

NEW ISSUE—FULL BOOK-ENTRY**RATINGS: Moody's: "Aa3"; Fitch: "AAA"
(See "MISCELLANEOUS – Ratings" herein)**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series C Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Series C-1 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
(Ventura County, California)****\$44,995,000****Election of 2014 General Obligation Bonds, Series C
(Federally Tax-Exempt)****\$5,000,000****Election of 2014 General Obligation Bonds, Series C-1
(Federally Taxable)****Dated: Date of Delivery****Due: August 1, as shown on the inside cover**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page but not otherwise defined will have the meanings assigned thereto as provided in the Official Statement.

The Conejo Valley Unified School District (Ventura County, California) Election of 2014 General Obligation Bonds, Series C (Federally Tax-Exempt) (the "Series C Bonds") and Election of 2014 General Obligation Bonds, Series C-1 (Federally Taxable) (the "Series C-1 Bonds", and together with the Series C Bonds, the "Bonds"), were authorized at an election of the registered voters of the Conejo Valley Unified School District (the "District") held on November 4, 2014, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$197,000,000 aggregate principal amount of general obligation bonds of the District. The Series C Bonds and Series C-1 Bonds are being issued to (i) finance the acquisition, construction, repair, furnishing and equipping of District sites and facilities, and (ii) pay the costs of issuing the Series C Bonds and Series C-1 Bonds, respectively.

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of Ventura County is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

The Bonds will be issued in book-entry form only, initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds will be issued as current interest bonds. Interest on the Bonds accrues from the date of initial delivery and issuance of the Bonds (the "Dated Date"), and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2021. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association as paying agent (the "Paying Agent") to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are subject to optional redemption prior to maturity as further described herein.

**MATURITY SCHEDULES
(see inside front covers)**

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond and Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Katten Munchin Rosenman LLP, New York, New York. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about November 19, 2020.

Wells Fargo Securities

Dated: October 29, 2020

MATURITY SCHEDULE

Base CUSIP[†]: 206849

\$44,995,000

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
(Ventura County, California)
Election of 2014 General Obligation Bonds, Series C
(Federally Tax-Exempt)

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[†] Suffix
2022	\$150,000	3.000%	0.370%	FW6
2023	1,250,000	3.000	0.410	FX4
2024	550,000	4.000	0.480	FY2
2025	375,000	4.000	0.570	FZ9
2026	550,000	4.000	0.750	GA3
2027	615,000	4.000	0.930	GB1
2028	795,000	3.000	1.110	GC9
2029	985,000	3.000	1.260	GD7
2030	1,180,000	2.750	1.380	GE5
2031	4,560,000	4.000	1.490 ⁽¹⁾	GF2
2032	4,755,000	4.000	1.610 ⁽¹⁾	GG0
2033	5,260,000	4.000	1.740 ⁽¹⁾	GH8
2034	11,860,000	2.125	2.380	GJ4
2035	12,110,000	2.250	2.430	GK1

⁽¹⁾ Yield to call at par on August 1, 2030.

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Municipal Advisor, or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein, and no representation is made as to their correctness on the applicable Bonds or as included herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, Municipal Advisor, or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

MATURITY SCHEDULE

Base CUSIP[†]: 206849

\$5,000,000

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
(Ventura County, California)

Election of 2014 General Obligation Bonds, Series C-1
(Federally Taxable)

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[†] Suffix
2022	\$2,630,000	3.000%	0.651%	FT3
2023	1,870,000	0.789	0.789	FU0
2024	500,000	1.049	1.049	FV8

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CGS, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, Municipal Advisor, or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein, and no representation is made as to their correctness on the applicable Bonds or as included herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, Municipal Advisor, or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside the District which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website and certain social media accounts. However, the information presented on the District’s website and social media accounts is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT
(Ventura County, California)

BOARD OF EDUCATION

Cindy Goldberg, *President, Trustee Area 4*
Jenny Fitzgerald, *Vice President, Trustee Area 2*
Bill Gorback, *Clerk, Trustee Area 3*
Betsy Connolly, DVM, *Member, Trustee Area 1*
Sande Everett, M.S.Ed., *Member, Trustee Area 5*

DISTRICT ADMINISTRATION

Mark W. McLaughlin, Ed.D., *Superintendent*
Victor P. Hayek, Ed.D., *Deputy Superintendent, Business Services and Chief Business Officer*

PROFESSIONAL SERVICES

BOND AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

MUNICIPAL ADVISOR

Piper Sandler & Co.
El Segundo, California

PAYING AGENT

U.S. Bank National Association,
Los Angeles, California

TABLE OF CONTENTS

Page

INTRODUCTION	1
THE DISTRICT	1
PURPOSE OF THE BONDS	2
AUTHORITY FOR ISSUANCE OF THE BONDS	2
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS	2
DESCRIPTION OF THE BONDS	2
TAX MATTERS	3
OFFERING AND DELIVERY OF THE BONDS	3
BOND OWNER’S RISKS	3
CONTINUING DISCLOSURE	3
PROFESSIONALS INVOLVED IN THE OFFERING	3
FORWARD LOOKING STATEMENTS	4
OTHER INFORMATION	4
THE BONDS	6
AUTHORITY FOR ISSUANCE	6
SECURITY AND SOURCES OF PAYMENT	6
STATUTORY LIEN	7
GENERAL PROVISIONS	7
ANNUAL DEBT SERVICE	8
APPLICATION AND INVESTMENT OF BOND PROCEEDS	8
REDEMPTION	9
BOOK-ENTRY ONLY SYSTEM	12
DISCONTINUATION OF BOOK-ENTRY ONLY SYSTEM; PAYMENT TO BENEFICIAL OWNERS	14
DEFEASANCE	15
ESTIMATED SOURCES AND USES OF FUNDS	16
TAX BASE FOR REPAYMENT OF BONDS	16
AD VALOREM PROPERTY TAXATION	16
ASSESSED VALUATIONS	18
ALTERNATIVE METHOD OF TAX APPORTIONMENT – “TEETER PLAN”	22
TAX RATES	23
TAX LEVIES, COLLECTIONS AND DELINQUENCIES	24
PRINCIPAL TAXPAYERS	25
STATEMENT OF DIRECT AND OVERLAPPING DEBT	26
CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS	28
ARTICLE XIII A OF THE STATE CONSTITUTION	28
LEGISLATION IMPLEMENTING ARTICLE XIII A	29
PROPOSITION 50 AND PROPOSITION 171	30
UNITARY PROPERTY	31
ARTICLE XIII B OF THE STATE CONSTITUTION	31
ARTICLE XIII C AND ARTICLE XIII D OF THE STATE CONSTITUTION	32
PROPOSITION 26	32
PROPOSITIONS 98 AND 111	33
PROPOSITION 39	34
JARVIS VS. CONNELL	35
PROPOSITION 1A AND PROPOSITION 22	35
PROPOSITION 55	36
PROPOSITION 2	37
PROPOSITION 51	38
FUTURE INITIATIVES	39

