	$ 5,000	$ 67,414	$ 72,414

The General Fund transferred to the Adult Education Non-Major Governmental Fund to cover program costs.	$ 5,000
The Child Development Non-Major Governmental Fund transferred to the General Fund for contribution for child care program.	67,414
Total	$ 72,414

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, 2017, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Vendor payables	$ 5,733,639	$ -	$ 488,961	$ 861,955	$ 7,084,555	$ 222,730
State principal apportionment	4,775,563	-	-	-	4,775,563	-
Salaries and benefits	322,411	-	250,702	-	573,113	-
Construction	-	2,322,358	281,830	-	2,604,188	-
Total	$ 10,831,613	$ 2,322,358	$ 1,021,493	$ 861,955	$ 15,037,419	$ 222,730

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2017, consisted of the following:

	General Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal financial assistance	$ 62,993	$ -	$ -	$ 62,993	$ -
State categorical aid	551,635	-	-	551,635	-
Other local	779,068	156,524	21,200	956,792	33,225
Total	$ 1,393,696	$ 156,524	$ 21,200	$ 1,571,420	$ 33,225

NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 14, 2016, the District issued $26,090,000 of Tax and Revenue Anticipation Notes bearing interest at 2.00 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on May 31, 2017. By May 2017, 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, 2016	Additions	Deletions	Outstanding June 30, 2017
7/14/2016	2.00%	5/31/2017	$ -	$ 26,090,000	$ 26,090,000	$ -

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, 2016	Additions	Deductions	Balance June 30, 2017	Due in One Year
General obligation bonds	$ 70,531,611	$ 2,144,566	$ 9,230,000	$ 63,446,177	$ 9,725,000
Premium on issuance	1,684,214	-	327,108	1,357,106	-
Capital leases	307,799	-	151,569	156,230	156,230
Compensated absences (vacations)	913,446	-	54,294	859,152	-
Claims Liabilities (IBNR)	5,370,185	80,715	-	5,450,900	-
Net OPEB obligation	6,923,516	1,754,980	1,167,073	7,511,423	-
	$ 85,730,771	$ 3,980,261	$ 10,930,044	$ 78,780,988	$ 9,881,230

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

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, 2017, the principal balance outstanding was $9,568,092 with accreted interest of $156,908 for a total of $9,725,000.

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, 2017, the principal balance outstanding was $14,490,000 and unamortized premium was $878,838.

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, 2017, the principal balance outstanding was $39,388,085, with accreted interest of $16,281,915 for a total of $55,670,000, and unamortized premium was $478,268.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2016	Additions/ Accreted Interest	Redeemed	Bonds Outstanding June 30, 2017
4/4/2002	8/1/2017	5.55-5.60%	8,205,028	$ 18,136,751	$ 661,341	$ 9,230,000	$ 9,568,092
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	37,904,860	1,483,225	-	39,388,085
				$ 70,531,611	$ 2,144,566	$ 9,230,000	$ 63,446,177

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
2018	$ -	$ 576,600	$9,568,092	$156,908	$ 10,301,600
2019	7,155,000	461,625	-	-	7,616,625
2020	7,335,000	173,325	-	-	7,508,325
2021	-	-	3,718,051	831,949	4,550,000
2022	-	-	4,161,523	573,477	4,735,000
2023-2027	-	-	18,463,823	5,721,177	24,185,000
2028-2031	-	-	13,044,688	9,155,312	22,200,000
Total	$ 14,490,000	$ 1,211,550	$ 48,956,177	$ 16,438,823	$ 81,096,550

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, 2016	$ 322,061
Additions	-
Payments	161,030
Balance, June 30, 2016	$ 161,031

The capital leases have minimum lease payments as follows:

Fiscal Year	Lease Payment
2018	$ 161,031
Less: Amount Representing Interest	4,801
Present Value of Minimum Lease Payments	$ 156,230

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2017, amounted to $859,152.

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 $5,450,900.

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2017, was $1,478,040, and contributions made by the District during the year were $766,687. Interest on the net OPEB obligation and adjustments to the annual required contribution were $276,941 and $(400,387), respectively, which resulted in an increase to the net OPEB obligation of $587,907. As of June 30, 2017, the net OPEB obligation was $7,511,423. See Note 12 for additional information regarding the OPEB obligation and the postemployment benefits plan.

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	138,667	-	-	55,089	193,756
Prepaid expenditures	617	-	-	25,143	25,760
Other reserves	3,316	-	-	-	3,316
Total Nonspendable	182,900	-	-	80,232	263,132
Restricted					
Legally restricted programs	2,048,547	-	-	684,521	2,733,068
Capital projects	-	14,824,966	-	1,471,351	16,296,317
Debt services	-	-	11,248,928	-	11,248,928
Total Restricted	2,048,547	14,824,966	11,248,928	2,155,872	30,278,313
Committed					
Stabilization arragement	3,000,000	-	-	-	3,000,000
Assigned					
Other assignments	2,233,106	-	-	5,303,864	7,536,970
Unassigned					
Reserve for economic uncertainties	5,450,887	-	-	-	5,450,887
Remaining unassigned	14,653,783	-	-	-	14,653,783
Total Unassigned	20,104,670	-	-	-	20,104,670
Total	$ 27,569,223	$ 14,824,966	$ 11,248,928	$ 7,539,968	$ 61,183,085

NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefits Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Conejo Valley Unified School District. The Plan provides medical and prescription drug benefits to eligible retirees. Membership of the Plan consists of 98 retirees and beneficiaries currently receiving benefits, and 1,342 active plan members. Separate financial statements are not prepared for the Plan.

Contribution Information

The contribution requirements of Plan members and the District are established and may be amended by the District and the Unified Association - Conejo Teachers (UACT), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016-2017, the District contributed $766,687 to the Plan, all of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 1,478,040
Interest on net OPEB obligation	276,941
Adjustment to annual required contribution	(400,387)
Annual OPEB cost	1,354,594
Contributions made	(766,687)
Increase in net OPEB obligation	587,907
Net OPEB obligation, beginning of year	6,923,516
Net OPEB obligation, end of year	$ 7,511,423

Trend Information

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

Year Ended June 30,	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
2015	$ 1,514,566	$ 722,624	47.71%	$ 6,332,895
2016	1,365,124	774,503	56.73%	6,923,516
2017	1,354,594	766,687	56.60%	7,511,423

Funded Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2015	$ -	$ 12,422,005	$ 12,422,005	0%	$ 124,489,401	10.0%

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

Actuarial Methods and Assumptions

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

In the July 1, 2015, actuarial valuation, the Projected Unit Credit Cost Method was used. The actuarial assumptions included a five percent investment rate of return, based on assumed long-term return on plan assets or employer assets, as appropriate. Healthcare cost trend rates were assumed at an initial rate of nine percent to an ultimate rate of five percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2017, was 22 years. The actuarial value of assets was not determined in this actuarial valuation.

