

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
THOUSAND OAKS, CALIFORNIA

FINANCIAL AND PERFORMANCE AUDIT REPORT
BUILDING FUND (MEASURE I)

JUNE 30, 2022



CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 BUILDING FUND (MEASURE I)
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FINANCIAL AUDIT OF BUILDING FUND (MEASURE I)

INDEPENDENT AUDITOR'S REPORT

To the Governing Board and
Citizens Oversight Committee
Conejo Valley Unified School District
Thousand Oaks, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Conejo Valley Unified School District (the District), Building Fund (Measure I), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measure I) of Conejo Valley Unified School District at June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Conejo Valley Unified School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Conejo Valley Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Conejo Valley Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Conejo Valley Unified School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund specific to Measure I, and are not intended to present fairly the financial position and changes in financial position of Conejo Valley Unified School District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022, on our consideration of the District's Building Fund (Measure I) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Building Fund (Measure I) internal control over financial reporting and compliance.

Harshmal & Company LLP

San Diego, California
November 11, 2022

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE I)
BALANCE SHEET
JUNE 30, 2022**

ASSETS

Deposits and investments	\$ 65,610,920
Accounts receivable	111,464
Prepaid expenditures	<u>197</u>
Total assets	<u>65,722,581</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	619,663
Due to other funds	<u>182</u>
Total liabilities	<u>619,845</u>

Fund Balance

Nonspendable	197
Restricted for capital projects funds	<u>65,102,539</u>
Total fund balance	<u>65,102,736</u>
Total liabilities and fund balance	<u><u>\$ 65,722,581</u></u>

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE I)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022**

REVENUES

Bond Issuance	
Interest income	\$ 251,836
Total revenues	251,836

EXPENDITURES

Current	
Salaries and benefits	1,214,039
Books and supplies	
Materials and supplies	1,232,703
Noncapitalized equipment	1,013,093
Services and other operating expenditures	
Travel and conferences	4,020
Rentals, leases, repairs, and noncapitalized improvements	957,094
Professional/Consulting services and operating expenditures	1,622,766
Communications	130
Capital outlay	
Sites and improvements of sites	1,159,620
Building and improvements to buildings	9,324,909
Equipment	129,156
Total expenditures	16,657,531
<i>Excess/ (deficiency) of revenue over/ (under) expenditures</i>	<i>(16,405,695)</i>

OTHER FINANCING SOURCES (USES)

Proceeds from sale of bonds	30,210,000
Total other financing sources (uses)	30,210,000
Net change in fund balance	13,804,305
Fund balance - beginning of year	51,298,431
Fund balance - end of year	\$ 65,102,736

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE I)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Conejo Valley Unified School District (the "District") Building Fund (Measure I) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The District's Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

The financial statements include only the Building Fund of Conejo Valley Unified School District used to account for Measure I projects. This Fund was established 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. These financial statements are not intended to present fairly the financial position and results of operations of Conejo Valley Unified School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the Fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Building Fund is accounted for using a 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 balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor objects and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE I)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Fund Balances - Governmental Funds

As of June 30, 2022 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.

	<u>Building Fund</u>
Nonspendable	
Prepaid expenditures	\$ 197
Restricted	
Capital projects	65,102,539
Total	\$ 65,102,736

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.

Use of Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - INVESTMENTS

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 instrument; 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 agreement; 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.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE I)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 - INVESTMENTS - CONT'D

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 statement at amounts based upon the District's pro-rata share of the fairly 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.

	<u>Reported Amount</u>	<u>Fair Value</u>
Ventura County Treasury Investment Pool	\$ 65,610,920	\$ 65,819,284

General Authorizations

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

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE I)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 - INVESTMENTS - CONT'D

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Fair Value</u>	<u>Average Days to Maturity</u>
Ventura County Treasury Investment Pool	<u>\$ 65,610,920</u>	<u>\$ 65,819,284</u>	<u>278</u>

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. Presented below is the minimum rating required by the *California Government Code*, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Minimal Legal Rating</u>	<u>Moody's Rating as of Year End</u>
Ventura County Treasury Investment Pool	<u>\$ 65,610,920</u>	Not Required	AAA

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
 BUILDING FUND (MEASURE I)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 3 - FAIR VALUE MEASUREMENTS - CONT'D

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

The District's fair value measurements are as follows at June 30, 2022:

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Uncategorized</u>
Ventura County Treasury Investment Pool	\$ <u>65,610,920</u>	\$ <u>65,610,920</u>