TABLE OF CONTENTS

	<u>Page</u>
DISTRICT FINANCIAL INFORMATION.....	40
STATE FUNDING OF EDUCATION	40
OTHER REVENUE SOURCES.....	44
STATE DISSOLUTION OF REDEVELOPMENT AGENCIES.....	45
CONSIDERATIONS REGARDING COVID-19.....	47
BUDGET PROCESS.....	50
ACCOUNTING PRACTICES	53
COMPARATIVE FINANCIAL STATEMENTS.....	53
STATE BUDGET MEASURES	55
CONEJO VALLEY UNIFIED DISTRICT.....	58
INTRODUCTION	58
ADMINISTRATION	59
RECENT ENROLLMENT TRENDS	59
CHARTER SCHOOLS	60
LABOR RELATIONS	61
DISTRICT RETIREMENT SYSTEMS.....	62
OTHER POST-EMPLOYMENT BENEFITS	70
RISK MANAGEMENT	72
DISTRICT DEBT STRUCTURE	73
TAX MATTERS.....	75
LIMITATION ON REMEDIES; BANKRUPTCY	77
GENERAL	77
STATUTORY LIEN.....	78
SPECIAL REVENUES	78
POSSESSION OF TAX REVENUES; REMEDIES	78
OPINIONS OF BOND COUNSEL QUALIFIED BY REFERENCE TO BANKRUPTCY, INSOLVENCY AND OTHER LAWS RELATING TO OR AFFECTING CREDITOR’S RIGHTS	79
LEGAL MATTERS	79
LEGALITY FOR INVESTMENT IN CALIFORNIA	79
EXPANDED REPORTING REQUIREMENTS.....	79
CONTINUING DISCLOSURE	79
ABSENCE OF MATERIAL LITIGATION	80
FINANCIAL STATEMENTS	80
LEGAL OPINIONS	80
MISCELLANEOUS	80
RATINGS	80
UNDERWRITING	81
ADDITIONAL INFORMATION.....	82
APPENDIX A: FORMS OF OPINIONS OF BOND COUNSEL	A-1
APPENDIX B: 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT	B-1
APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE	C-1
APPENDIX D: GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF THOUSAND OAKS AND VENTURA COUNTY.....	D-1
APPENDIX E: VENTURA COUNTY TREASURY POOL.....	E-1

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**CONEJO VALLEY UNIFIED SCHOOL DISTRICT
(Ventura County, California)**

\$44,995,000
Election of 2014 General Obligation Bonds,
Series C
(Federally Tax-Exempt)

\$5,000,000
Election of 2014 General Obligation Bonds,
Series C-1
(Federally Taxable)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover pages and appendices hereto, provides information in connection with the sale of (i) Conejo Valley Unified School District (Ventura County, California) Election of 2014 General Obligation Bonds, Series C (Federally Tax-Exempt) (the “Series C Bonds”) and (ii) Conejo Valley Unified School District (Ventura County, California) Election of 2014 General Obligation Bonds, Series C-1 (Federally Taxable) (the “Series C-1 Bonds together with the Series C Bonds, the “Bonds”).

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover pages and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District

The Conejo Valley Unified School District (the “District”) consists of approximately 139 square miles in the southeastern portion of the County of Ventura (the “County”) and provides Pre-K-12 and adult educational services to the residents of the City of Thousand Oaks, Westlake Village, Newbury Park and certain unincorporated areas of the County. The District operates 17 elementary schools, five middle schools, three comprehensive high schools, two alternative high schools, a home school program, and an adult school. The District also administers a number of special programs. Enrollment in the District for the 2020-21 school year is budgeted to be 18,050 students and the ADA for fiscal year 2020-21 is budgeted to be 17,607 students. The District’s ADA and enrollment may be impacted by COVID-19. As a result of the COVID-19 (as defined herein) pandemic, the District transitioned to distance learning for a portion of the 2019-20 school year, and has commenced distanced instruction for the 2020-21 school year, consistent with State mandates. See “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein. The fiscal year 2020-21 assessed valuation of the area served by the District is \$36,259,533,633.

The District is governed by a five-member Board of Education, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District’s other personnel. Mark W. McLaughlin, Ed.D. is currently the District’s Superintendent.

For more information regarding the District generally, see “CONEJO VALLEY UNIFIED SCHOOL DISTRICT,” and for more information regarding the District’s assessed valuation, see “TAX BASE FOR REPAYMENT OF BONDS” herein.

Purpose of the Bonds

The Series C Bonds and Series C-1 Bonds are being issued to (i) finance the acquisition, construction, repair, furnishing and equipping of the District sites and facilities, and (ii) pay the costs of issuing the Series C Bonds and Series C-1 Bonds, respectively. See also “THE BONDS – Application and Investment of Bond Proceeds” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and other applicable law, and pursuant to a resolution adopted by the Board on October 20, 2020. See “THE BONDS – Authority for Issuance” herein.

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County (the “County Board”) is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS” herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons, and will mature on August 1 in the years indicated on the inside cover pages hereof. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. See “THE BONDS – General Provisions” and “– Book-Entry Only System” herein. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See “THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners” herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the “Owners,” “Bond Owners” or “Holders” of the Bonds (other than under the caption “INTRODUCTION – Bond Owner’s Risks”, “TAX MATTERS” and in APPENDIX A attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of \$5,000 principal amount or any integral multiple thereof.

Redemption. The Bonds are subject to optional redemption prior to their respective stated maturity dates, as further described herein. See “THE BONDS – Redemption” herein.

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from their initial date of delivery (the “Dated Date”), and be payable semiannually on each February 1 and August 1 (each a “Bond Payment Date”), commencing February 1, 2021. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover pages hereof.

Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated paying agent, bond registrar and transfer agent (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners.

Tax Matters

Series C Bonds. In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series C Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series C Bonds is exempt from State of California (the “State”) personal income tax. See “TAX MATTERS – Series C Bonds” herein.