NOTE 13 - 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, 2017, 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, 2016 to June 30, 2017:

	Workers' Compensation	Health Care	Total
Liability Balance, July 1, 2015	$ 5,000,095	$ 2,046,389	$ 7,046,484
Claims and changes in estimates	(695,706)	(10,598,037)	(11,293,743)
Claims payments	849,315	10,598,037	11,447,352
Liability Balance, June 30, 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
Assets available to pay claims at June 30, 2017	$ 7,386,783	$ 1,429,540	$ 8,816,323

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2017, 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	$ 143,493,298	$ 32,259,024	$ 7,873,241	$ 15,056,181
CalSTRS	41,048,095	11,607,435	1,771,601	4,931,515
Total	$ 184,541,393	$ 43,866,459	$ 9,644,842	$ 19,987,696

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, 2015, 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, 2017, 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	12.58%	12.58%
Required State contribution rate	8.828%	8.828%

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, 2017, are presented above and the District's total contributions were $11,756,855.

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

At June 30, 2017, 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	$ 143,493,298
State's proportionate share of the net pension liability associated with the District	81,688,175
Total	$ 225,181,473

The net pension liability was measured as of June 30, 2016. 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, 2016 and June 30, 2015, respectively, was 0.1774 percent and 0.1843 percent, resulting in a net decrease in the proportionate share of 0.0069 percent.

For the year ended June 30, 2017, the District recognized pension expense of $15,056,181. In addition, the District recognized pension expense and revenue of $7,896,022 for support provided by the State. At June 30, 2017, 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	$ 11,756,855	$ -
Net change in proportionate share of net pension liability	9,094,522	4,372,885
Difference between projected and actual earnings on pension plan investments	11,407,647	-
Difference between expected and actual experiences in the measurement of the total pension liability	-	3,500,356
Total	$ 32,259,024	$ 7,873,241

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
2018	$ 248,877
2019	248,877
2020	6,631,306
2021	4,278,587
Total	$ 11,407,647

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

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2018	$ 451,256
2019	451,256
2020	451,256
2021	451,256
2022	451,257
Thereafter	(1,035,000)
Total	$ 1,221,281

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, 2015
Measurement date	June 30, 2016
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	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 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 206,519,218
Current discount rate (7.60%)	143,493,298
1% increase (8.60%)	91,147,633

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, 2015 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, 2017, 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%	6.00%
Required employer contribution rate	13.888%	13.888%

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, 2017, are presented above and the total District contributions were $3,472,628.

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $41,048,095. The net pension liability was measured as of June 30, 2016. 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, 2016 and June 30, 2015, respectively, was 0.2078 percent and 0.2083 percent, resulting in a net decrease in the proportionate share of 0.0005 percent.

For the year ended June 30, 2017, the District recognized pension expense of $4,931,515. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,472,628	$ -
Net change in proportionate share of net pension liability	-	538,350
Difference between projected and actual earnings on pension plan investments	6,369,345	-
Difference between expected and actual experiences in the measurement of the total pension liability	1,765,462	-
Changes of assumptions	-	1,233,251
Total	$ 11,607,435	$ 1,771,601

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
2018	$ 893,385
2019	893,386
2020	2,920,231
2021	1,662,343
Total	$ 6,369,345

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

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2018	$ (169,076)
2019	(12,500)
2020	175,437
Total	$ (6,139)

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, 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, 2015
Measurement date	June 30, 2016
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7. 65%
Investment rate of return	7. 65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	51%	5.71%
Global debt securities	20%	2.43%
Inflation assets	6%	3.36%
Private equity	10%	6.95%
Real estate	10%	5.13%
Infrastructure and Forestland	2%	5.09%
Liquidity	1%	-1.05%

Discount Rate

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

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

Discount rate	Net Pension Liability
1% decrease (6.65%)	$ 61,243,986
Current discount rate (7.65%)	41,048,095
1% increase (8.65%)	24,231,041

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 $8,082,706 (8.828 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 excluded from the calculation of available reserves, and 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 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

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, 2017.

NOTE 16 - 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, 2017, the District made payments of $1,315,536 to VCSSFA for services received.

NOTE 17 - SUBSEQUENT EVENTS

The District issued $24,565,000 of Tax and Revenue Anticipation Notes dated July 6, 2017. The notes mature on June 29, 2018, 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, 2018, until 100 percent of principal and interest due is on account in April 1, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local Control Funding Formula	$ 152,619,782	$ 152,676,188	$ 152,731,024	$ 54,836
Federal sources	5,603,546	6,099,815	5,503,900	(595,915)
Other State sources	11,625,056	13,926,563	19,793,451	5,866,888
Other local sources	12,244,020	16,356,408	16,998,185	641,777
Total Revenues [1]	182,092,404	189,058,974	195,026,560	5,967,586
EXPENDITURES				
Current				
Certificated salaries	88,288,233	88,996,427	88,309,687	686,740
Classified salaries	24,500,243	25,400,465	26,742,284	(1,341,819)
Employee benefits	40,101,616	39,969,691	47,566,528	(7,596,837)
Books and supplies	10,853,519	16,010,320	7,070,397	8,939,923
Services and operating expenditures	14,385,433	18,157,407	17,888,687	268,720
Capital outlay	40,000	442,476	419,226	23,250
Other outgo	1,206,093	1,611,767	1,486,930	124,837
Debt service				
Principal	-	-	151,569	(151,569)
Interest	-	-	9,461	(9,461)
Total Expenditures [1]	179,375,137	190,588,553	189,644,769	943,784
Excess (Deficiency) of Revenues Over Expenditures	2,717,267	(1,529,579)	5,381,791	6,911,370
Other Financing Sources (Uses)				
Transfers in	143,027	137,809	67,414	(70,395)
Transfers out	(419,196)	(274,211)	(5,000)	269,211
Net Financing Sources (Uses)	(276,169)	(136,402)	62,414	198,816
NET CHANGE IN FUND BALANCES	2,441,098	(1,665,981)	5,444,205	7,110,186
Fund Balance - Beginning	22,125,018	22,125,018	22,125,018	-
Fund Balance - Ending	$ 24,566,116	$ 20,459,037	$ 27,569,223	$ 7,110,186

[1] On behalf payments of $8,082,706 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 OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2011	$ -	$ 10,906,789	$ 10,906,789	0%	$ 112,058,468	9.7%
July 1, 2013	-	13,109,678	13,109,678	0%	114,893,077	11.4%
July 1, 2015	-	12,422,005	12,422,005	0%	124,489,401	10.0%

