CONEJO VALLEY UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Conejo Valley Unified School District (the District) as of and for the year ended June 30, 2015, 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 2014-2015 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.

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

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Notes 1 and 17 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 5 through 13, budgetary comparison, other postemployment benefit, net pension liability, and District contribution information on pages 67 through 70, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Conejo Valley Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other supplementary information as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other 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 12, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Conejo Valley Unified School District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2015

Ann N. Bonitatibus, Ed.D.
Superintendent

Jon D. Sand, 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, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the 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, scholarships, employee retiree benefits, and pensions. 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 $(61,557,008) for the fiscal year ended June 30, 2015. Of this amount, $(152,567,483) was unrestricted. 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	
		(As restated)
	2015	2014
Assets		
Current and other assets	$ 76,892,637	$ 36,807,973
Capital assets	108,198,703	112,817,794
Total Assets	185,091,340	149,625,767
Deferred Outflows of Resources		
Current year pension contribution	9,319,808	8,689,136
Liabilities		
Current liabilities	8,539,691	7,977,202
Long-term obligations	93,013,194	61,554,218
Aggregate net pension liability	121,675,377	152,086,939
Total Liabilities	223,228,262	221,618,359
Deferred Inflows of Resources		
Net change in proportionate share of net pension liability	422,842	-
Difference between actual and expected rate of investment return	32,317,052	-
Total Deferred Inflows of Resources	32,739,894	-
Net Position		
Net investment in capital assets	78,993,577	87,337,569
Restricted	12,016,898	26,904,372
Unrestricted	(152,567,483)	(177,545,397)
Total Net Position	$ (61,557,008)	$ (63,303,456)

The $(152,567,483) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 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	
	2015	2014
Revenues		
Program revenues:		
Charges for services	$ 2,676,464	$ 2,980,253
Operating grants and contributions	26,875,038	26,547,389
General revenues:		
Federal and State aid not restricted	63,897,541	51,389,009
Property taxes	90,184,794	91,432,539
Other general revenues	18,883,636	18,367,202
Total Revenues	202,517,473	190,716,392
Expenses		
Instruction-related	147,246,095	136,870,877
Pupil services	14,495,815	14,436,315
General administration	9,036,438	9,107,249
Maintenance and operations	17,256,592	16,188,731
Other	12,127,652	11,567,354
Total Expenses	200,162,592	188,170,526
Change in Net Position	$ 2,354,881	$ 2,545,866

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $200,162,592. However, the amount that our taxpayers ultimately financed for these activities through local taxes was $90,184,794, because the cost was paid by those who benefited from the programs $2,676,464 or by other governments and organizations who subsidized certain programs with grants and contributions $26,875,038. We paid for the remaining "public benefit" portion of our governmental activities with $82,781,177 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	
	2015	2014	2015	2014
Instruction	$ 129,068,826	$ 119,528,293	$ 109,213,592	$ 101,993,763
Instruction-related activities	18,177,269	17,342,584	17,382,250	16,614,724
Pupil services	14,495,815	14,436,315	9,793,971	8,685,642
General administration	9,036,438	9,107,249	8,752,836	8,806,460
Maintenance and operations	17,256,592	16,188,731	17,178,431	16,109,117
Other	12,127,652	11,567,354	8,290,010	6,433,178
Total	$ 200,162,592	$ 188,170,526	$ 170,611,090	$ 158,642,884

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $63,369,525, which is an increase of $35,162,888 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2014	Revenues	Expenditures	June 30, 2015
General Fund	$ 10,351,199	$ 172,133,565	$ 173,436,260	$ 9,048,504
Building Fund	-	37,201,587	889,033	36,312,554
Bond Interest and Redemption Fund	9,532,876	10,256,728	9,612,513	10,177,091
Non-Major Governmental Funds	8,322,562	16,000,422	16,491,608	7,831,376
Total	$ 28,206,637	$ 235,592,302	$ 200,429,414	$ 63,369,525

The primary reasons for these increases/decreases are:

a. The General Fund is the District's principal operating fund. The fund balance in the General Fund decreased by $1,892,112. This decrease is due to the School Board's decision to grant a 2 percent salary increase to all represented employees.

b. The Building Fund (Bond) balance decrease from $481,528 to $ -0-. These funds have been fully exhausted in accordance with the guidelines outlined in the Measure R Bond on projects approved by the Board of Education.

c. The Special Reserve Fund for Capital Outlay Projects balance decrease by $1,082,081 to $6,268,681. The decrease was realized in the TOPASS Fund. The decreased balance was the result of District site repairs and improvements in accordance with the City of Thousand Oaks redevelopment agreement.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 15, 2015. (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 67).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had $108,198,703 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of $4,619,091, or 4.09 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2015	2014
Land and construction in progress	$ 19,150,798	$ 19,274,532
Buildings and improvements	87,050,004	91,570,399
Equipment	1,997,901	1,972,863
Total	$ 108,198,703	$ 112,817,794

Long-Term Obligations

At the end of this year, the District had $77,626,715 in bonds outstanding versus $47,355,622 last year, an increase of $30,273,091. Long-term obligations consisted of:

Table 6

	Governmental Activities	
	2015	2014
General obligation bonds (financed with property taxes)	$ 77,626,715	$ 47,355,622
Premium on issuance	2,011,328	1,757,674
Capital leases	454,849	597,515
Compensated absences (vacations)	850,546	934,965
Claims liabilities (IBNR)	5,736,861	5,367,489
Net OPEB obligation	6,332,895	5,540,953
Total	$ 93,013,194	$ 61,554,218

Net Pension Liability (NPL)

At year-end, the District had a pension liability of $121,675,377, 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 2015-2016 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

District Staffing and enrollment forecasts:

	Staffing Ratio	Enrollment
Grades kindergarten through third	21.5:1	4,737
Grades four through eight	30:1	7,004
Grades nine through twelve	30:1	7,290
Special Education (SDC)	12:1	490
Independent Study	10:1	107

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, 2015

	Governmental Activities
ASSETS	
Deposits and investments	$ 67,829,266
Receivables	8,564,912
Prepaid expenditures	295,127
Stores inventories	203,332
Capital assets	
Land and construction in progress	19,150,798
Other capital assets	206,900,793
Less: Accumulated depreciation	(117,852,888)
Capital Assets, Net of Accumulated Depreciation	108,198,703
Total Assets	185,091,340
DEFERRED OUTFLOWS OF RESOURCES	
Current year pension contribution	9,319,808
LIABILITIES	
Accounts payable	5,743,958
Interest payable	241,875
Unearned revenue	1,090,626
Claims liabilities	1,463,232
Current portion of long-term obligations other than pensions	8,912,349
Noncurrent portion of long-term obligations other than pensions	84,100,845
Total Long-Term Obligations	93,013,194
Aggregate net pension liability	121,675,377
Total Liabilities	223,228,262
DEFERRED INFLOWS OF RESOURCES	
Net change in proportionate share of net pension liability	422,842
Difference between projected and actual earnings on pension plan investments	32,317,052
Total Deferred Inflows of Resources	32,739,894
NET POSITION	
Net investment in capital assets	78,993,577
Restricted for:	
Debt service	9,935,216
Capital projects	659,389
Educational programs	946,283
Other activities	476,010
Unrestricted	(152,567,483)
Total Net Position	$ (61,557,008)