Series C-1 Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Series C-1 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). In the further opinion of Bond Counsel, interest (and original issue discount) on the Series C-1 Bonds is exempt from State personal income tax. See “TAX MATTERS – Series C-1 Bonds” herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about November 19, 2020.

Bond Owner’s Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the taxation of property within the District, and certain other considerations, see “TAX BASE FOR REPAYMENT OF BONDS” and “LIMITATION ON REMEDIES; BANKRUPTCY” herein.

Continuing Disclosure

Pursuant to that certain Continuing Disclosure Certificate relating to the Bonds, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriter (as defined herein) in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). The specific nature of the information to be made available and of the notices of listed events required to be provided are summarized in “LEGAL MATTERS – Continuing Disclosure – Current Undertaking” herein and “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Piper Sandler & Co., El Segundo, California, is acting as Municipal Advisor to the District with respect to the Bonds.

Stradling Yocca Carlson & Rauth and Piper Sandler & Co. will each receive compensation from the District contingent upon the sale and delivery of the Bonds. U.S. Bank National Association, Los Angeles, California, is acting as the Paying Agent with respect to the Bonds. Certain matters will be passed on for the Underwriter (defined herein) by Katten Munchin Rosenman LLP, New York, New York.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “intend,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Assistant Superintendent Business, Facilities, and Operations, Conejo Valley Unified School District, 1400 East Janss Road, Thousand Oaks, California 91362, telephone: (805) 497-9511. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to each of such documents, statutes and constitutional provisions.

Certain information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official

Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution (as defined herein).

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THE BONDS

Authority for Issuance

The Bonds are issued by the District pursuant to the provisions of Government Code Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (the “Act”), commencing with Section 53506 *et seq.*, as amended, Article XIII A of the State Constitution and pursuant to a resolution adopted by the Board on October 20, 2020 (the “Resolution”).

The District received authorization at an election held on November 4, 2014, at which the requisite fifty-five percent (55%) or more of the persons voting on the proposition voted to authorize the issuance and sale of \$197,000,000 aggregate principal amount of general obligation bonds of the District (the “2014 Authorization”). On June 25, 2015, the District issued its Election of 2014 General Obligation Bonds, Series A in the aggregate principal amounts of \$37,199,279.10. On June 28, 2018, the District issued its Election of 2014 General Obligation Bonds, Series B in the aggregate principal amount of \$50,000,000. The Series C Bonds and the Series C-1 Bonds represent the third and fourth series of bonds issued pursuant to the 2014 Authorization. Following the issuance of the Bonds, \$59,800,720.90 of the 2014 Authorization will remain authorized and unissued.

Security and Sources of Payment

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The County Board is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation (except for certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. However, the County is not obligated to establish or maintain such a reserve, and the District can make no representations that the County will do so. Such *ad valorem* property taxes, when collected, will be placed by the County in the respective Debt Service Funds (defined herein) established by the Resolution, which are required to be segregated and maintained by the County and which are designated for the payment of the respective series of Bonds, and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Funds to the payment of the respective series of the Bonds to which such fund relates. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Funds, the Bonds are not a debt of the County.

The moneys in the respective Debt Service Funds, to the extent necessary to pay the principal of and interest on Bonds to which such fund relates, as the same become due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its DTC Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The amount of the annual *ad valorem* property taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service due on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District’s control, such as general market decline in real

property values, disruption in financial markets that may reduce the availability of financing for purchasers of property, outbreak of disease, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as an earthquake, flood, fire, drought, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the State Constitution", "TAX BASE FOR REPAYMENT OF BONDS" and "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the State Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation, in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Purchasers will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. The Bonds will be dated as of the Date of Delivery. See "THE BONDS – Book-Entry Only System" herein.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each Bond Payment Date, commencing February 1, 2021. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2021, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of \$5,000 principal amount, or any integral multiple thereof, and mature on August 1 in the years and amounts set forth on the inside cover pages hereof.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by wire transfer on such Bond Payment Date to such bank and account number as the registered Owner may have filed with the Paying Agent for that purpose. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds.

Annual Debt Service

The following table shows the annual debt service requirements of the District for Bonds, and assuming no optional redemptions.

Year Ending (August 1)	<u>Series C Bonds</u>		<u>Series C-1 Bonds</u>		Total Annual Debt Service
	Annual Principal Payment	Annual Interest Payment ⁽¹⁾	Annual Principal Payment	Annual Interest Payment ⁽¹⁾	
2021	--	\$923,265.00	--	\$69,229.51	\$992,494.51
2022	\$150,000.00	1,318,950.00	\$2,630,000.00	98,899.30	4,197,849.30
2023	1,250,000.00	1,314,450.00	1,870,000.00	19,999.30	4,454,449.30
2024	550,000.00	1,276,950.00	500,000.00	5,245.00	2,332,195.00
2025	375,000.00	1,254,950.00	--	--	1,629,950.00
2026	550,000.00	1,239,950.00	--	--	1,789,950.00
2027	615,000.00	1,217,950.00	--	--	1,832,950.00
2028	795,000.00	1,193,350.00	--	--	1,988,350.00
2029	985,000.00	1,169,500.00	--	--	2,154,500.00
2030	1,180,000.00	1,139,950.00	--	--	2,319,950.00
2031	4,560,000.00	1,107,500.00	--	--	5,667,500.00
2032	4,755,000.00	925,100.00	--	--	5,680,100.00
2033	5,260,000.00	734,900.00	--	--	5,994,900.00
2034	11,860,000.00	524,500.00	--	--	12,384,500.00
2035	<u>12,110,000.00</u>	<u>272,475.00</u>	<u>--</u>	<u>--</u>	<u>12,382,475.00</u>
Total	\$44,995,000.00	\$15,613,740.00	\$5,000,000.00	\$193,373.11	\$65,802,113.11

⁽¹⁾ Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2021.

See also "CONEJO VALLEY UNIFIED SCHOOL DISTRICT– District Debt Structure – General Obligation Bonds" herein for a full debt service schedule of all the outstanding general obligation debt of the District.

Application and Investment of Bond Proceeds

Building Funds. The proceeds of the sale from the sale of the Series C Bonds and the Series C-1 Bonds, net of costs of issuance and any premium on the sale thereof, will be deposited into the building fund relating to each series of the Bonds held by the County (the "Series C Bonds Building Fund" and the "Series C-1 Bonds Building Fund," respectively, and, together, the "Building Funds"), and will be applied solely for the purposes for which such series of Bonds are being issued. Interest earnings in each

Building Fund will be retained in such fund. Any excess proceeds of the Bonds not needed for authorized purposes for which the Bonds are being issued will be transferred to the applicable Debt Service Fund and applied to the payment of principal of and interest on the corresponding series of Bonds. The County will have no responsibility for assuring the proper use of the proceeds of the Bonds.