See accompanying note to required supplementary information.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015
CalSTRS			
District's proportion of the net pension liability	0.1774%	0.1843%	0.1668%
District's proportionate share of the net pension liability	$ 143,493,298	$ 124,086,834	$ 97,490,415
State's proportionate share of the net pension liability associated with the District	81,688,175	65,628,256	58,868,922
Total	$ 225,181,473	$ 189,715,090	$ 156,359,337
District's covered - employee payroll	$ 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	161.16%	165.81%	130.04%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
CalPERS			
District's proportion of the net pension liability	0.2078%	0.2083%	0.2130%
District's proportionate share of the net pension liability	$ 41,048,095	$ 30,704,191	$ 24,184,962
District's covered - employee payroll	$ 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	164.69%	135.13%	109.63%
Plan fiduciary net position as a percentage of the total pension liability	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, 2017

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

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

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

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

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

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

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

***Changes in Assumptions* -** There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

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, 2017

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	$ 109,550
Adult Basic Education - Adult Secondary	84.002	13978	19,567
Adult Basic Education - English Literacy and Civics Education	84.002A	14109	74,804
Total Adult Education - Basic Grants to States			203,921
Carl D. Perkins Vocational and Technical Education Act Secondary Education	84.048	14894	100,340
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	1,498,051
Title I, Part G - Advanced Placement (AP) Test Fee Reimbursement Program	84.330B	14831	9,299
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	325,439
Title III Program			
Title III - Immigrant Education Program	84.365	15146	14,482
Title III - Limited English Proficient (LEP) Student Program	84.365	14346	131,112
Total Title III Program			145,594
Passed through Riverside County Special Education Local Plan Area:			
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	3,139,896
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	64,263
Preschool Local Entitlement, Part B, Section 611 (Age 3-4-5)	84.027A	13682	221,017
Total Special Education (IDEA) Cluster			3,425,176
Total U.S. Department of Education			5,707,820
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
Basic School Breakfast Program	10.553	13390	15,762
Especially Needy Breakfast	10.553	13526	519,118
National School Lunch Program	10.555	13391	1,658,243
Food Distribution	10.555	13524	192,876
Summer Food Service Program	10.559	13004	15,251
Meal Supplement	10.555	13396	19,764
Total Child Nutrition Cluster			2,421,014
Total Federal Programs			$ 8,128,834

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2017

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

ADMINISTRATION

Ann N. Bonitatibus, Ed.D.	Superintendent
Robert Iezza	Deputy Superintendent, Instructional Services
Victor P. Hayek, Ed.D.	Assistant Superintendent, Business Services
Mark McLaughlin, Ed.D.	Assistant Superintendent, Personnel Services

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2017

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,533.32	4,541.21
Fourth through sixth	3,911.43	3,903.44
Seventh and eighth	2,928.71	2,923.16
Ninth through twelfth	6,912.36	6,865.00
Total Regular ADA	18,285.82	18,232.81
Extended Year Special Education		
Transitional kindergarten through third	7.57	7.57
Fourth through sixth	2.68	2.68
Seventh and eighth	0.92	0.92
Ninth through twelfth	1.36	1.36
Total Extended Year Special Education	12.53	12.53
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	1.57	1.59
Seventh and eighth	1.50	1.80
Ninth through twelfth	7.74	8.00
Total Special Education, Nonpublic, Nonsectarian Schools	10.81	11.39
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.14	0.14
Seventh and eighth	0.02	0.02
Ninth through twelfth	0.41	0.41
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.57	0.57
Total ADA	18,309.73	18,257.30

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2017

Grade Level	1986-87 Minutes Requirement	2016-17 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	44,700	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		54,000	180	N/A	Complied
Grade 5		54,000	180	N/A	Complied
Grade 6		56,617	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		56,417	180	N/A	Complied
Grade 8		56,417	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,620	180	N/A	Complied
Grade 10		65,620	180	N/A	Complied
Grade 11		65,620	180	N/A	Complied
Grade 12		65,620	180	N/A	Complied

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2017.

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

	(Budget) 2018 [1]	2017	2016	2015
GENERAL FUND				
Revenues	$ 180,561,696	$ 195,026,560	$ 197,926,490	$ 172,133,565
Other sources and transfers in	-	67,414	454,730	-
Total Revenues and Other Sources	180,561,696	195,093,974	198,381,220	172,133,565
Expenditures	183,941,243	189,644,769	185,071,109	172,961,631
Other uses and transfers out	5,000	5,000	233,597	474,629
Total Expenditures and Other Uses	183,946,243	189,649,769	185,304,706	173,436,260
Increase(decrease) in Fund Balance	$ (3,384,547)	$ 5,444,205	$ 13,076,514	$ (1,302,695)
Ending Fund Balance	$ 24,184,676	$ 27,569,223	$ 22,125,018	$ 9,048,504
Available Reserves [2]	$ 22,136,130	$ 20,104,670	$ 13,080,616	$ 5,172,230
Available reserves as a percentage of total outgo [3]	12.03%	10.60%	7.06%	3.06%
Long-term obligations	N/A	$ 78,780,988	$ 85,730,771	$ 93,013,194
K-12 Average daily attendance at P-2	17,876	18,310	18,625	19,426

The General Fund balance has increased by $18,520,719 over the past two years. The fiscal year 2017-2018 budget projects a decrease of $3,384,547 (12.28 percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2017-2018 fiscal year. Total long-term obligations have decreased by $14,232,206 over the past two years.

Average daily attendance has decreased by 1,116 over the past two years. Additional decline of 434 ADA is anticipated during fiscal year 2017-2018.

[1] Budget 2018 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] On behalf payments of $4,562,239 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2015.

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Adult Education Fund	Child Development Fund	Cafeteria Fund
ASSETS			
Deposits and investments	$ 996,141	$ 150,736	$ 552,656
Receivables	106,490	68,437	1,265
Due from other funds	-	3,203	622,799
Prepaid expenditures	-	-	-
Stores inventories	-	-	55,088
Total Assets	$ 1,102,631	$ 222,376	$ 1,231,808
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 418,747	$ 94,302	$ 225,517
Due to other funds	757	75,880	845,478
Unearned revenue	-	50,800	105,724
Total Liabilities	419,504	220,982	1,176,719
Fund Balances:			
Nonspendable	-	-	55,089
Restricted	683,127	1,394	-
Assigned	-	-	-
Total Fund Balances	683,127	1,394	55,089
Total Liabilities and Fund Balances	$ 1,102,631	$ 222,376	$ 1,231,808