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, 2015

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	$ 129,068,826	$ 37,682	$ 19,817,552	$ (109,213,592)
Instruction-related activities:				
Supervision of instruction	3,357,169	3,713	740,336	(2,613,120)
Instructional library, media, and technology	1,312,702	-	-	(1,312,702)
School site administration	13,507,398	-	50,970	(13,456,428)
Pupil services:				
Home-to-school transportation	1,737,686	-	146,663	(1,591,023)
Food services	4,456,548	1,576,481	2,323,522	(556,545)
All other pupil services	8,301,581	355	654,823	(7,646,403)
Administration:				
Data processing	3,398,425	30,291	47,770	(3,320,364)
All other administration	5,638,013	18,501	187,040	(5,432,472)
Plant services	17,256,592	21,440	56,721	(17,178,431)
Ancillary services	2,500,611	-	-	(2,500,611)
Community services	1,147,489	108,222	170,672	(868,595)
Enterprise services	4,409,311	777	530,178	(3,878,356)
Interest on long-term obligations	2,436,346	-	-	(2,436,346)
Other outgo	1,633,895	879,002	2,148,791	1,393,898
Total Governmental Activities	$ 200,162,592	$ 2,676,464	$ 26,875,038	(170,611,090)
General revenues and subventions:				
Property taxes, levied for general purposes				79,413,603
Property taxes, levied for debt service				9,656,215
Taxes levied for other specific purposes				1,114,976
Federal and State aid not restricted to specific purposes				63,897,541
Interest and investment earnings				143,851
Miscellaneous				18,739,785
Subtotal, General Revenues				172,965,971
Change in Net Position				2,354,881
Net Position - Beginning				80,094,347
Restatement				(144,006,236)
Net Position - Beginning (As Restated)				(63,911,889)
Net Position - Ending				$ (61,557,008)

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	$ 5,205,443	$ 37,172,547	$ 10,168,730
Receivables	7,938,325	2,308	8,361
Due from other funds	984,386	-	-
Prepaid expenditures	295,127	-	-
Stores inventories	154,507	-	-
Total Assets	$ 14,577,788	$ 37,174,855	$ 10,177,091
LIABILITIES AND FUND BALANCES			
Liabilities:			
Overdrafts	$ -	$ -	$ -
Accounts payable	4,026,839	859,573	-
Due to other funds	669,561	2,728	-
Unearned revenue	832,884	-	-
Total Liabilities	5,529,284	862,301	-
Fund Balances:			
Nonspendable	489,934	-	-
Restricted	946,283	36,312,554	10,177,091
Committed	-	-	-
Assigned	2,440,057	-	-
Unassigned	5,172,230	-	-
Total Fund Balances	9,048,504	36,312,554	10,177,091
Total Liabilities and Fund Balances	$ 14,577,788	$ 37,174,855	$ 10,177,091

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

Non-Major Governmental Funds	Total Governmental Funds
$ 8,516,984	$ 61,063,704
578,637	8,527,631
662,050	1,646,436
-	295,127
48,825	203,332
$ 9,806,496	$ 71,736,230
$ 333	$ 333
735,387	5,621,799
981,658	1,653,947
257,742	1,090,626
1,975,120	8,366,705
48,825	538,759
1,995,392	49,431,320
394,255	394,255
5,392,904	7,832,961
-	5,172,230
7,831,376	63,369,525
$ 9,806,496	$ 71,736,230

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balance - Governmental Funds		$ 63,369,525
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:	$ 226,051,591	
Accumulated depreciation is:	(117,852,888)	
Net Capital Assets		108,198,703
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		9,319,808
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.		(241,875)
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 assets and liabilities of the Internal Service Fund are included with governmental activities.		(511,565)
The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected remaining service life of members receiving pension benefits.		(422,842)
The difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		(32,317,052)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(121,675,377)
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	(63,911,496)	
Premium on Issuance	(2,011,328)	
Capital leases payable	(454,849)	
Compensated absences (vacations)	(850,546)	
Net OPEB obligation	(6,332,895)	
In addition, the District previously issued "capital appreciation" general obligation bonds. The cumulative capital accretion on the general obligation bonds is:	(13,715,219)	
Total Long-Term Obligations		(87,276,333)
Total Net Position - Governmental Activities		$ (61,557,008)

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 BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Local Control Funding Formula	$ 136,257,800	$ -	$ -
Federal sources	5,940,053	-	-
Other State sources	12,681,328	-	66,007
Other local sources	17,254,384	2,308	9,609,959
Total Revenues	172,133,565	2,308	9,675,966
EXPENDITURES			
Current			
Instruction	114,964,353	-	-
Instruction-related activities:			
Supervision of instruction	3,431,351	-	-
Instructional library, media and technology	1,353,030	-	-
School site administration	13,223,340	-	-
Pupil services:			
Home-to-school transportation	1,806,534	-	-
Food services	-	-	-
All other pupil services	8,444,229	-	-
Administration:			
Data processing	3,297,483	-	-
All other administration	5,018,168	-	-
Plant services	15,721,829	-	-
Facility acquisition and construction	83,384	889,033	-
Ancillary services	2,569,818	-	-
Community services	1,191,382	-	-
Other outgo	1,633,895	-	-
Enterprise services	-	-	-
Debt service			
Principal	142,666	-	4,078,876
Interest and other	80,169	-	5,533,637
Total Expenditures	172,961,631	889,033	9,612,513
Excess (Deficiency) of Revenues Over Expenditures	(828,066)	(886,725)	63,453
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Other sources	-	37,199,279	580,762
Transfers out	(474,629)	-	-
Net Financing Sources (Uses)	(474,629)	37,199,279	580,762
NET CHANGE IN FUND BALANCES	(1,302,695)	36,312,554	644,215
Fund Balances - Beginning	10,351,199	-	9,532,876
Fund Balances - Ending	$ 9,048,504	$ 36,312,554	$ 10,177,091