Debt Service Funds. The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, will be held separate and apart by the County in the debt service funds relating to each series of Bonds created by the Resolution (the “Series C Bonds Debt Service Fund” and the “Series C-1 Bonds Debt Service Fund,” respectively, and, together, the “Debt Service Funds”), and used only for payment of principal of and interest on the respective series of Bonds to which such Debt Service Fund relates. Any premium or accrued interest received on the sale of each series of the Bonds will be deposited in the respective Debt Service Fund to which such fund relates. Any interest earnings on moneys held in each Debt Service Fund will be retained therein. If, after all of the respective series of Bonds to which such Debt Service Fund relates have been redeemed or paid and otherwise cancelled, there are moneys remaining in the such Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Investment of Funds. Moneys in the Debt Service Funds and the Building Funds are expected to be invested through the County’s pooled investment fund (the “Investment Pool”). For more information regarding the Investment Pool, see “APPENDIX E – VENTURA COUNTY TREASURY POOL” attached hereto.

Redemption

Optional Redemption.

Series C Bonds. The Series C Bonds maturing on or before August 1, 2030 are not subject to redemption prior to their respective stated maturity dates. The Series C Bonds maturing on or after August 1, 2031 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2030 at a redemption price equal to the principal amount of the Series C Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Series C-1 Bonds. The Series C-1 Bonds are subject to redemption prior to their stated maturities at the option of the District, in whole or in part (and if in part on a pro-rata basis), on any date, at a redemption price equal to the greater of:

- (a) 100% of the principal amount, or denominational amount, of the Bonds to be redeemed, as applicable; or
- (b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series C-1 Bonds to be redeemed, not including any portion of those payments of interest accrued or accreted and unpaid as of the date on which such Series C-1 Bonds are to be redeemed, discounted to the date on which such Series C-1 Bonds are to be redeemed on a semi-annual basis, assuming a 360- day year consisting of twelve 30-day months, at the Treasury Rate plus 12.5 basis points for the Series C-1 Bonds; plus, in each case, accrued interest on such Series C-1 Bonds, to be redeemed to the redemption date.

For purposes of the foregoing provisions concerning optional redemption of the Series C-1 Bonds, the following terms have the meanings described below:

“Treasury Rate” means, with respect to any redemption date for a particular Series C-1 Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series C-1 Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the District, the optional make-whole redemption price of the Series C-1 Bonds to be redeemed at the option of the District as described above will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the District at the District’s expense to calculate such redemption price. The District may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Selection of Bonds for Redemption.

Series C Bonds. If less than all of the Series C Bonds of a series are called for redemption, the Paying Agent, upon written instruction from the District, shall select the Series C Bonds for redemption as so directed by the District and if not so directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Series C Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Series C Bonds to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

Series C-1 Bonds. Whenever provision is made for the optional redemption of Series C-1 Bonds and less than all Series C-1 Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select Series C-1 Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, Bonds will be selected for redemption on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided further that, such pro-rata redemption is made in accordance with the operational arrangements of DTC then in effect.

Redemption Notice. When optional redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a “Redemption Notice”) of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail,

postage prepaid, at their addresses appearing on the registration books of the Paying Agent (the “Bond Register”); (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) provide a Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

“Information Services” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA”); or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

“Securities Depository” means The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent to the effect that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number, if any, identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in “THE BONDS – Defeasance” herein, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like series, tenor and maturity and of authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption Notice. Notice having been given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as described in “THE BONDS – Defeasance” herein, the Bonds to be redeemed will become due and payable on such date of redemption.

If on such redemption date, moneys for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, are held by the Paying Agent (or an independent escrow agent selected by the District) so as to be available therefor on such redemption date, and if a Redemption Notice thereof will have been given as described above, then from and after such redemption date, interest

on the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds to be so redeemed.

All Bonds paid at maturity or redeemed prior to maturity as described above will be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the District will be cancelled by the Paying Agent.

Rescission of Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in “THE BONDS – Defeasance” herein, such Redemption Notice will state that such redemption will be conditional upon the receipt by the Paying Agent (or an independent escrow agent selected by the District), on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal, premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received, said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest on, principal of, or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of

DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants", and together with the Direct Participants, the "DTC Participants"). DTC has an S&P rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated by reference herein.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such

as redemptions, defaults, and proposed amendments to the Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

For every transfer and exchange of Bonds, Owners requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Paying Agent, DTC or the DTC Participant in connection with such transfers or exchanges.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to the Owners thereof.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for

such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, the Bonds as provided in the Resolution.

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent. Interest on the Bonds will be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount upon presentation and surrender at the designated corporate trust office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the designated corporate trust office of the Paying Agent, together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date, or any day on which the applicable Redemption Notice is given, or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds of each series may be defeased, at any time prior to maturity in the following ways:

- (a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the applicable Debt Service Fund, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;
- (b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with any amounts transferred from the applicable Debt Service Fund and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all the Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent or an independent escrow agent selected by the District to pay or

cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

“Government Obligations” means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations, the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (iii) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either S&P or Moody’s.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

	<u>Series C Bonds</u>	<u>Series C-1 Bonds</u>
Sources of Funds		
Principal Amount of Bonds	\$44,995,000.00	\$5,000,000.00
Original Issue Premium	<u>3,326,624.70</u>	<u>104,253.20</u>
Total Sources	<u>\$48,321,624.70</u>	<u>\$5,104,253.20</u>
Uses of Funds		
Deposit to Building Fund	\$44,716,003.10	\$4,968,996.90
Deposit to Debt Service Fund	3,109,641.42	80,141.27
Underwriter’s Discount	216,983.28	24,111.93
Costs of Issuance ⁽¹⁾	<u>278,996.90</u>	<u>31,003.10</u>
Total Uses	<u>\$48,321,624.70</u>	<u>\$5,104,253.20</u>

⁽¹⁾ Reflects all costs of issuance, including but not limited to legal fees, municipal advisory fees, printing costs, rating agencies fees, the costs and fees of the Paying Agent.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem property taxes levied and collected by the County on taxable property in the District. The District’s general fund is not a source for the repayment of the Bonds.