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
$ 1,320,125	$ 5,288,982	$ 8,308,640
435,936	16,007	628,135
150	-	626,152
-	25,143	25,143
-	-	55,088
$ 1,756,211	$ 5,330,132	$ 9,643,158
$ 281,830	$ 1,097	$ 1,021,493
3,030	28	925,173
-	-	156,524
284,860	1,125	2,103,190
-	25,143	80,232
1,471,351	-	2,155,872
-	5,303,864	5,303,864
1,471,351	5,329,007	7,539,968
$ 1,756,211	$ 5,330,132	$ 9,643,158

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, 2017

	Adult Education Fund	Child Development Fund	Cafeteria Fund
REVENUES			
Local Control Funding Formula	$ 335,816	$ -	$ -
Federal sources	203,920	-	2,421,014
Other State sources	1,473,164	622,470	169,709
Other local sources	2,277,535	4,500,202	1,967,793
Total Revenues	4,290,435	5,122,672	4,558,516
EXPENDITURES			
Current			
Instruction	3,199,492	349	-
Instruction-related activities:			
School site administration	590,498	-	-
Pupil services:			
Food services	-	-	4,549,736
All other pupil services	43,080	-	-
Administration:			
All other administration	196,113	348,956	-
Plant services	213,040	12,158	25,170
Facility acquisition and construction	-	-	-
Enterprise services	-	4,833,514	-
Total Expenditures	4,242,223	5,194,977	4,574,906
Excess (Deficiency) of Revenues Over Expenditures	48,212	(72,305)	(16,390)
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	-	-
Transfers out	-	(67,414)	-
Net Financing Sources (Uses)	5,000	(67,414)	-
NET CHANGE IN FUND BALANCES	53,212	(139,719)	(16,390)
Fund Balances - Beginning	629,915	141,113	71,479
Fund Balances - Ending	$ 683,127	$ 1,394	$ 55,089

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
$ -	$ -	$ 335,816
-	-	2,624,934
-	-	2,265,343
1,610,168	1,386,095	11,741,793
1,610,168	1,386,095	16,967,886
-	-	3,199,841
-	-	590,498
-	-	4,549,736
-	-	43,080
60,564	-	605,633
-	-	250,368
1,328,696	1,179,110	2,507,806
-	-	4,833,514
1,389,260	1,179,110	16,580,476
220,908	206,985	387,410
-	-	5,000
-	-	(67,414)
-	-	(62,414)
220,908	206,985	324,996
1,250,443	5,122,022	7,214,972
$ 1,471,351	$ 5,329,007	$ 7,539,968

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.

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

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, 2017, 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 13, 2017.

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.

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.

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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 13, 2017.

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 13, 2017

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND 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 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 (the District) major Federal programs for the year ended June 30, 2017. Conejo Valley Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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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, 2017.

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 13, 2017

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 *2016-2017 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, 2017.

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 *2016-2017 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 opinion~~s~~. Our audit does not provide a legal determination of Conejo Valley Unified School District's compliance with those requirements.

Unmodified Opinion on Each of the Programs

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, 2017.

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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
Mental Health Expenditures	Yes
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes, see below
CHARTER SCHOOLS:	
Contemporaneous Records of Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform testing for Independent Study because the ADA was below the level 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 a Middle or Early College High School Program; therefore, we did not perform procedures related to the Middle or Early College High School 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 procedures related to the Independent Study – Course Based Program.

The District did not have any schools listed on the immunization assessment reports; therefore, we did not perform any related procedures.

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 13, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2017

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
10.553, 10.555, 10.559	Child Nutrition Cluster

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

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	Unmodified

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2016-001 30000

Fiscal Condition (Deficit Spending-Cafeteria Fund)

Significant Deficiency

Criteria or Specific Requirements

Industry standards and best business practices related to accounting and internal control require that an entity adopt, implement, and monitor procedures that will allow for timely and accurate reporting of financial information to management and those charged with governance.

Condition

The Cafeteria Fund has incurred operating deficits in four of the past five years in the amounts of ($206,284), ($459,119), $63,611, ($309,280), and ($89,570) for the fiscal years ending June 30, 2016, 2015, 2014, 2013, and 2012, respectively. The practice of deficit spending has lowered the Cafeteria Fund balance to levels that have attributed to the Cafeteria Fund encroaching on the General Fund to maintain daily operations.

Questioned Costs

There were no questioned costs associated with the condition found.

Context

The conditions identified were determined through review of the District Cafeteria Fund financial statements, fund balance, and current year activity.

Effect

The inability to reduce expenditures to a level more in line with the decrease in revenues seen over the past few years could result in the District General Fund being unable to meet its reserve requirement in future years, due in part to the encroachment from the Cafeteria Fund operations.

Cause

The practice of deficit spending has lowered the Cafeteria Fund balance to levels that have attributed to the Cafeteria Fund encroaching on the General Fund to maintain daily operations.

Recommendation

The District must continue to evaluate its Cafeteria operations to decrease the deficit in future years so that the fund will no longer continue to encroach on the General Fund of the District.

Current Status

The District has implemented procedures to properly monitor the operations of the Cafeteria which resulted in a decrease in deficits for the current year 2016/17.

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

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

The student body should maintain a perpetual inventory of goods purchased and sold and should perform a physical inventory count at least quarterly.

ASB – Timely Deposits

Observation

1 of 24 deposits tested was not deposited on a timely basis by the site bookkeeper. Receipt number 2796 for $1,450 took 44 days from the date received to the date deposited. This could potentially result in large cash balances being maintained at the site which decreases the safeguarding of the asset.

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Recommendation

At a minimum, deposits should be made weekly to minimize the amount of cash held at the site. During weeks of high cash activity there may be a need to make more than one deposit. The District should establish guidelines for timely deposit procedures including the maximum cash on hand that should be maintained at the site. The ultimate responsibility, however, will reside with the site bookkeeper to make the deposits timely.

Associated Student Body – Cash Disbursements Documentation

Observation

Two of 21 disbursements were not adequately supported by proper documentation. Without the control document of a purchase request form, club spending might deplete the groups account causing a deficit club account balance. Additionally, documentation that the required three signatures pursuant to California Educational Code Section 48933(5)(b) should be obtained prior to the disbursement being made. Receiving documentation ensures that the club/ASB received all of the items ordered. By initialing or signing an invoice, the bookkeeper knows that all the merchandise was received prior to paying for the order.

Recommendation

Invoices should be accompanied by a purchase order where applicable and signed receiving documentation. This reduces the risk of unauthorized spending, and items being paid for and not received. Purchase orders provide clubs with documentation of items requested that can then be checked to the receiving documentation for accuracy and completeness, giving the clubs better control over their spending and inventory.

Associated Student Body – Potential Prohibited Expenditure

Observation

During disbursement testing auditor noted 5 of 21 expenditures were considered prohibited purchases by the Associated Student Body Accounting Manual, Fraud Prevention and Desk Reference. These prohibited purchases include: Harry Tennant & Association Inc. for detention monitoring system, Prisciliano Mendez for donations, Kiwanis International Foundation for donations, Ventura County Animal Services for donations, and Kim Michaud for lunch for sport-o-rama coaches while they plan their teams and events.