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

Non-Major Governmental Funds	Total Governmental Funds
$ 1,545,159	$ 137,802,959
2,661,498	8,601,551
749,260	13,496,595
10,653,556	37,520,207
15,609,473	197,421,312
3,089,020	118,053,373
-	3,431,351
-	1,353,030
509,740	13,733,080
-	1,806,534
4,567,161	4,567,161
63,565	8,507,794
-	3,297,483
731,090	5,749,258
288,927	16,010,756
2,761,224	3,733,641
-	2,569,818
-	1,191,382
-	1,633,895
4,480,881	4,480,881
-	4,221,542
-	5,613,806
16,491,608	199,954,785
(882,135)	(2,533,473)
390,949	390,949
-	37,780,041
-	(474,629)
390,949	37,696,361
(491,186)	35,162,888
8,322,562	28,206,637
$ 7,831,376	$ 63,369,525

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, 2015

Total Net Change in Fund Balances - Governmental Funds		$ 35,162,888
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		
This is the amount by which depreciation exceeds capital outlay in the period.		
Depreciation expense	$ (7,018,565)	
Capital outlays	2,399,474	
Net Expense Adjustment		(4,619,091)
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 $84,419.		84,419
Proceeds received from issuance of debt is a revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Position		
Sale of general obligation refunding bonds		(37,199,279)
Governmental funds report the effect of premiums, discounts, and issuance costs when the debt is first issued, whereas the amounts are deferred and amortized over the life of the debt in the Statement of Activities. This amount is the net effect of these related items:		
Premium on issuance for general obligation refunding bonds		(580,762)
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.		(1,089,227)
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	8,450,000	
Capital leases	142,666	
Net Adjustment		8,592,666

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, 2015

Governmental funds report the effect of premiums, discounts, and issuance costs when the debt is first issued, whereas the amounts are deferred and amortized over the life of the debt in the Statement of Activities. This amount is the net effect of the amortization of the related items:	
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 $791,942.	(791,942)
The accretion of interest on capital appreciation bonds is not recognized in the governmental funds, but it increases long-term obligations in the Statement of Net Position and increases interest expense in the Statement of Activities.	(1,521,814)
Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due.	1,042
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.	1,109,534
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.	2,879,339
Change in Net Position of Governmental Activities	$ 2,354,881

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
ASSETS			
Current Assets			
Deposits and investments	$ 3,339,212	$ 3,426,683	$ 6,765,895
Receivables	2,605	34,676	37,281
Due from other funds	3,286	4,225	7,511
Total Current Assets	3,345,103	3,465,584	6,810,687
LIABILITIES			
Accounts payable	76,943	45,216	122,159
Current portion of claims liabilities	849,315	613,917	1,463,232
Total Current Liabilities	926,258	659,133	1,585,391
Noncurrent Liabilities			
Claims liabilities	4,304,389	1,432,472	5,736,861
NET POSITION (DEFICIT)			
Restricted	$ (1,885,544)	$ 1,373,979	$ (511,565)

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, 2015

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
OPERATING REVENUES			
Local and intermediate sources	$ 2,483,161	$ 25,157,712	$ 27,640,873
OPERATING EXPENSES			
Payroll costs	113,014	195,800	308,814
Supplies and materials	243	730	973
Services and other	184,836	329	185,165
Professional and contract services	1,082,996	22,171,604	23,254,600
Total Operating Expenses	1,381,089	22,368,463	23,749,552
Operating Income	1,102,072	2,789,249	3,891,321
NONOPERATING REVENUES			
Interest income	7,462	6,410	13,872
Transfers in	-	83,680	83,680
Total Nonoperating Revenues	7,462	90,090	97,552
Change in Net Position (Deficit)	1,109,534	2,879,339	3,988,873
Total Net Position (Deficit) - Beginning	(2,995,078)	(1,505,360)	(4,500,438)
Total Net Position (Deficit) - Ending	$ (1,885,544)	$ 1,373,979	$ (511,565)

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, 2015

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	$ 28,047,760
Cash payments to employees for services	(308,814)
Cash payments to suppliers for goods and services	(25,828,275)
Cash payments for other operating expenses	(973)
Net Cash Provided by Operating Activities	1,909,698
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers in	83,680
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	13,872
Net Increase in Cash and Cash Equivalents	2,007,250
Cash and Cash Equivalents - Beginning	4,758,645
Cash and Cash Equivalents - Ending	$ 6,765,895
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 3,891,321
Changes in assets and liabilities:	
Receivables	391,662
Due from other funds	15,225
Accounts payable	67,023
Due to other funds	(2,609,142)
Claim liabilities	153,609
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,909,698

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Associated Student Bodies	Foundation Special Reserve	Total Fiduciary Funds
ASSETS			
Deposits and investments	$ 1,880,664	$ 46,969	$ 1,927,633
Receivables	9,581	51	9,632
Prepaid expenditures	69,015	-	69,015
Stores inventory	169,782	-	169,782
Total Assets	$ 2,129,042	$ 47,020	$ 2,176,062
LIABILITIES			
Accounts payable	$ 302,630	$ 1,000	$ 303,630
Unearned revenue	$ -	44,865	44,865
Due to student groups	1,826,412	-	1,826,412
Total Liabilities	$ 2,129,042	45,865	2,174,907
NET POSITION			
Held in trust for scholarships		$ 1,155	$ 1,155

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, 2015

	Foundation Special Reserve
ADDITIONS	
Private donations	$ 11,750
Interest	175
Total Additions	11,925
DEDUCTIONS	
Other expenditures	11,750
Change in Net Position	175
Net Position - Beginning	980
Net Position - Ending	$ 1,155

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 17 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. 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, 2015, 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 Expenditures

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

In addition to liabilities, the statement of financial 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 the difference between actual and expected rate of return on investments specific to the net pension liability and for the unamortized amount on net change in proportionate share of net pension liability.

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, 2015, 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 $12,016,898 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.

Change in Accounting Principles

In June 2012, the GASB issued Statement No. 68*, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions 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 pensions 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 Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.

- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68.* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by $144,006,236. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

New Accounting Pronouncements

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

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

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

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

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.
This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported

- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions

- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

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

In June 2015, the GASB issued Statement No. 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*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

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

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

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

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

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

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

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

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Governmental activities	$ 67,829,266
Fiduciary funds	1,927,633
Total Deposits and Investments	$ 69,756,899

Deposits and investments as of June 30, 2015, consist of the following:

Cash on hand and in banks	$ 1,932,847
Cash in revolving	480,096
Investments	67,343,956
Total Deposits and Investments	$ 69,756,899

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	$ 67,279,638	295

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, 2015	Fair Value
Ventura County Investment Pool	Not Required	AAAf	$ 67,279,638

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, 2015, the District's bank balance was not exposed to custodial credit risk.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2015, 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
Federal Government				
Categorical aid	$ 2,039,834	$ -	$ -	$ 399,373
State Government				
State principal apportionment	-	-	-	-
Categorical aid	898,260	-	-	-
Lottery	1,762,708	-	-	-
Local Government				
Interest	-	-	-	-
Other Local Sources	3,237,523	2,308	8,361	179,264
Total	$ 7,938,325	$ 2,308	$ 8,361	$ 578,637