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as County, city, and special district property taxes. Assessed valuations are the same for both the District and the County’s taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property is assessed on the “unsecured roll.” Unsecured property comprises certain property not attached to land such as personal property or business property. Boats and airplanes are examples of unsecured property. A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County’s taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment, plus any additional amount determined by the County Treasurer (the “Treasurer”). After the second installment of taxes on the secured roll is delinquent, the Treasurer will collect a cost of \$10 for preparing the delinquent tax records and giving notice of the delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of the July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid, are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The Treasurer has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder’s office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also “TAX BASE FOR REPAYMENT OF BONDS – Tax Levies, Collections and Delinquencies” herein.

State law exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including K-14 school districts (as defined herein), share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

Assessed Valuations

Property within the District has a total assessed valuation for fiscal year 2020-21 of \$36,259,533,633. The table on the following page shows the assessed valuation for the District for the past 10 fiscal years.

ASSESSED VALUATION Fiscal Years 2011-12 through 2020-21 Conejo Valley Unified School District

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2011-12	\$25,094,434,957	0	\$587,147,179	\$25,681,582,136
2012-13	25,256,909,261	0	572,389,635	25,829,298,896
2013-14	26,128,998,441	0	572,240,340	26,701,238,781
2014-15	27,615,490,576	0	584,018,613	28,199,509,189
2015-16	28,966,587,099	0	578,567,705	29,545,154,804
2016-17	30,202,182,499	0	589,267,016	30,791,449,515
2017-18	31,703,582,644	0	580,900,166	32,284,482,810
2018-19	33,099,061,402	0	613,622,064	33,712,683,466
2019-20	34,458,313,329	0	655,218,759	35,113,532,088
2020-21	35,587,909,165	0	671,624,468	36,259,533,633

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as a general market decline in real property values, disruption in financial markets that may reduce availability of financing for purchasers of property, outbreak of disease, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as an earthquake, fire, wildfire, flood, drought, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" and "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

Appeals and Adjustments of Assessed Valuations. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as

earthquakes, floods, drought, fire or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIII A. See also “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the State Constitution” herein.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future, actions by county assessors, or other factors in the future will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 (“AB 102”). AB 102 restructures the functions of the SBE and creates two new agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes; however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

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Assessed Valuation and Parcels by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2020-21.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal year 2020-21
Conejo Valley Unified School District

	2020-21	% of	No. of	% of
<u>Non-Residential:</u>	<u>Assessed Valuation</u>⁽¹⁾	<u>Total</u>	<u>Parcels</u>	<u>Total</u>
Agricultural	\$269,994,549	0.76%	114	0.25%
Commercial/Office	4,421,937,999	12.43	894	1.97
Vacant Commercial	40,080,018	0.11	39	0.09
Industrial	2,436,463,481	6.85	295	0.65
Vacant Industrial	50,018,607	0.14	44	0.10
Recreational/Open Space	123,210,727	0.35	55	0.12
Government/Social/Institutional	44,620,090	0.13	37	0.08
Miscellaneous/Water Companies	<u>188,626,101</u>	<u>0.53</u>	<u>185</u>	<u>0.41</u>
Subtotal Non-Residential	\$7,574,951,572	21.29%	1,663	3.66%
<u>Residential:</u>				
Single Family Residence	\$22,539,222,120	63.33%	33,210	73.04%
Condominium/Townhouse	3,920,021,150	11.02	9,149	20.12
Mobile Homes	19,980,078	0.06	221	0.49
Mobile Home Park	48,557,670	0.14	24	0.05
2-4 Residential Units	44,651,232	0.13	88	0.19
5+ Residential Units/Apartments	1,101,084,821	3.09	76	0.17
Hotel/Motel	177,911,135	0.50	12	0.03
Vacant Residential	<u>161,529,387</u>	<u>0.45</u>	<u>1,024</u>	<u>2.25</u>
Subtotal Residential	\$28,012,957,593	78.71%	43,804	96.34%
Total	\$35,587,909,165	100.00%	45,467	100.00%

⁽¹⁾ Local secured assessed valuation; excluding tax-exempt property.

Source: *California Municipal Statistics, Inc.*

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Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2020-21 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES

Fiscal year 2020-21

Conejo Valley Unified School District

	No. of Parcels	2020-21 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	33,210	\$22,539,222,120	\$678,688	\$571,200

2020-21 Assessed Valuation	No. of Parcels⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$99,999	1,605	4.833%	4.833%	\$117,854,204	0.523%	0.523%
100,000 - 199,999	2,442	7.353	12.186	356,392,787	1.581	2.104
200,000 - 299,999	2,596	7.817	20.003	659,783,366	2.927	5.031
300,000 - 399,999	3,814	11.484	31.488	1,338,439,194	5.938	10.970
400,000 - 499,999	3,555	10.705	42.192	1,598,886,373	7.094	18.063
500,000 - 599,999	3,721	11.204	53.397	2,049,774,064	9.094	27.158
600,000 - 699,999	3,683	11.090	64.487	2,393,506,789	10.619	37.777
700,000 - 799,999	2,982	8.979	73.466	2,226,213,254	9.877	47.654
800,000 - 899,999	2,270	6.835	80.301	1,921,472,812	8.525	56.179
900,000 - 999,999	1,634	4.920	85.221	1,544,381,050	6.852	63.031
1,000,000 - 1,099,999	987	2.972	88.193	1,032,224,390	4.580	67.611
1,100,000 - 1,199,999	790	2.379	90.572	905,980,971	4.020	71.630
1,200,000 - 1,299,999	550	1.656	92.228	686,092,089	3.044	74.674
1,300,000 - 1,399,999	407	1.226	93.454	548,316,257	2.433	77.107
1,400,000 - 1,499,999	297	0.894	94.348	429,001,103	1.903	79.010
1,500,000 - 1,599,999	239	0.720	95.068	370,360,722	1.643	80.654
1,600,000 - 1,699,999	214	0.644	95.712	353,089,014	1.567	82.220
1,700,000 - 1,799,999	176	0.530	96.242	307,711,147	1.365	83.585
1,800,000 - 1,899,999	168	0.506	96.748	309,933,618	1.375	84.960
1,900,000 - 1,999,999	119	0.358	97.106	231,665,570	1.028	85.988
2,000,000 and greater	<u>961</u>	<u>2.894</u>	100.000	<u>3,158,143,346</u>	<u>14.012</u>	100.000
	33,210	100.000%		\$22,539,222,120	100.000%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

Assessed Valuation by Jurisdiction. The following table shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2020-21 assessed valuation.