Recommendation

The District should be aware of expenditures which may be considered gifts of public funds, responsibility of the district, or not directly promoting the general welfare, morale or educational experience of students. Some examples of such disbursements might include:

- Repair and maintenance of district-owned facilities and equipment.
- Articles for the personal use of district employees
- Expenses for staff or faculty meetings
- Expenses for booster clubs, foundations, auxiliary organizations and other parent-teacher organizations
- Gifts of any kind
- Employee appreciation gifts or meals
- Employee clothing/attire
- Donations to other organizations, except in special circumstances

- Donations to families or students in need
- Cash awards to anyone, because internal controls cannot be established and documented, unless a district's board policy allows such awards

Additionally, page 187 of the Accounting Manual, Fraud Prevention and Desk Reference, states "Donations to nonprofit organizations and students or families in need usually are not allowable because they are considered a gift of public funds, no matter how worthy the cause." A solution to this problem would be to work with a parent group that has its own tax identification number, sufficient internal controls and ask them to operate the fundraiser because groups such as this are not subject to the rules regarding gift of public funds.

ASB – Adequate Safeguarding of Ticketed Wristbands

Observation

During the audit, the auditor noted inadequate safeguards of ticketed wristbands. Auditor observed numerous ticketed wristbands not being secured and locked appropriately.

Recommendation

The ticket wristbands should remain locked and secured at all times when not in use. Ticketed wristbands represent assets and theft could result in revenue loss to the site.

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 which calculates the number of tickets sold and the total revenue generated based on the selling price per ticket is not prepared.

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.

ASB – Change Fund

Observation

The site maintains a change fund account which is not 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 Not 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 clearing 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 for collection.

ASB – Cash Disbursement Approval

Observation

During our audit of cash disbursement procedures, auditor noted 19 of 21 expenditures were not pre-approved in the ASB minutes. Four of the 19 expenditures could not be located in the ASB minutes. Those expenditures were check # 4672, 4676, 4687, and 4747.

Recommendation

The ASB should ensure all appropriate approval signatures are obtained prior to issuance of the check to ensure all payments meet proper control procedures and policies. The ASB should also thoroughly review all payment requests prior to approving expenditures.

Associated Student Body - Deficit Club Balances

Observation

In reviewing the financial statements for the student body accounts we noted that the athletic team had a negative club account balance of ($2054.72). Since the student body accounts represent individual portions of the cash and asset pool, by some 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

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to 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 groups account.

Associated Student Body – Student Store Sales
Observation

During our audit we found that student store tally sheets are not reconciled to amounts deposited, and they were unable to be traced to 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.

Associated Student Body - Expenditure Monitoring

Observation

The site is not effectively monitoring actual expenditures against its budgeted amounts. Auditor noted 2 out of 21 issued checks exceeding the amounts noted on the approved purchase order.

Recommendation

District should implement an effective budgeting system to avoid overages. Failure to do so may result in deficit account balances or bounced checks if not properly estimated.

Associated Student Body - Revenue Potentials

Observation

Revenue potential forms are not being used to document and control fund-raising activities as they occur for movie night 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 monies 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.

Redwood Middle 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

The student body should maintain a perpetual inventory of goods purchased and sold and should perform a physical inventory count at least quarterly.

Associated Student Body – Potential Prohibited Expenditure
Observation

During disbursement testing auditor noted 3 of 18 expenditures were potential prohibited expenditures. These expenditures include a reimbursement for gift cards to coaches, and 2 TLC Sportswear disbursements for employee appreciation shirts and jackets.

Recommendation

The District should be aware of expenditures which may be considered gifts of public funds, responsibility of the district, or not directly promoting the general welfare, morale or educational experience of students. Some examples of such disbursements might include:

- Repair and maintenance of district-owned facilities and equipment.
- Articles for the personal use of district employees
- Expenses for staff or faculty meetings
- Expenses for booster clubs, foundations, auxiliary organizations and other parent-teacher organizations

- Gifts of any kind
- Employee appreciation gifts or meals
- Employee clothing/attire
- Donations to other organizations, except in special circumstances
- Donations to families or students in need
- Cash awards to anyone, because internal controls cannot be established and documented, unless a district's board policy allows such awards

Associated Student Body – Booster Clubs

Observation

We noted that there is one Booster Club activity being comingled with Associated Student Body accounts which is prohibited since the organization is not made up of students as outlined in the California Educational Code. This booster is the Redwood Middle School Band Booster. Associated Student Bodies are an integral part of the District and exist under the federal tax identification number of the District, the booster or parents clubs do not. Per the Internal Revenue Code regulations, they are separate entities much like a business and must apply for their own non-profit status and obtain their own tax identification number. In addition, the non-profit status must be obtained before the group can accept tax deductible donations.

Recommendation

The activity of the Booster Club must not be commingled with the Associated Student Body accounts; they should open their own checking account. Donations from the Booster Club are allowed as long as no monies are ever paid from the Student Body to the Booster Club. The Booster Club must apply for its own tax identification number and non-profit status as required by the Internal Revenue Code.

Associated Student Body – Revenue Potentials

Observation

Revenue potential forms are not being filled out completely. The school site does not explain the difference between budgeted and actual revenues and expenses. The auditor was unable to trace the income and expenses that were written on the revenue potential forms. The auditor reviewed all revenue potentials for the year.

Recommendation

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential 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 monies 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.

ASB – Cash Disbursement Approval

Observation

During our audit of cash disbursement procedures, auditor noted 4 out of 18 disbursements in the ASB minutes were obtained after the checks were issued or the amount approved was less than the disbursement amount. The disbursements are as follows: check number 6960 and 7109 were not approved in the ASB minutes, check number 6981 was approved for less than what the check stated, and check number 7056 was approved after the check was cut.

Recommendation

The District should ensure approval signatures should be obtained prior to issuance of the check and budgeted amounts are revised to ensure all payments meet ASB criteria. The student body and advisors should thoroughly review all payment requests before approving.

ASB - Cash Receipting and Reconciling Procedures

Finding

Coin and Currency Count is not being signed at the time of deposit.

Recommendation

To strengthen the procedures over cash collections, all cash should be signed at the time when money is turned over to the bookkeeper. This procedure helps to prevent and avoid a possible dispute over the amount of cash submitted by the person turning in the funds to the office. The immediate receipting process is also a tool for the bookkeeper to reconcile the cash awaiting deposit to the receipts issued since the last bank deposit. The current system would not disclose that funds have been misplaced or stolen since the cash on hand at the date of the deposit would be the only funds receipted.