	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal Government			
Categorical aid	$ -	$ 2,439,207	$ -
State Government			
State principal apportionment	-	-	-
Categorical aid	-	898,260	-
Lottery	-	1,762,708	-
Local Government			
Interest	-	-	-
Other Local Sources	37,281	3,464,737	9,632
Total	$ 37,281	$ 8,564,912	$ 9,632

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 18,643,552	$ -	$ -	$ 18,643,552
Construction in Progress	630,980	350,625	474,359	507,246
Total Capital Assets Not Being Depreciated	19,274,532	350,625	474,359	19,150,798
Capital Assets Being Depreciated:				
Land Improvements	15,180,884	1,444,238	-	16,625,122
Buildings and Improvements	183,747,597	701,135	-	184,448,732
Furniture and Equipment	5,449,104	377,835	-	5,826,939
Total Capital Assets Being Depreciated	204,377,585	2,523,208	-	206,900,793
Total Capital Assets	223,652,117	2,873,833	474,359	226,051,591
Less Accumulated Depreciation:				
Land Improvements	6,349,036	834,852	-	7,183,888
Buildings and Improvements	101,009,046	5,830,916	-	106,839,962
Furniture and Equipment	3,476,241	352,797	-	3,829,038
Total Accumulated Depreciation	110,834,323	7,018,565	-	117,852,888
Governmental Activities Capital Assets, Net	$ 112,817,794	$ (4,144,732)	$ 474,359	$ 108,198,703

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

Governmental Activities	
Instruction	$ 6,702,728
Food services	35,093
Data processing	210,558
All other administration	35,093
Plant services	35,093
Total Depreciation Expenses Governmental Activities	$ 7,018,565

NOTE 5 - 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, 2015, 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	Total Governmental Activities
General Fund	$ -	$ 2,728	$ 981,658	$ 984,386
Non-Major Governmental Funds	662,050	-	-	662,050
Internal Service Funds	7,511	-	-	7,511
Total	$ 669,561	$ 2,728	$ 981,658	$ 1,653,947

A balance of $35,892 is due to the Child Development Non-Major Governmental Fund from the General Fund for payroll.
A balance of $617,391 is due to the Cafeteria Non-Major Governmental Fund from the General Fund for cash flow purposes.
A balance of $186,551 is due to the General Fund from the Child Development Non-Major Governmental Fund for indirect costs.
A balance of $790,047 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for temporary loan.

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, 2015, consisted of the following:

	Transfer From
Transfer To	General Fund
Non-Major Governmental Funds	$ 390,949
Internal Service Funds	83,680
Total	$ 474,629

The General Fund transferred to the Adult Education Non-Major Governmental Fund to cover program costs.	$ 5,000
The General Fund transferred to the Cafeteria Non-Major Governmental Fund to alleviate current year deficit.	385,949
The General Fund transferred to the Self-Insurance Health and Welfare Fund for premium contributions.	83,680
Total	$ 474,629

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 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Vendor payables	$ 2,639,202	$ -	$ 531,495	$ 122,159	$ 3,292,856	$ 303,630
State principal apportionment	583,480	-	-	-	583,480	-
Salaries and benefits	804,157	-	203,892	-	1,008,049	-
Construction	-	859,573	-	-	859,573	-
Total	$ 4,026,839	$ 859,573	$ 735,387	$ 122,159	$ 5,743,958	$ 303,630

NOTE 7 - UNEARNED REVENUE

Unearned revenue at June 30, 2015, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Fiduciary Funds
Federal financial assistance	$ 66,123	$ 149,532	$ 215,655	$ -
State categorical aid	12,229	-	12,229	-
Other local	754,532	108,210	862,742	44,865
Total	$ 832,884	$ 257,742	$ 1,090,626	$ 44,865

NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 1, 2014, the District issued $26,045,000 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 1, 2015. By April 2015, 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, 2014	Additions	Deletions	Outstanding June 30, 2015
7/1/2014	2.00%	5/1/2015	$ -	$ 26,045,000	$ 26,045,000	$ -

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due in One Year
General obligation bonds	$47,355,622	$38,721,093	$ 8,450,000	$ 77,626,715	$8,765,299
Premium on issuance	1,757,674	580,762	327,108	2,011,328	-
Capital leases	597,515	-	142,666	454,849	147,050
Compensated absences (vacations)	934,965	-	84,419	850,546	-
Claims Liabilities (IBNR)	5,367,489	369,372	-	5,736,861	-
Net OPEB obligation	5,540,953	1,834,999	1,043,057	6,332,895	-
	$61,554,218	$41,506,226	$10,047,250	$ 93,013,194	$8,912,349

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 Capital Facilities Fund and the Special Reserve Fund for Capital Outlay Projects.

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 B

In October 2000, the District issued $13,785,000 in current interest bonds and $19,990,115 in capital appreciation bonds of the General Obligation Bonds, Election of 1998, Series B. The capital appreciation bonds accreting interest to a maturity value of $38,615,000. The bonds mature through August 1, 2015, with interest rates from 3.85 to 5.40 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, 2015, the principal balance outstanding was $8,635,298.

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, 2015, the principal balance outstanding was $17,152,218.

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, 2015, the principal balance outstanding was $14,620,000 and unamortized premium was $1,464,728.

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, 2015, the principal balance outstanding was $37,219,199 and unamortized premium was $546,600.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2014	Additions/ Accreted Interest	Redeemed	Bonds Outstanding June 30, 2015
Current Interest							
12/6/2012	8/1/2019	2.50-4.50%	17,220,000	$ 14,745,000	$ -	$ 125,000	$ 14,620,000
Capital Appreciation							
10/26/2000	8/1/2015	3.85-5.40%	19,990,115	16,389,492	570,806	8,325,000	8,635,298
4/4/2002	8/1/2017	5.55-5.60%	8,205,028	16,221,130	931,088	-	17,152,218
6/25/2015	8/1/2030	2.78-5.56%	37,199,279	-	37,219,199	-	37,219,199
				$ 47,355,622	$38,721,093	$ 8,450,000	$ 77,626,715

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
2016	$ 130,000	$ 578,550	$ 8,635,299	$ 1,799,896	$ 11,143,745
2017	-	576,600	8,596,340	2,144,565	11,317,505
2018	-	576,600	8,555,878	1,700,591	10,833,069
2019	7,155,000	461,625	-	1,606,705	9,223,330
2020	7,335,000	173,325	-	1,672,403	9,180,728
2021-2025	-	-	18,467,054	7,257,937	25,724,991
2026-2030	-	-	15,834,728	3,979,341	19,814,069
2031	-	-	2,917,416	221,847	3,139,263
Total	$ 14,620,000	$ 2,366,700	$ 63,006,715	$ 20,383,285	$ 100,376,700

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, 2014	$ 644,119
Payments	161,029
Balance, June 30, 2015	$ 483,090

The capital leases have minimum lease payments as follows:

Fiscal Year	Lease Payment
2016	$ 161,030
2017	161,030
2016	161,030
Total	483,090
Less: Amount Representing Interest	28,241
Present Value of Minimum Lease Payments	$ 454,849

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2015, amounted to $850,546.