ASSESSED VALUATION BY JURISDICTION

Fiscal Year 2020-21

Conejo Valley Unified School District

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Moorpark	\$5,016,886	0.01%	\$6,699,929,265	0.07%
City of Thousand Oaks	32,698,418,454	90.18	32,698,418,454	100.00
Unincorporated Ventura County	<u>3,556,098,293</u>	<u>9.81</u>	24,341,370,917	14.61
Total District	\$36,259,533,633	100.00%		
Ventura County	\$36,259,533,633	100.00%	\$146,771,974,565	24.70%

Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment – “Teeter Plan”

The Board of Supervisors of the County has implemented the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The *ad valorem* property tax to be levied to pay the principal of and interest on the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the secured *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

In addition, on May 6, 2020, the Governor signed Executive Order N-61-20 (“Order N-61-20”). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent, subject to certain conditions set forth in in Order N-61-20. See “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein.

There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other outbreak of disease or natural or manmade disaster. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19." However, notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Bonds when due.

Tax Rates

A representative tax rate area (a "TRA") of the District, Tax Rate Area 8-058, has a fiscal year 2020-21 assessed valuation of \$2,521,649,608, representing 6.95% of the District's taxable assessed valuation. The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in this TRA during the period from fiscal years 2016-17 through 2020-21.

TYPICAL TAX RATES (TRA 8-058)⁽¹⁾
Fiscal Years 2016-17 through 2020-21
Conejo Valley Unified School District

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
General Tax Rate	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Conejo Valley Unified School District	.0320	.0213	.0209	.0222	.0150
Ventura Community College District	.0155	.0151	.0152	.0143	.0288
Metropolitan Water District	<u>.0035</u>	<u>.0035</u>	<u>.0035</u>	<u>.0035</u>	<u>.0035</u>
Total Tax Rate	1.0510%	1.0399%	1.0396%	1.0400%	1.0473%

⁽¹⁾ 6.95% of the District's total assessed valuation for 2020-21.

Source: California Municipal Statistics, Inc.

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Tax Levies, Collections and Delinquencies

The following tables show secured tax charges and delinquencies within the District for fiscal years 2010-11 through 2019-20.

SECURED TAX CHARGES AND DELINQUENCIES

Fiscal Years 2010-11 through 2019-20

Conejo Valley Unified School District

	Secured Tax Charge ⁽¹⁾	Amt. Del. June 30	% Del. June 30
2010-11	\$7,139,790.10	\$313,974.28	4.40%
2011-12	7,673,769.00	234,847.19	3.06
2012-13	8,124,327.53	220,882.84	2.72
2013-14	8,469,373.24	234,080.66	2.76
2014-15	9,012,276.62	243,392.98	2.70
2015-16	9,146,412.75	252,638.81	2.76
2016-17	9,600,342.20	391,909.43	4.08
2017-18	6,710,046.34	177,846.97	2.65
2018-19	6,864,419.75	195,012.29	2.84
2019-20	7,604,415.92	253,049.32	3.33

SECURED TAX CHARGES AND DELINQUENCIES

Fiscal Years 2010-11 through 2019-20

Conejo Valley Unified School District

	Secured Tax Charge ⁽²⁾	Amt. Del. June 30	% Del. June 30
2010-11	\$81,859,688.59	\$1,558,427.21	1.90%
2011-12	82,177,267.73	1,182,907.15	1.44
2012-13	82,785,708.85	1,134,850.29	1.37
2013-14	85,584,366.08	778,884.08	0.91
2014-15	90,713,897.82	750,087.20	0.83
2015-16	95,811,456.32	1,308,184.07	1.37
2016-17	99,628,785.69	807,912.10	0.81
2017-18	104,588,703.96	789,004.15	0.75
2018-19	109,241,646.76	796,854.63	0.73
2019-20	113,731,381.82	1,583,482.63	1.39

⁽¹⁾ District's general obligation bond debt service levy.

⁽²⁾ 1% General Fund apportionment. Reflects countywide delinquency rate.

Source: *California Municipal Statistics, Inc.*

Pursuant to Revenue and Taxation Code Section 4985.2, the County Treasurer-Tax Collector may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due.

In addition, on May 6, 2020, the Governor signed Executive Order N-61-20 ("Order N-61-20"). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent, subject to certain conditions set forth in in Order N-61-20. See "--

Alternative Method of Tax Apportionment –Teeter Plan” below and “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein.

Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer’s financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2020-21 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representations as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED PROPERTY TAXPAYERS
Fiscal year 2020-21
Conejo Valley Unified School District

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2020-21 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1. Amgen Inc.	Industrial	\$1,523,504,138	4.28%
2. Macerich Oaks LLC	Shopping Center/Mall	335,514,946	0.94
3. Baxalta US Inc.	Industrial	263,136,071	0.74
4. Los Robles Hospital	Hospital	231,490,381	0.65
5. University Village Thousand Oaks CCRC LLC	Retirement Community	180,786,123	0.51
6. Duesenberg Investment Co.	Office Building	161,690,690	0.45
7. Knolls Apartments LLC	Apartments	118,951,547	0.33
8. Westlake Park Place Inc.	Office Building	110,311,631	0.31
9. Rexford Ind & Conejo Spec LLC	Industrial	108,375,000	0.30
10. Woodlake Manor LP	Apartments	93,891,630	0.26
11. Westlake Plaza Center E & II LLC	Office Building	93,780,208	0.26
12. ROIC California LLC	Shopping Center	93,000,000	0.26
13. Regency Center LP	Shopping Center	87,569,110	0.25
14. DP Rolling Oaks to Investors	Apartments	79,514,828	0.22
15. Skyworks Solutions Inc.	Industrial	79,221,756	0.22
16. Westlake Promenade LLC	Shopping Center	78,176,708	0.22
17. California-American Water Co	Water Company	77,730,874	0.22
18. One Baxter Way LP	Office Building	76,500,000	0.21
19. Essex Hillcrest Park LP	Apartments	74,420,625	0.21
20. PMI Thousand Oaks LLC	Apartments	<u>71,125,631</u>	<u>0.20</u>
		\$3,938,691,897	11.07%

⁽¹⁾ The fiscal year 2020-21 local secured assessed valuation of the District is \$35,587,909,165.
Source: *California Municipal Statistics, Inc.*

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Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc. effective as of November 1, 2020, for debt issued as of October 12, 2020. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The table shows the percentage of each overlapping entity’s assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity’s existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency’s assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency’s outstanding debt to taxable property in the District.