Sycamore Canyon Middle 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

The student body should maintain a perpetual inventory of goods purchased and sold and should perform a physical inventory count at least quarterly.

ASB – Cash Disbursement Approval

Observation

During our audit of cash disbursement procedures, auditor noted 4 of 42 approvals of disbursements in the ASB minutes were obtained after the checks were issued. These were for So Crazy Entertainment Services ($1,980), TSI ($3,894.19), Tony's Pizza ($35), and Barbara Barker ($48.40).

Recommendation

The student body should ensure approval signatures are obtained prior to issuance of checks to ensure all payments meet ASB criteria. The student body and advisors should thoroughly review all payment requests before approving.

ASB – ASB Meeting Minutes

Observation

The minutes of the Student Council meetings are not completed as suggested in the "Associated Student Body: Accounting Manual, Fraud Prevention Guide and Desk Reference" prepared by FCMAT.

Recommendation

The Department of Education's manual suggests that minutes be taken and filed which includes at least the following information:

- Name of the club or organization holding the meeting
- Date, time, and place of the meeting
- Kind of meeting (regular, special etc.)
- Names of those in attendance
- Name of the presiding officer

- Minutes from the previous meeting read, amended and/or approved
- What was discussed or reported on during the meeting
- Report on activities of standing committee or special committee
- What action was taken during the meeting, e.g., the budget was amended or the expenses were approved
- The results of any votes taken, including who made a motion, who seconded the motion and anyone in opposition, if applicable
- Reporting on any communication to the ASB
- Listing of any unfinished business
- Date and time of next meeting
- What time the meeting adjourned
- Who prepared the minutes

Associated Student Body – Gift of Public Funds

Observation

In reviewing the cash disbursements, auditor noted all disbursements for the Builders Club were donations, which is against the California Constitution, Article 16, Section 6 "gift of public funds," also 27 of 42 disbursements tested for the Builders Club did not have adequate supporting documentation.

Recommendation

Page 187 of the Accounting Manual, Fraud Prevention and Desk Reference, states "Donations to nonprofit organizations and students or families in need usually are not allowable because they are considered a gift of public funds, no matter how worthy the cause." A solution to this problem would be to work with a parent group that has its own tax identification number, sufficient internal controls and ask them to operate the fundraiser because groups such as this are not subject to the rules regarding gift of public funds.

Associated Student Body – Bank Reconciliations

Observation

The monthly bank statements were not reconciled for November 2016 and forward, therefore, the site is not aware of their available cash balance or if the financial records of the clubs accurately reflect true financial information.

Recommendation

Monthly bank reconciliation's should be performed to ensure that the cash balances reported on the books are accurate and that the financial institution has not made a mistake. Besides reconciling the cash accounts, the balances of the student body accounts should be totaled and compared to the reconciled cash amount to ensure that the two amounts are equal. Differences between the two amounts could be caused by miss-postings to the student body accounts.

Associated Student Body - Revenue Potentials

Observation

Revenue potential forms are not being used for dances 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 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 monies 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.
5. 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 – Disbursement Signatures/ Minutes Approval

Observation

In reviewing the cash disbursement procedures at the site, we noted the following deficiencies:

- 6 of 9 disbursements tested contained only one of the three required approval signatures on the check request.
- 1 of 9 disbursements tested did not have the approval form
- 8 of the 9 disbursements tested were not approved in the minutes
- 2 of 9 disbursements were not approved before the check was issued

Recommendation

The site should review the cash disbursement procedures outlined in the Associated Student Body: Accounting Manual, Fraud Prevention Guide and Desk Reference The manual explains that three signatures, one being a student representative, are required pursuant to California Educational Code Section 48933(5)(b) on all disbursements from a student body account and that documents supporting a disbursement should be kept in organized files with the student body bookkeeper so that they can be easily reviewed should the need arise. Checks must never be issued unless they are completely filled out including the payee, date, approval signatures and amount in order to properly safeguard cash. The safeguard accounting ledgers should record only the carbon of the actual notations on the check. Hand writing amounts or other information, besides the account balance information, on the ledger sheets is not appropriate. The manual also suggests that minutes be taken and filed which includes details of the meeting including budgeting procedures, fund raising discussions, and approval of expenditures. In addition, any motion which is presented and voted on must include the individual's name who presented the motion, the person who seconded it and the final vote on the motion.

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 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 monies 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.

Associated Student Body – Ticket Log

Finding

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.

Associated Student Body – Stale Dated Checks

Observation

In reviewing the sites outstanding check and deposit listing for November 2016 reconciliation, we noted that one check was over 6 months old and one deposit was over 6 months old making the probability of them clearing the account quite low.

Recommendation

Outstanding checks or deposits over 6 months old should be investigated and written off to the appropriate account and taken off the subsequent bank reconciliations. Although the chances are low, the check may clear on a subsequent bank statement. In this case, the amount should be charged against the appropriate account and described as “outstanding check written off-cleared”.

Westlake High School

Associated Student Body – Prohibited Disbursements

Observation

It was noted that the Associated Student Body appeared to have 3 prohibited disbursements out of 25 disbursements tested. These disbursements were for athletic coaches’ certification ($50), holiday cards for staff ($87.08), and team room renovations ($2,200).

Recommendation

The District should be aware of expenditures which may be considered gifts of public funds, responsibility of the district, or not directly promoting the general welfare, morale or educational experience of students. Some examples of such disbursements might include:

- Repair and maintenance of district-owned facilities and equipment.
- Articles for the personal use of district employees
- Expenses for staff or faculty meetings
- Expenses for booster clubs, foundations, auxiliary organizations and other parent-teacher organizations
- Gifts of any kind
- Employee appreciation gifts or meals
- Employee clothing/attire
- Donations to other organizations, except in special circumstances
- Donations to families or students in need
- Cash awards to anyone, because internal controls cannot be established and documented, unless a district's board policy allows such awards

Associated Student Body – Revenue Potentials

Observation

Revenue potential forms are not being filled out completely for the Choral Arts Club, Anatomy Club, and the FBLA Club, due to the school site not having an explanation of the difference between budgeted and actual revenues and expenses. Also, 1 of 3 revenue potentials were not approved in the ASB minutes for a Choral Arts concert. Also, the auditor increased testing to include all revenue potentials for Choral Club and noted none of them were approved in the minutes.

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.

Associated Student Body – Adequate Safeguarding of Tickets

Observation

During the audit, auditor noted inadequate safeguards for ticket rolls. Auditor observed that numerous ticket rolls were not secured and locked appropriately.

Recommendation

The ticket rolls should remain locked and secured at all times when not in use. Tickets represent assets and the theft of them can result in revenue loss to the site.

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.