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 $5,736,861.

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2015, was $1,613,361, and contributions made by the District during the year were $722,624. Interest on the net OPEB obligation and adjustments to the annual required contribution were $221,638 and $(320,433), respectively, which resulted in an increase to the net OPEB obligation of $791,942. As of June 30, 2015, the net OPEB obligation was $6,332,895. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 40,300	$ -	$ -	$ -	$ 40,300
Stores inventories	154,507	-	-	48,825	203,332
Prepaid expenditures	295,127	-	-	-	295,127
Total Nonspendable	489,934	-	-	48,825	538,759
Restricted					
Legally restricted programs	946,283	-	-	476,010	1,422,293
Capital projects	-	36,312,554	-	1,519,382	37,831,936
Debt services	-	-	10,177,091	-	10,177,091
Total Restricted	946,283	36,312,554	10,177,091	1,995,392	49,431,320
Committed					
Adult education program	-	-	-	394,255	394,255
Assigned					
Other assignments	2,440,057	-	-	5,392,904	7,832,961
Unassigned					
Reserve for economic uncertainties	5,066,221	-	-	-	5,066,221
Remaining unassigned	106,009	-	-	-	106,009
Total Unassigned	5,172,230	-	-	-	5,172,230
Total	$ 9,048,504	$ 36,312,554	$ 10,177,091	$ 7,831,376	$ 63,369,525

NOTE 11 - 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 131 retirees and beneficiaries currently receiving benefits, and 1,402 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 2014-2015, the District contributed $722,624 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	$ 1,613,361
Interest on net OPEB obligation	221,638
Adjustment to annual required contribution	(320,433)
Annual OPEB cost (expense)	1,514,566
Contributions made	(722,624)
Increase in net OPEB obligation	791,942
Net OPEB obligation, beginning of year	5,540,953
Net OPEB obligation, end of year	$ 6,332,895

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
2013	$ 1,366,341	$ 708,809	51.88%	$ 4,061,560
2014	1,454,172	779,331	53.59%	4,736,401
2015	1,514,566	722,624	47.71%	6,332,895

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, 2013	$ -	$ 23,331,562	$ 23,331,562	0%	$ 114,893,077	20.3%

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, 2013, 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, 2015, was 24 years. The actuarial value of assets was not determined in this actuarial valuation.

NOTE 12 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, 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, 2014 to June 30, 2015:

	Workers' Compensation	Health Care	Total
Liability Balance, July 1, 2013	$ 6,850,594	$ 2,046,389	$ 8,896,983
Claims and changes in estimates	(785,421)	11,037,075	10,251,654
Claims payments	(1,065,078)	(11,037,075)	(12,102,153)
Liability Balance, June 30, 2014	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, 2015	$ 5,153,704	$ 2,046,389	$ 7,200,093
Assets available to pay claims at June 30, 2015	$ 3,345,103	$ 3,465,584	$ 6,810,687

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalSTRS	$ 97,490,415	$ 6,645,388	$ 24,006,829	$ 8,449,224
CalPERS	24,184,962	2,674,420	8,733,065	1,536,969
Total	$ 121,675,377	$ 9,319,808	$ 32,739,894	$ 9,986,193

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, 2013, 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, 2015, are summarized as follows:

	STRP Defined Benefit Program	
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	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required State contribution rate	5.95%	5.95%

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, 2015, are presented above and the District's total contributions were $6,645,388.

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

At June 30, 2015, 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	$ 97,490,415
State's proportionate share of the net pension liability associated with the District	58,868,922
Total	$ 156,359,337

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.1668 percent.

For the year ended June 30, 2015, the District recognized pension expense of $8,449,224. In addition, the District recognized revenue and pension expense of $5,082,289 for support provided by the State. At June 30, 2015, 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	$ 6,645,388	$ -
Difference between projected and actual earnings on pension plan investments	-	24,006,829
Total	$ 6,645,388	$ 24,006,829

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	$ 6,001,707
2017	6,001,707
2018	6,001,707
2019	6,001,708
Total	$ 24,006,829

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, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
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' investment practice, a best estimate range was determined be assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independently from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on 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%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 151,962,060
Current discount rate (7.60%)	$ 97,490,415
1% increase (8.60%)	$ 52,070,962

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) 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, 2013 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS 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, 2015, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are 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, 2015, are presented above and the total District contributions were $2,674,420.

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $24,184,962. The net pension liability was measured as of June 30, 2014. 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, 2014 and June 30, 2013, respectively was 0.2130% and 0.2170%, resulting in a net decrease in the proportionate share of 0.0040%..

For the year ended June 30, 2015, the District recognized pension expense of $1,536,969. At June 30, 2015, 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	$ 2,674,420	$ -
Net change in proportionate share of net pension liability	-	422,841
Difference between projected and actual earnings on pension plan investments	-	8,310,224
Total	$ 2,674,420	$ 8,733,065

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The deferred inflow of resources related to the net change in proportionate share of net pension liability will be amortized over the expected average remaining service lives (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2013-14 measurement period is 3.9 years and the pension expense will be recognized as follows:

Year Ended June 30,	Amortization
2016	$ 140,947
2017	140,947
2018	140,947
Total	$ 422,841

The deferred inflow of resources related to the differences 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,	Amortization
2016	$ 2,077,556
2017	2,077,556
2018	2,077,556
2019	2,077,556
Total	$ 8,310,224

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, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

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	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

Discount Rate

The discount rate used to measure the total pension liability was 7.50 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 (6.50%)	$ 42,425,944
Current discount rate (7.50%)	$ 24,184,962
1% increase (8.50%)	$ 8,942,783

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 $4,562,239 (5.679 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 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

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, 2015.

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

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

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

During the year ended June 30, 2015, the District made payments of $1,246.973 to VCSSFA for services received.

NOTE 16 - SUBSEQUENT EVENTS

The District issued $19,490,000 of Tax and Revenue Anticipation Notes dated July 16, 2015. The notes mature on June 30, 2016, and yield 0.32 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, 2016, until 100 percent of principal and interest due is on account in April, 2016.

The District also sold land in the amount of $8,900,000 on July 30, 2015.