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DIRECT AND OVERLAPPING DEBT STATEMENT
Conejo Valley Unified School District

2020-21 Assessed Valuation: \$36,259,533,633

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 11/1/20</u>
Metropolitan Water District	1.102%	\$355,175
Ventura County Community College District	24.712	66,714,854
Conejo Valley Unified School District	100.000	79,309,433⁽¹⁾
City of Thousand Oaks Community Facilities Districts	100.000	17,069,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$163,448,462

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Ventura County General Fund Obligations	24.705%	\$78,880,595
Ventura County Superintendent of Schools Certificates of Participation	24.705	2,170,334
City of Thousand Oaks Certificates of Participation	100.000	19,385,000
Triunfro Sanitation District General Fund Obligations	65.009	6,135,293
TOTAL OVERLAPPING GENERAL FUND DEBT		\$106,571,222

<u>OVERLAPPING TAX INCREMENT DEBT:</u>	
Successor Agency to Thousand Oaks Redevelopment Agency Tax Allocation Bonds	100.000%
	\$8,666,000
TOTAL OVERLAPPING TAX INCREMENT DEBT	\$8,666,000
COMBINED TOTAL DEBT	\$278,685,684⁽²⁾

<u>Ratios to 2020-21 Assessed Valuation:</u>	
Direct Debt (\$79,309,433).....	0.22%
Total Direct and Overlapping Tax and Assessment Debt.....	0.45%
Combined Total Debt	0.77%

<u>Ratios to Redevelopment Adjusted Valuation (\$2,985,285,454):</u>	
Overlapping Tax Increment Debt.....	0.29%

⁽¹⁾ Excludes the Bonds described herein.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem property tax levied by the County for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein. Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and to the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy ad valorem taxes for payment of the principal of and interest on the Bonds.

Article XIII A of the State Constitution

Article XIII A (“Article XIII A”) of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the “base year value.” The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value, adjusted for inflation. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations” herein.

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem* property, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by fifty-five percent (55%) or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds or more of all members of the State legislature to change any State taxes for the purpose of increasing tax revenues.

Property Tax Ballot Measures. On May 29, 2020, a proposed voter initiated ballot initiative became eligible and subsequently qualified for the November 2020 Statewide ballot (the “Proposition 15”). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Proposition 15 would amend Article XIII A such that the “full cash value” of commercial and industrial real property, for each lien date, would be equal to the fair market value of that property. If approved, Proposition 15 would not affect the “full cash value” of residential property, real property used for commercial agricultural production, or commercial and industrial real property with combined value of \$3 million or less, which would continue to be subject to annual increases not to exceed 2%. In addition, Proposition 15 would eliminate the business tangible personal property tax on equipment and fixtures for small businesses and provide a \$500,000 per year exemption for all other businesses. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing Proposition 15, approximately 40% of the remaining additional tax revenues generated as a result of Proposition 15 would be deposited into a fund created pursuant to Proposition 15 called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State’s constitutional minimum funding requirement. With respect to the tax revenues deposited into the Local School and Community College Property Tax Fund, 11% would be allocated by the Board of Governors of the California Community Colleges to community college districts and 89% of such tax revenues would be allocated by the Superintendent of Public Instruction to school districts, charter schools and county offices of education.

On July 1, 2020, a legislatively referred constitutional amendment was filed with the Secretary of State and subsequently qualified for the November 2020 Statewide ballot (“Proposition 19”). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Proposition 19 would amend Article XIII A to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection.

The District cannot predict whether either Proposition 15 or Proposition 19 will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of either Proposition 15 or Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIII A.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A of the State Constitution to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor, (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the “Replacement Base Year Value”) depends on the relation of the full cash value of the replacement property (the “Replacement Cash Value”) to the Original Cash Value: if the Replacement Cash Value exceeds 120 % of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIII A of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a “comparable replacement property” located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a “reasonable size that is used as a site for a residence;” (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of “equal or lesser value” than the Original Cash Value.

Within the context of Proposition 171, “equal or lesser value” means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the SBE as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula. See “DISTRICT FINANCIAL INFORMATION – State Funding of Education” herein.

Article XIII B of the State Constitution

Article XIII B (“Article XIII B”) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines:

- (a) “change in the cost of living” with respect to school districts to mean the percentage change in State per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for bonded debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See “– Propositions 98 and 111” herein.

Article XIIIC and Article XIID of the State Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the State Constitution Articles XIIIC and XIID (respectively, “Article XIIIC” and “Article XIID”), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the State Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIIIC establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, voters of the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6)

a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, is transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIIB surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the State budget.

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111") which further modified Article XIIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

- a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

- b. Treatment of Excess Tax Revenues. “Excess” tax revenues with respect to Article XIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the minimum funding level for such districts. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into K-14 school districts’ base expenditures for calculating their entitlement for State aid in the next year, and the State’s appropriations limit is not to be increased by this amount.
- c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIB spending limit: (i) all appropriations for “qualified capital outlay projects” as defined by the State legislature, and (ii) any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State legislature and the Governor, which was expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.
- d. Recalculation of Appropriations Limit. The Article XIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.
- e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (“Test 1”) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIB by reference to per capita personal income) and enrollment (“Test 2”). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test (“Test 3”), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, State voters approved an amendment (commonly known as Proposition 39) to the State Constitution. Proposition 39 is an initiated Constitutional amendment that (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional

amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District community college districts, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that such bonds may be issued only if the tax rate projected to be levied as the result of any single election would not exceed \$60 (for a unified school district, such as the District), \$30 (for a high school or elementary school district), or \$25 (for a community college district), per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A of the State Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State legislature and approval by the Governor. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the State Constitution” herein.

Jarvis vs. Connell

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as State Controller). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District’s budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State’s authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without

two-third approval of both houses of the State legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately \$1 billion annually for several decades. See "DISTRICT FINANCIAL INFORMATION – State Dissolution of Redevelopment Agencies" herein.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than \$200 per unit of ADA and no community college district will receive less than \$100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received

from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as “Proposition 2”). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State’s Budget Stabilization Account (the “BSA”) established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as an emergency within the meaning of Article XIIIB of the State Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the

operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

SB 858. Senate Bill 858 (“SB 858”) became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the State Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the State Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 (“SB 751”), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as “Proposition 51”) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of \$9 billion in State general obligation bonds by the State for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes \$3 billion for the new construction of K-12 facilities and an additional \$3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional state

grant funding, up to 100% of the project costs. In addition, a total of \$1 billion will be available for the modernization and new construction of charter school facilities (\$500 million) and technical education facilities (\$500 million). Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, school districts that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at \$3 million for a new facility and \$1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes \$2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State legislature will select among eligible projects as part of the annual State budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 facilities funding from the State.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the State Constitution and Propositions 22, 26, 30, 39, 98, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of ad valorem property taxes required to be levied by the County in the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.