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022, consisted of the following:

Interest	<u>\$ 111,464</u>
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NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2022, consisted of the following:

Construction	<u>\$ 619,663</u>
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**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE I)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 - CONSTRUCTION COMMITMENTS

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date Of Completion</u>
Acacia Magnet ES Outdoor Learning Areas	\$ 329,337	2023
Acacia Magnet ES Safety & Security Cameras & Lighting	8,753	2023
Acacia Magnet ES Playground Equipment-Primary	200,000	2023
Aspen ES Safety & Security Main Entry Modifications	873,486	2023
Aspen ES Fire Alarm Modernization	350,000	2023
Aspen ES Outdoor Learning Spaces	100,000	2023
Banyan ES Shade Structures	30,181	2022
Banyan ES Fire Alarm Modernization	348,177	2023
Banyan ES Safety & Security Cameras & Lighting	8,753	2023
Banyan ES Kiln Enclosure	21,176	2022
Colina MS Campus Wide Modernization	4,990,435	2024
Colina MS Exterior Security Lighting	7,500	2023
Conejo ES Campus Wide Modernization & HVAC	87,080	2023
Conejo ES Safety & Security Cameras & Lighting	8,753	2023
Conejo ES Gender Neutral Restrooms	235,000	2023
Conejo Valley HS Exterior Security Lighting	10,000	2023
Conejo Valley HS Restroom Modernization & Storage Facility	350,000	2023
Cypress ES Quad Improvements & Outdoor Science Center	736,419	2023
Cypress ES Fire Alarm Modernization	350,000	2023
Cypress ES Safety & Security Cameras & Lighting	8,753	2023
EARTHES Magnet ES Classroom Modernization & HVAC Upgrades	591,071	2023
EARTHES Magnet ES Fire Alarm Modernization	350,000	2023
EARTHES Magnet ES Safety & Security Cameras & Lighting	8,753	2023
Glenwood MS Safety & Security Cameras & Lighting	10,000	2023
Glenwood MS Playground Equipment- Kinder, Primary & Upper	525,000	2023
Horizon Hills/Century Academy Campus Modernization	108,551	2023
Horizon Hills/Century Academy Safety & Security Cameras Main Point of Entry	5,000	2023
Ladera Stars ES Fire Alarm Modernization	326,785	2023
Ladera Stars ES Main Admin Entrance Modernization	65,000	2023
Ladera Stars ES Safety & Security Cameras & Lighting	10,000	2023
Ladera Stars ES Playground Equipment & Yard Improvement	295,800	2023
Los Cerritos MS Exterior Modernization	142,805	2022
Los Cerritos MS Exterior Security Lighting	7,500	2022
Lang Ranch ES Playground Retaining Wall	15,262	2023
Lang Ranch ES Safety & Security Cameras & Lighting	9,987	2023
Lang Ranch ES MPR Water Intrusion	78,261	2023
Madrona ES Safety & Security 2nd Fl., Cameras & Lighting	357,803	2023
Madrona ES Hydration Station	7,500	2023

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE I)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 - CONSTRUCTION COMMITMENTS - CONT'D

Capital Projects	Remaining Construction Commitment	Expected Date Of Completion
Maple ES Safety & Security Cameras & Lighting	8,753	2023
Maple ES Classroom & Library Modernizations	486,278	2023
Newbury Park HS New Stem Building	10,294,376	2024
Newbury Park HS Exterior Security Lighting	10,000	2023
Newbury Park HS Track Repair	5,000	2023
Park Oaks/Bridges Charter Fire Alarm Modernization	350,000	2023
Park Oaks/Bridges Charter HVAC Kitchen Coolers	20,000	2023
Redwood MS Campus Wide Modernization	4,498,692	2023
Redwood MS Exterior Security Lighting	7,500	2023
Sycamore Canyon Site Improvements	307,332	2023
Sycamore Canyon Safety & Security Cameras & Lighting	11,253	2023
Sequoia MS Modernization - Building A, E, Locker Rooms & Fire Alarm	2,096,859	2023
Sequoia MS Exterior Security Lighting	7,500	2023
Thousand Oaks HS SW Campus Corner & Electrical Main Switchgear Repair	204,226	2023
Thousand Oaks HS Exterior Security Lighting	10,000	2023
Thousand Oaks HS Science Lab Modernization	2,000,000	2023
University Center MPR Restroom Building	26,002	2022
University Center Safety & Security Cameras & Lighting	10,000	2023
Wavery Adult Ed Plumbing Repipe	60,364	2022
Wavery Adult Ed Exterior Security Lighting	5,000	2023
Westlake ES Campus Wide Modernization	1,206,121	2023
Westlake ES Safety & Security Cameras & Lighting	8,753	2023
Westlake ES Playground Equipment - Kinder & Primary	350,000	2023
Westlake ES Main Entrance Reconfiguration	429,030	2023
Wildwood ES Library Remediation & Repairs	107,310	2022
Wildwood ES All Gender Restrooms	400,000	2023
Wildwood ES Safety & Security Cameras, Buzzer & Lighting	11,753	2023
Walnut ES Fire Alarm & PA Data Wiring	342,002	2023
Walnut ES Safety & Security Cameras Main Point Of Entry	618,753	2023
Weathersfield ES Safety & Security Cameras & Lighting	8,753	2023
Weathersfield ES Fire Alarm Modernization	350,000	2023
Weathersfield ES Playground Equipment - Kinder & Primary	575,000	2023
Westlake Hills ES Playground Equipment & Yard Improvement	300,000	2023
Westlake Hills ES Safety & Security Cameras & Lighting	4,892	2023
	<u>\$ 37,100,383</u>	