NOTE 17 - RESTATEMENT OF PRIOR YEAR NET POSITION

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

Government-Wide - Statement of Net Position	
Net Position - Beginning	$ 80,094,347
Inclusion of net pension liability from the adoption of GASB Statement No. 68	(152,695,372)
Inclusion of deferred outflow of resources from the adoption of GASB Statement No. 68	8,689,136
Net Position - Beginning, as Restated	$ (63,911,889)

REQUIRED SUPPLEMENTARY INFORMATION

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final
	Original	**Final**	**(GAAP Basis)**	**to Actual**
REVENUES				
Local Control Funding Formula	$ 135,611,993	$ 135,825,927	$ 136,257,800	$ 431,873
Federal sources	5,479,145	6,242,526	5,940,053	(302,473)
Other State sources	8,053,667	10,183,416	12,681,328	2,497,912
Other local sources	12,960,520	16,385,622	17,254,384	868,762
Total Revenues [1]	162,105,325	168,637,491	172,133,565	3,496,074
EXPENDITURES				
Current				
Certificated salaries	82,766,739	83,485,749	85,081,014	(1,595,265)
Classified salaries	22,314,643	23,722,239	25,222,541	(1,500,302)
Employee benefits	35,350,599	34,484,745	35,496,339	(1,011,594)
Books and supplies	7,061,594	15,232,157	6,320,442	8,911,715
Services and operating expenditures	13,488,230	15,090,159	15,190,018	(99,859)
Capital outlay	-	10,754	56,416	(45,662)
Other outgo	937,101	1,069,207	5,452,195	(4,382,988)
Debt service				
Principal	332,412	-	142,666	(142,666)
Total Expenditures [1]	162,251,318	173,095,010	172,961,631	133,379
Excess (Deficiency) of Revenues Over Expenditures	(145,993)	(4,457,519)	(828,066)	3,629,453
Other Financing Sources (Uses)				
Transfers out	(19,907)	(429,504)	(474,629)	(45,125)
NET CHANGE IN FUND BALANCES	(165,900)	(4,887,023)	(1,302,695)	3,584,328
Fund Balance - Beginning	10,351,199	10,351,199	10,351,199	-
Fund Balance - Ending	$ 10,185,299	$ 5,464,176	$ 9,048,504	$ 3,584,328

[1] On behalf payments of $4,562,239 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015

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)
June 30, 2008	$ -	$ 9,688,289	$ 9,688,289	0%	$ 112,278,996	8.6%
July 1, 2011	-	10,906,789	10,906,789	0%	112,058,468	9.7%
July 1, 2013	-	23,331,562	23,331,562	0%	114,893,077	20.3%

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015

	2015
CalSTRS	
District's proportion of the net pension liability (asset)	0.1668%
District's proportionate share of the net pension liability (asset)	$ 97,490,415
State's proportionate share of the net pension liability (asset) associated with the District	58,868,922
Total	$ 156,359,337
District's covered - employee payroll	$ 74,967,115
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	130.04%
Plan fiduciary net position as a percentage of the total pension liability	77%
CalPERS	
District's proportion of the net pension liability (asset)	0.4453%
District's proportionate share of the net pension liability (asset)	$ 24,184,962
District's covered - employee payroll	$ 22,059,972
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	109.63%
Plan fiduciary net position as a percentage of the total pension liability	83%

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015

	2015
CalSTRS	
Contractually required contribution	$ 6,645,388
Contributions in relation to the contractually required contribution	6,645,388
Contribution deficiency (excess)	$ -
District's covered - employee payroll	$ 74,835,450
Contributions as a percentage of covered - employee payroll	8.88%
CalPERS	
Contractually required contribution	$ 2,674,420
Contributions in relation to the contractually required contribution	2,674,420
Contribution deficiency (excess)	$ -
District's covered - employee payroll	$ 22,722,345
Contributions as a percentage of covered - employee payroll	11.77%

Note : In the future, as data become 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, 2015

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 Cluster			
Adult Basic Education - Adult Basic Education and ESL	84.002A	14508	$ 120,684
Adult Basic Education - Adult Secondary	84.002	13978	27,930
Adult Basic Education - English Literacy and Civics Education	84.002A	14109	108,419
Total Adult Education - Basic Grants to States Cluster			257,033
Carl D. Perkins Vocational and Technical Education Act of 1998 Secondary Education	84.048	14894	104,922
Passed through Ventura County Special Education Local Plan Area:			
Individuals with Disabilities Act (IDEA)			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	3,338,340
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	58,731
Preschool Local Entitlement, Part B, Section 611 (Age 3-4-5)	84.027A	13682	126,510
Total Special Education (IDEA) Cluster			3,523,581
No Child Left Behind Act (NCLB)			
Title I, Part A, Basic Grants Low-Income and Neglected - Reallocation Funds	84.010	14981	1,430,423
U.S. DEPARTMENT OF EDUCATION			
Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	84.330	14831	11,181
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	452,632
Title III Cluster			
Title III, Immigrant Education Program	84.365	15146	27,097
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	120,339
Total Title III Cluster			147,436
Total U.S. Department of Education			5,927,208

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster			
Basic School Breakfast Program	10.553	13525	$ 10,599
Especially Needy Breakfast	10.553	13526	410,496
National School Lunch Program	10.555	13524	1,613,746
Meal Supplement	10.556	13396	32,485
Commodities	10.555	13524	186,530
Total Child Nutrition Cluster			2,253,856
Equipment Assistance Grant	10.579	14906	99,552
Total U.S. Department of Agriculture			2,353,408
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medi-Cal Billing Option	93.778	10013	269,878
Child Development - Family Child Care Home (CFCC)	93.596	13609	51,057
Total U.S. Department of Health and Human Services			320,935
Total Federal Programs			$ 8,601,551

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2015

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
Dr. Betsy Connolly	President	December 2016
Patricia Phelps	Vice President	December 2018
Mike Dunn	Clerk	December 2018
John Andersen	Member	December 2018
Peggy Buckles	Member	December 2016

ADMINISTRATION

Ann N. Bonitatibus, Ed.D.	Superintendent
Robert Iezza	Deputy Superintendent of Instruction, State and Federal Programs Coordinator
Jon D. Sand, Ed.D.	Assistant Superintendent, Business Services
Mark McLaughlin	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, 2015

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,753.48	4,752.94
Fourth through sixth	4,143.68	4,136.34
Seventh and eighth	2,908.26	2,907.51
Ninth through twelfth	7,210.89	7,174.85
Total Regular ADA	19,016.31	18,971.64
Extended Year Special Education		
Transitional kindergarten through third	4.60	4.60
Fourth through sixth	2.93	2.93
Seventh and eighth	0.78	0.78
Ninth through twelfth	0.44	0.44
Total Extended Year Special Education	8.75	8.75
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	1.67	1.96
Seventh and eighth	2.30	2.96
Ninth through twelfth	5.83	8.75
Total Special Education, Nonpublic, Nonsectarian Schools	9.80	13.67
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.03	0.03
Seventh and eighth	0.03	0.03
Ninth through twelfth	0.39	0.39
Total Extended Year Special Education, Nonpublic,Nonsectarian Schools	0.45	0.45
Total ADA	19,035.31	18,994.51

See accompanying note to supplementary information.