Associated Student Body - Deficit Club Balances

Observation

In reviewing the financial statements for the student body accounts, we noted multiple accounts at some point during the year had a negative trust club balance. Those accounts included: Speech & Debate ($140), Girls Basketball ($128), and Forensics League ($40). Since the student body accounts represent individual portions of the cash and asset pool, by some 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 expenditures by ensuring the expenditure is allowable and that the account requesting the expenditure has the funds to cover it.

Recommendation

The site bookkeeper has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, the bookkeeper is not meeting this responsibility to 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 groups account.

Newbury Park High School

Associated Student Body – Potential Prohibited Expenditure

Observation

During disbursement testing auditor noted expenditures for academic uses, which may not generally be considered as an allowable expenditure by the Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference. Some of these expenditures include staff appreciation, donations, employee meals, and maintenance of district owned property. 9 out of 40 disbursements were potential prohibited expenditures. The expenditures include Dagan Sales for staff and administration shirts, Country Harvest for staff luncheon, Kutt's Field for work done on the baseball field, Make-A-Wish for donations, reimbursement for staff luncheon, and SAS Business for replacing existing sign faces in the front of the school.

Recommendation

The District should be aware of expenditures which may be considered gifts of public funds, responsibility of the district, or not directly promoting the general welfare, morale or educational experience of students. Some examples of such disbursements might include:

- Repair and maintenance of district-owned facilities and equipment.
- Articles for the personal use of district employees
- Expenses for staff or faculty meetings
- Expenses for booster clubs, foundations, auxiliary organizations and other parent-teacher organizations
- Gifts of any kind
- Employee appreciation gifts or meals
- Employee clothing/attire
- Donations to other organizations, except in special circumstances
- Donations to families or students in need
- Cash awards to anyone, because internal controls cannot be established and documented, unless a district's board policy allows such awards

Additionally, page 187 of the Accounting Manual, Fraud Prevention and Desk Reference, states "Donations to nonprofit organizations and students or families in need usually are not allowable because they are considered a gift of public funds, no matter how worthy the cause." A solution to this problem would be to work with a parent group that has its own tax identification number, sufficient internal controls and ask them to operate the fundraiser because groups such as this are not subject to the rules regarding gift of public funds.

Associated Student Body – Adequate Safeguarding of Tickets

Observation

During the audit, auditor noted inadequate safeguards for ticket rolls. Auditor observed that numerous ticket rolls were not secured and locked appropriately.

Recommendation

The ticket rolls should remain locked and secured at all times when not in use. Tickets represent assets and the theft of them can result in revenue loss to the site.

ASB – Change Fund

Observation

The site maintains a change fund account which is not stated properly on their financial statements thereby understating the ASB assets. The change fund that is maintained by the school site is understated by $650.

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 – ASB Meeting Minutes

Observation

The minutes of the Student Council meetings are not completed as suggested in the "Associated Student Body: Accounting Manual, Fraud Prevention Guide and Desk Reference" prepared by FCMAT. Auditor noted the ASB minutes are not being signed and fundraisers are not being approved.

Recommendation

The Department of Education's manual suggests that minutes be taken and filed which includes at least the following information:

- Name of the club or organization holding the meeting
- Date, time, and place of the meeting
- Kind of meeting (regular, special etc.)
- Names of those in attendance
- Name of the presiding officer
- Minutes from the previous meeting read, amended and/or approved
- What was discussed or reported on during the meeting
- Report on activities of standing committee or special committee
- What action was taken during the meeting, e.g., the budget was amended or the expenses were approved

- The results of any votes taken, including who made a motion, who seconded the motion and anyone in opposition, if applicable
- Reporting on any communication to the ASB
- Listing of any unfinished business
- Date and time of next meeting
- What time the meeting adjourned
- Who prepared the minutes

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

The student body should maintain a perpetual inventory of goods purchased and sold and should perform a physical inventory count at least quarterly.

ASB – Cash Disbursement Approval

Observation

During our review of cash disbursement procedures, we noted approval of disbursements in the ASB minutes were obtained after the checks were issued or the amount approved was less than the disbursement amount. School Specialty (Furniture for Student Store) was approved for less than the check was issued, reimbursement to John Brennan (Lacrosse Supplies) was approved after the check was issued, Paul Andre Smith (PA for sporting event) was approved after the check was issued, and California FBLA (Registration for state leadership conference) was approved for less then what the check was issued.

Recommendation

The student body should ensure approval signatures are obtained prior to issuance of checks to ensure all payments meet ASB criteria. The student body and advisors should thoroughly review all payment requests before approving.

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 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 monies 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.

ASB – Bank Reconciliation Review

Observation

Bank Reconciliations were not being reviewed on a monthly basis.

Recommendation

Timely and accurate bank account reconciliations are prudent and necessary. The principal/school administrator or ASB advisor should compare the bank statement and the checkbook to general ledger to ensure that the totals match the numbers on the bank reconciliations. The principal/school administrator or ASB advisor should verify that outstanding items are cleared in the following month. The principal/school administrator or ASB advisor should initial and date the bank reconciliation as evidence that they were reviewed and that the totals are identical.

Thousand Oaks High School

Associated Student Body – Potential Prohibited Expenditure

Observation

During disbursement testing auditor noted expenditures for academic uses, which may not generally be considered as an allowable expenditure by the "Associated Student Body Accounting Manual, Fraud Prevention and Desk Reference". Some of these expenditures include staff appreciation, donations, and maintenance of district owned property. 12 out of 41 disbursements were potential prohibited expenditures. The prohibited expenditures included: Costco (Food for Staff and faculty breakfast), Reimbursement to Joanna Burns (gift cards for promotional drawing as an incentive to purchase yearbooks), Ryan Long (Repair Pool deck team room), Reimbursement for hotel, car rental, and meals (should go through the district), donations for adopt a family, Joe Campbell (paint lines for boys and girls lacrosse on stadium field).

Recommendation

The District should be aware of expenditures which may be considered gifts of public funds, responsibility of the district, or not directly promoting the general welfare, morale or educational experience of students. Some examples of such disbursements might include:

- Repair and maintenance of district-owned facilities and equipment.
- Articles for the personal use of district employees
- Expenses for staff or faculty meetings
- Expenses for booster clubs, foundations, auxiliary organizations and other parent-teacher organizations
- Gifts of any kind
- Employee appreciation gifts or meals
- Employee clothing/attire
- Donations to other organizations, except in special circumstances
- Donations to families or students in need
- Cash awards to anyone, because internal controls cannot be established and documented, unless a district's board policy allows such awards

Additionally, page 187 of the Accounting Manual, Fraud Prevention and Desk Reference, states "Donations to nonprofit organizations and students or families in need usually are not allowable because they are considered a gift of public funds, no matter how worthy the cause." A solution to this problem would be to work with a parent group that has its own tax identification number, sufficient internal controls and ask them to operate the fundraiser because groups such as this are not subject to the rules regarding gift of public funds.