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, 2022.

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

To the Governing Board and
Citizens Oversight Committee
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 accompanying financial statements of Conejo Valley Unified School District (the "District") Building Fund (Measure I), as of and for the year ended June 30, 2022, and the related notes of the financial statements, and have issued our report thereon dated November 11, 2022.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund specific to Measure I, and are not intended to present fairly the financial position and changes in financial position of Conejo Valley Unified School District in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Harshmal & Company LLP

San Diego, California
November 11, 2022

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE I)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

None Reported.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE I)
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2022**

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

PERFORMANCE AUDIT OF BUILDING FUND (MEASURE I)

INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

To the Governing Board and
Citizens Oversight Committee
Conejo Valley Unified School District
Thousand Oaks, California

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Building Fund (Measure I) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Harshwal & Company LLP

San Diego, California
November 11, 2022

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MEASURE "I" 2016C GENERAL OBLIGATION BOND FUND
JUNE 30, 2022**

AUTHORITY FOR ISSUANCE

The Bonds were issued pursuant to the provisions of the *California Education Code* commencing with Section 15264 and pursuant to resolutions adopted by the Board of Trustees of the District, and by the Board of Supervisors of the County. The District received authorization at an election held on November 4, 2014, by 55 percent of the votes cast by eligible voters within the District, to issue \$197,000,000 of General Obligation Bonds. The Bonds represent the first and second series of bonds issued under the Authorization.

PURPOSE OF ISSUANCE

The General Obligation Bond funds of Conejo Valley Unified School District will be used to "upgrade and maintain Conejo Valley Schools with funding that cannot be taken by the state, shall Conejo Valley Unified School District upgrade all science and career training labs, update and maintain classroom technology and network infrastructure, provide safe, well maintained classrooms, repair and replace electrical, plumbing and roofing, repair, construct, acquire and equip sites and facilities and improve school safety and security by issuing \$197,000,000 in bonds, at legal rates, with citizens' oversight, annual audits, no money for administrators, and without increasing current tax rates".

AUTHORITY FOR THE AUDIT

In November 2014 the voters of Conejo Valley Unified School District overwhelmingly approved Measure I, a \$197,000,000 general obligation bond to support technology and facilities improvements. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizen's oversight committee.
4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
MEASURE "I" 2016C GENERAL OBLIGATION BOND FUND
JUNE 30, 2022**

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure I.
2. Determine whether salary transactions, charged to the Building Fund were in support of Measure I and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 01, 2021 to June 30, 2022. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2022, were not reviewed, or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the period July 01, 2021 through June 30, 2022, for the Building Fund (Measure I). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure I as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 01, 2021 and ending June 30, 2022, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included 90 transactions totaling \$7,327,644. This represents 44 percent of the total expenditures of \$16,657,531, including expenditures related to transferred funds.
3. We verified that funds from the Building Fund (Measure I) were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects. In addition, we verified that funds held in the Building Fund (Measure I) were used for salaries only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General.

CONCLUSION

The results of our tests indicated that, in all significant respects, Conejo Valley Unified School District has properly accounted for the expenditures held in the Building Fund (Measure I) and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the Building Fund (Measure I), and expended by the District, were used for salaries only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE I)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

None reported.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE I)
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2022**

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.