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2015

		Reduced				
	1986-87	1986-87	2014-15	Number of Days		
	Minutes	Minutes	Actual	Traditional	Multitrack	
Grade Level	Requirement	Requirement	Minutes	Calendar	Calendar	Status
Kindergarten	36,000	35,000	36,505	180	N/A	Complied
Grades 1 - 3	50,400	49,000				
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	52,500				
Grade 4			54,000	180	N/A	Complied
Grade 5			54,000	180	N/A	Complied
Grade 6			56,696	180	N/A	Complied
Grades 7 - 8	54,000	52,500				
Grade 7			56,696	180	N/A	Complied
Grade 8			56,393	180	N/A	Complied
Grades 9 - 12	64,800	63,000				
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, 2015

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

	Internal Service Fund
FUND BALANCE	
Balance, June 30, 2015, Unaudited Actuals	$ (1,014,258)
Decrease in:	
Claims liabilities	502,693
Balance, June 30, 2015, Audited Financial Statement	$ (511,565)

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

	(Budget) 2016 [1]	2015	2014	2013
GENERAL FUND				
Revenues	$ 184,385,501	$ 172,133,565	$ 165,980,358	$ 158,334,407
Other sources and transfers in	-	-	726,987	1,361,139
Total Revenues and Other Sources	184,385,501	172,133,565	166,707,345	159,695,546
Expenditures	168,060,978	172,961,631	168,398,119	164,413,037
Other uses and transfers out	353,132	474,629	201,338	515,145
Total Expenditures and Other Uses	168,414,110	173,436,260	168,599,457	164,928,182
INCREASE (DECREASE) IN FUND BALANCE	$ 15,971,391	$ (1,302,695)	$ (1,892,112)	$ (5,232,636)
ENDING FUND BALANCE	$ 25,019,895	$ 9,048,504	$ 10,351,199	$ 12,243,311
AVAILABLE RESERVES [2]	$ 5,050,000	$ 5,172,230	$ 4,959,154	$ 8,989,279
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [3]	3.00%	3.06%	3.02%	5.59%
LONG-TERM OBLIGATIONS	N/A	$ 93,013,194	$ 61,554,218	$ 69,181,846
K-12 AVERAGE DAILY ATTENDANCE AT P-2	18,734	19,035	19,426	19,821

The General Fund balance has decreased by $3,194,807 over the past two years. The fiscal year 2015-2016 budget projects an increase of $15,971,391 (176.51 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in each of the past three years and anticipates incurring an operating surplus during the 2015-2016 fiscal year. Total long-term obligations have increased by $23,831,348 over the past two years.

Average daily attendance has decreased by 786 over the past two years. Additional decline of 301 ADA is anticipated during fiscal year 2015-2016.

[1] Budget 2016 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

[3] On behalf payments of $4,562,239, $4,483,572, and $4,222,755, respectively, has been excluded from the calculation of available reserves for the fiscal years ending June 30, 2015, 2014, and 2013, respectively.

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Adult Education Fund	Child Development Fund	Cafeteria Fund
ASSETS			
Deposits and investments	$ 672,781	$ 810,024	$ -
Receivables	94,396	78,544	399,716
Due from other funds	1,692	35,892	617,391
Stores inventories	-	-	48,825
Total Assets	$ 768,869	$ 924,460	$ 1,065,932
LIABILITIES AND FUND BALANCES			
Liabilities:			
Overdrafts	$ -	$ -	$ 333
Accounts payable	374,269	173,475	57,409
Due to other funds	345	186,551	790,047
Unearned revenue	-	88,765	168,977
Total Liabilities	374,614	448,791	1,016,766
Fund Balances:			
Nonspendable	-	-	48,825
Restricted	-	475,669	341
Committed	394,255	-	-
Assigned	-	-	-
Total Fund Balances	394,255	475,669	49,166
Total Liabilities and Fund Balances	$ 768,869	$ 924,460	$ 1,065,932

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
$ 1,614,521	$ 5,419,658	$ 8,516,984
1,163	4,818	578,637
-	7,075	662,050
-	-	48,825
$ 1,615,684	$ 5,431,551	$ 9,806,496
$ -	$ -	$ 333
91,587	38,647	735,387
4,715	-	981,658
-	-	257,742
96,302	38,647	1,975,120
-	-	48,825
1,519,382	-	1,995,392
-	-	394,255
-	5,392,904	5,392,904
1,519,382	5,392,904	7,831,376
$ 1,615,684	$ 5,431,551	$ 9,806,496

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, 2015

	Adult Education Fund	Child Development Fund	Cafeteria Fund
REVENUES			
Local Control Funding Formula	$ 1,545,159	$ -	$ -
Federal sources	257,033	51,057	2,353,408
Other State sources	64,408	511,993	172,859
Other local sources	2,451,196	4,185,843	1,636,121
Total Revenues	4,317,796	4,748,893	4,162,388
EXPENDITURES			
Current			
Instruction	3,089,020	-	-
Instruction-related activities:			
School site administration	509,740	-	-
Pupil services:			
Food services	-	-	4,567,161
All other pupil services	63,565	-	-
Administration:			
All other administration	256,760	344,512	-
Plant services	224,947	9,634	54,346
Facility acquisition and construction	-	116,095	-
Enterprise services	-	4,480,881	-
Total Expenditures	4,144,032	4,951,122	4,621,507
Excess (Deficiency) of Revenues Over Expenditures	173,764	(202,229)	(459,119)
OTHER FINANCING SOURCES			
Transfers in	5,000	-	385,949
NET CHANGE IN FUND BALANCES	178,764	(202,229)	(73,170)
Fund Balances - Beginning	215,491	677,898	122,336
Fund Balances - Ending	$ 394,255	$ 475,669	$ 49,166

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
$ -	$ -	$ 1,545,159
-	-	2,661,498
-	-	749,260
1,234,498	1,145,898	10,653,556
1,234,498	1,145,898	15,609,473
-	-	3,089,020
-	-	509,740
-	-	4,567,161
-	-	63,565
129,818	-	731,090
-	-	288,927
623,454	2,021,675	2,761,224
-	-	4,480,881
753,272	2,021,675	16,491,608
481,226	(875,777)	(882,135)
-	-	390,949
481,226	(875,777)	(491,186)
1,038,156	6,268,681	8,322,562
$ 1,519,382	$ 5,392,904	$ 7,831,376

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 the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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

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

Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejo Valley Unified School District (the District) as of and for the year ended June 30, 2015, 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 12, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Notes 1 and 17 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as items 2015-001, 2015-002, and 2015-003.

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 12, 2015.