Associated Student Body – Cash Disbursements Documentation

Observation

Five out of 40 disbursements tested were not adequately supported by an invoice . These disbursements included: Phil Cleaver (football game ticket taker check #10740), Ivette Dulop (conditioning and training of dance team check #10839), Kevin Velasquez (Choreography Fee check #10881), SCWOA (payment for officials check #10992), David Zibalese (Pop Choreography check #11082), Without the control document of a purchase request form, club spending might deplete the groups account causing deficit spending and the documentation that the required three signatures pursuant to California Educational Code Section 48933(5)(b) have been obtained prior to the disbursement being made. Receiving documentation ensures that the club/ASB received all of the items ordered. By initialing or signing an invoice, the bookkeeper knows that all the merchandise was received prior to paying for the order.

Recommendation

All payments should be accompanies by an invoice, a purchase order where applicable, and signed receiving documentation. This reduces the risk of unauthorized spending, and items being paid for and not received. Purchase orders provide clubs with documentation of items requested that can then be checked to the receiving documentation for accuracy and completeness, giving the clubs better control over their spending and inventory.

ASB – Cash Disbursement Approval

Observation

During our audit of cash disbursement procedures, auditor noted approval of 33 of 40 disbursements in the ASB minutes were obtained after the checks were issued or not at all.

Recommendation

The District should ensure approval signatures should be obtained prior to issuance of the check to ensure all payments meet ASB criteria. Management should thoroughly review all payment requests before approving.

Associated Student Body – Booster Clubs

Observation

We noted that there is one Booster Club activity comingled with Associated Student Body accounts which is prohibited since the organization is not made up of students as outlined in the California Educational Code. Associated Student Bodies are an integral part of the District and exist under the federal tax identification number of the District, the booster or parents clubs do not. Per the Internal Revenue Code regulations, they are separate entities much like a business and must apply for their own non-profit status and obtain their own tax identification number. In addition, the non-profit status must be obtained before the group can accept tax deductible donations. The booster club activity is for a multi-sectional to William Scotsman, Inc.

Recommendation

The activity of the Booster Club should not be commingled with the Associated Student Body accounts; they should open their own checking account. Donations from the Booster Club are allowed as long as no monies are ever paid from the Student Body to the Booster Club. The Booster Club must apply for its own tax identification number and non-profit status as required by the Internal Revenue Code.

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.

Associated Student Body - Revenue Potentials

Observation

Revenue potential forms are not being used for 3 amigos fundraiser, valentine grams, movie nights, and winter concert 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 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 monies 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.

Associated Student Body – Master Ticket Log

Observation

A master ticket log is not being updated when tickets are returned. The auditor was unable to trace the ending ticket number from the ticket sales recap sheet to the ticket roll.

Recommendation

A master ticket log should be maintained which notes the type of ticket, color, and current beginning ticket number in the role and should be updated after every event. 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.

CAL-CARD OBESRVATIONS AND RECOMMENDATIONS

Observation

The District has issued Cal Cards to certain individuals for making purchases. However, not all purchases for all Cal Card holders are being reviewed or approved by the appropriate supervisor.

Recommendation

The use of credit cards is susceptible to abuse and therefore tight restrictions and controls are needed to prevent misuse of the cards. In order to mitigate possible misuse of the cards a supervisor should be reviewing and approving all monthly transactions. This would be evidenced through the signing of the cardholder's monthly reconciliation for approval.

Observation

During our review we noted a total of $1,254.72 of late charges from July- April. This was due to cardholders not turning in their monthly reconciliations on time for payment. We noted 50 instances of monthly reconciliations being turned in late from a total of 30 different cardholders throughout the year.

Recommendation

The District should develop and document a formal policy for addressing cardholder non-compliance. For example, the first time a cardholders is late in providing reconciled statements or adequate documentation or makes an unallowable purchase; they can be reminded of the policy. On the second instance, they can be required to attend remedial training. On the third instance, their card can be revoked.

Observation

Per the District's "Procurement Card Procedures Handbook" technology purchases are not allowed. However, we noted 40 transactions relating to technology items from 10 different employees that totaled $14,240.51.

Recommendation

All cardholders should strictly adhere to the "Procurement Card Procedures Handbook" that is given to each employee. In order to prevent any misuse of the credit cards a review of the purchases every month is recommended by a supervisor.

Observation

We noted 3 out of the 15 cardholders tested are splitting purchases to circumvent the single item purchase limit on their Cal Card. A total of 6 transactions were noted for a total of $14,221.50. This is unallowable per the District's "Procurement Card Procedures Handbook."

Recommendation

All cardholders should strictly adhere to the "Procurement Card Procedures Handbook" that is given to each employee. A review and approval for all cardholder's transactions will help to prevent possible misuse of Cal Cards and circumvention of controls. Any misuse should result in disciplinary action up to the cardholder's Cal Card being revoked.

Observation

We noted that 4 out of the 15 cardholders tested did not submit a purchase order at the beginning of the year for an approved amount to spend on their Cal Card. It was also noted that 6 out of the 15 cardholders tested submitted a purchase order but overspent on the board approved amount for purchases without obtaining an additional purchase order for the increase.

Recommendation

The District should implement a strict policy that would not allow cardholders to make any purchases until the proper paperwork has been received by the cardholder. If the cardholder does not comply, the District should consider revoking the cardholders Cal Card until all matters have been resolved.

Observation

During testing the following observations were noted with regards to receipts and backup documentation for purchases being made:

- Fourteen transactions from three different employees that totaled $2,449.92 in purchases that didn't have itemized receipts from Amazon. Per the District's "Procurement Card Procedures Handbook" all purchases must have itemized receipts.

- Two transactions where the receipt only documented the item purchases but did not show the amount that was paid.
- Five transactions from 3 different employees totaling $1,049.19 where the "Request for Refreshment/Meal Reimbursement" informal & formal District meetings form was not approved by the Director of Fiscal Services.
- Sixteen transactions from 6 different employees had no conference approval form.

Recommendation

All receipts and related documentation should be itemized in order to determine if purchases were allowable and for proper approval of items. The cardholder should also be held responsible ensuring that all proper paperwork is submitted and approved to attend conferences and to receive meal reimbursements for District meetings.

Observation

It was noted that the cardholders and the District are not effectively monitoring expenses and noted deficit spending on accounts. It was noted that the cardholders assign the account code string to each purchase that is made so that it is charged to the proper account, however, if that account is in the negative it was noted that the purchases will still be charged to that account.

Recommendation

The District and cardholders should be monitoring the expenses for each account to ensure proper funds are available to use and should take steps to implement an effective monitoring system.

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 13, 2017