Conejo Valley Unified School District's Response to Findings

Conejo Valley Unified School District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Conejo Valley Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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 12, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2015. 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 requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2015

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 compliance with the types of compliance requirements as identified in the *2014-2015 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, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Conejo Valley Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Conejo Valley Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Conejo Valley Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

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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
Attendance Accounting:	
Attendance Reporting	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
Regional Occupational Centers or Programs Maintenance of Effort	No, see below
Adult Education Maintenance of Effort	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
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Charter Schools:	
Contemporaneous Records of Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

The District does offer an Independent Study Program; but it was below the threshold required for testing therefore, we did not perform procedures related to the Independent Study Program.

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 does not offer an Early Retirement Incentive Program; 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 have a Regional Occupational Center or Program; therefore, we did not perform procedures related to the Regional Occupational Centers or Programs Maintenance of Effort.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2015

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	Yes
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 .510(a) of OMB Circular A-133?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.027A, 84.173	Special Education (IDEA) Cluster
84.367	Title II, Part A, Improving Teacher Quality Local Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

The following findings represent significant deficiencies, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2015-001 30000 – Fiscal Condition (Internal Service Fund Deficit Net Position)

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 District has established an Internal Service Fund to account for Workers' Compensation and Health and Welfare expenses and related costs associated with District employees. At June 30, 2015, the Internal Service Fund has a deficit net position balance in the amount of $511,565. The financial statement impact of this situation is that the Internal Service Fund is operating on a cash basis whereby the cash received from the other funds are enough to cover its current cash outflows.

Questioned Costs

There were no questioned costs associated with the condition found.

Context

The conditions identified were determined through review of the District Internal Service Fund financial statements, fund balance, and current year activity related to the workers' compensation and Health and Welfare accounts.

Effect

There currently is no direct effect on the District other than the reporting of a deficit net position within the Worker's Compensation and Health and Welfare Funds. The Internal Service Fund is operating on a cash basis whereby the cash received from the other funds are enough to cover its current cash outflows.

Cause

The District's premium contributions while being sufficient to pay ongoing costs related to the District's Workers' Compensation and Health and Welfare expenses and related costs associated with District employees has not been enough to cover the outstanding liability for future claims.

Recommendation

The District must continue to evaluate its ability to fund its Workers' Compensation and Health and Welfare programs on an accrual basis within a reasonable period. Accordingly, the District's premium contribution should continue to increase.

Corrective Action Plan

The District continues to work diligently to restructure the Health and Welfare benefit program to build reserves while maintaining acceptable levels of coverage. This has resulted in significant improvement to the fund balance.

2015-002 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 three of the past four years in the amounts of $(459,119), $63,611, $(309,280), and $(89,570), for the fiscal years ending June 30, 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.

Corrective Action Plan

The District has completed an in-depth analysis of the Cafeteria Fund's operations. Several specific issues were identified for corrective action and further review. These led to coordinated efforts to increase participation, remedy parent pay challenges, and replace obsolete POS platforms and various equipment. Some of the challenges were one-time. District staff and ad-hoc committee of Board members continue to examine challenges and will be making recommendations for additional prescriptive support and increase efficiencies.

2015-003 30000 - Cafeteria Fund Deficit Cash Balance

Criteria or Specific Requirements

The governing board of any school district that reported a negative unrestricted fund balance or a negative cash balance in the annual report required by Education Code Section 42127 or in the audited annual financial statements required by Section 41020 shall include with the budget submitted in accordance with Education Code Section 42127 and the certifications required by Education Code Section 35015 a statement that identifies the reasons for the negative unrestricted fund balance or negative cash balance and the steps that have been taken to ensure that the negative balance will not occur at the end of the current fiscal year.

Condition

At June 30, 2015, the District Cafeteria Fund had a negative cash balance of $333.

Questioned costs

There were no questioned costs associated with the condition found.

Context

The condition identified was determined through review and testing related to the District's Cafeteria Fund deposits and investments.

Effect

The financial statement impact of this situation is that the Cafeteria Fund could be at risk of not being able to meet its financial obligations and maintain current service levels without additional encroachment on the General Fund.

Cause

The cause is related to timing differences at year-end and not enough funds coming from the General Fund to bring the cash balance positive as of year-end.

Recommendation

As this appears to be related to timing differences with the temporary loan given to the Cafeteria Fund by the General Fund this should be monitored more closely to avoid the occurrence of a negative cash balance at year-end.

Corrective Action Plan

The District has established improved communication practices to alleviate this situation in the future.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

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

2014-001 30000 – Fiscal Condition (Internal Service Fund Deficit Net Position)

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 District has established an Internal Service Fund to account for Workers' Compensation and Health and Welfare expenses and related costs associated with District employees. At June 30, 2014, the Internal Service Fund has a deficit net position balance in the amount of $4,500,438. The financial statement impact of this situation is that the Internal Service Fund is operating on a cash basis whereby the cash received from the other funds are enough to cover its current cash outflows.

Questioned Costs

There were no questioned costs associated with the condition found.

Context

The conditions identified were determined through review of the District Internal Service Fund financial statements, fund balance, and current year activity related to the workers' compensation and Health and Welfare accounts.

Effect

There currently is no direct effect on the District other than the reporting of a deficit net position within the Worker's Compensation and Health and Welfare Funds. The Internal Service Fund is operating on a cash basis whereby the cash received from the other funds are enough to cover its current cash outflows.

Cause

The District's premium contributions while being sufficient to pay ongoing costs related to the District's Workers' Compensation and Health and Welfare expenses and related costs associated with District employees has not been enough to cover the outstanding liability for future claims.

Recommendation

The District must continue to evaluate its ability to fund its Workers' Compensation and Health and Welfare programs on an accrual basis within a reasonable period. Accordingly, the District's premium contribution should continue to increase.

Current Status

Not implemented, see current year finding 2015-001.

2014-002 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 $328,099, $309,280, $89,570, and $10,965, for the fiscal years ending June 30, 2013, 2012, 2011, and 2010, respectively and an operating surplus occurring in the current fiscal year in the amount of $63,611. 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

Not implemented, see current year finding 2015-002.

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

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, 2015, 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 12, 2015 on the government-wide financial statements of the District.

Cash Receipting – Sequoia Middle School

Observation

Cash collections are not being receipted at the time of collection. As a result, sufficient controls do not exist with regards to cash collections, since funds on hand, if lost or stolen, could not be verified.

Recommendation

To strengthen the procedures over cash collections, all cash should be verified and receipted at the time of or very soon after the money is collected. This procedure prevents and avoids any 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 to reconcile the cash awaiting deposit to the receipts issued since the last 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.

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Governing Board
Conejo Valley Unified School District

Deficit Account Balances – Westlake High School

Observation

In reviewing the financial statements for the student body accounts we noted that four had negative balances of a significant amount. 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. This control feature has not been sufficiently followed.

Recommendation

The District has a fiduciary responsibility to all student body organizations to act in each groups best interest. By allowing certain clubs to spend in excess of their available reserves, they are 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.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 12, 2015