State Funding of Education

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Since fiscal year 2013-14, school districts have been funded based on a uniform system of funding grants assigned to certain grade spans. See "—Local Control Funding Formula" herein.

The following table reflects the District's historical ADA and the revenue limit rates per unit of ADA for fiscal years 2006-07 through 2012-13.

AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT Conejo Valley Unified School District Fiscal Years 2006-07 through 2012-13

<u>Fiscal Year</u>	<u>Average Daily Attendance⁽¹⁾</u>	<u>Annual Change in ADA</u>	<u>Statutory Revenue Limit Per ADA⁽²⁾</u>	<u>Funded Revenue Limit Per ADA⁽²⁾</u>
2006-07	21,444	--	\$5,541	\$5,541
2007-08	21,206	(1.11)%	5,793	5,793
2008-09	20,870	(1.59)	6,122	5,642
2009-10	20,363	(2.43)	6,384	5,212
2010-11	20,206	(0.77)	6,427	5,273
2011-12	20,012	(0.96)	6,572	5,218
2012-13	19,821	(0.95)	6,786	5,275

⁽¹⁾ Reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four week period of instruction beginning on the first day of school for a particular school district. Excludes County operated programs.

⁽²⁾ Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in fiscal year 2008-09, and eliminated with the implementation of the LCFF (as defined herein).

Source: Conejo Valley Unified School District.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) (“AB 97”), as amended by Senate Bill 91 (Stats. 2013, Chapter 49) (“SB 91”), established the current system for funding school districts, charter schools and county offices of education.

The primary component of AB 97 was the implementation of the Local Control Funding Formula (“LCFF”), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a “Base Grant”) assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. During the implementation period of the LCFF, an annual transition adjustment was calculated for each school district, equal to such district’s proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district’s funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) \$6,845 for grades K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See also “—State Budget Measures” for information on the adjusted Base Grants provided by current budgetary legislation.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency (“EL” students), students from low income families that are eligible for free or reduced priced meals (“LI” students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals). AB 97 authorizes a supplemental grant add-on (each, a “Supplemental Grant”) for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts’ percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a “Concentration Grant”) equal to 50% of the applicable Base Grant multiplied by the percentage of such district’s unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table shows a breakdown of the District’s ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2013-14 through 2019-20, and budgeted figures for fiscal year 2020-21. However, the District’s actual pupil attendance, and associated ADA figures, may be impacted by the current COVID-19 outbreak. See “— Considerations Regarding COVID-19” herein.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2020-21
Conejo Valley Unified School District

Fiscal Year	Average Daily Attendance⁽¹⁾					Enrollment⁽²⁾	
	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment⁽³⁾
2013-14	4,974.26	4,201.96	3,001.28	7,248.98	19,426.48	20,142	25.72
2014-15	4,758.08	4,148.31	2,911.37	7,217.55	19,035.31	19,727	24.77
2015-16	4,627.01	4,008.10	2,886.44	7,103.77	18,625.32	19,365	24.40
2016-17	4,540.89	3,915.82	2,931.15	6,921.87	18,309.73	18,918	23.95
2017-18	4,582.55	3,792.61	2,881.22	6,780.08	18,036.46	18,733	25.21
2018-19	4,551.78	3,646.87	2,808.43	6,733.82	17,740.90	18,410	27.19
2019-20	4,564.47	3,588.96	2,734.10	6,726.97	17,614.50	18,345	27.33
2020-21	4,559.91 ⁽⁴⁾	3,586.81 ⁽⁴⁾	2,733.62 ⁽⁴⁾	6,726.35 ⁽⁴⁾	17,606.69 ⁽⁴⁾	18,050	27.33

(1) Except for fiscal year 2020-21, reflects ADA as of P-2 ADA, ending on or before the last attendance month prior to April 15 of each school year. An attendance month is each four week period of instruction beginning with the first day of school for any school district. For fiscal year 2019-20, due to the outbreak of COVID-19, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020. See “– Considerations Regarding COVID-19” herein. Excludes charter school students.

(2) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System (“CALPADS”) in each school year and is used to calculate each school district’s unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the State Department of Education. CALPADS figures exclude preschool and adult transitional students. Excludes charter school students.

(3) For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI students has been based on a rolling average of such district’s EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

(4) Budgeted.

Source: Conejo Valley Unified School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target (“ERT”) add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementation period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district’s adjusted Base, Supplemental and Concentration Grants will be multiplied by such district’s P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district’s total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district’s share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain school districts, known as “basic aid” (or “community funded”) districts, have allocable

local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Community funded school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a community funded district.

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs covering a three-year period were required to be adopted beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a State agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the “State Superintendent”) is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district’s LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other Revenue Sources

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Federal and Local Sources. The federal government provides funding for several of the District’s programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, the District receives additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, Developer Fees (as discussed below), Redevelopment Revenues (as discussed below), and other local sources.

Developer Fees. The District receives developer fees of \$3.36 per square foot for residential development and \$0.54 per square foot for commercial development pursuant to Government Code Section 65995 (the “Developer Fees”). State law requires that Developer Fees be spent only the construction or reconstruction of school facilities to accommodate growths in enrollment. The following table shows a 10-year history of developer fees collected on residential and commercial developments within the District, including a budgeted amount for fiscal year 2020-21.

DEVELOPER FEES COLLECTIONS Fiscal Years 2010-11 through 2020-21 Conejo Valley Unified School District

Fiscal Year	Developer Fees Collected
2010-11	\$490,098
2011-12	326,790
2012-13	868,326
2013-14	1,054,308
2014-15	1,223,349
2015-16	1,240,055
2016-17	1,597,068
2017-18	633,055
2018-19	977,416
2019-20	656,408
2020-21 ⁽¹⁾	500,000

⁽¹⁾ Budgeted.

Source: Conejo Valley Unified School District.

Redevelopment Revenue and Dissolution of Redevelopment Agencies. The District receives pass-through tax increment revenue (the “Pass-Through Revenues”) from the former redevelopment agencies within the District’s boundaries. The Pass-Through Revenues received by the District are deposited into the District’s TOPASS Fund, and used for facilities improvements. The Pass-Through Revenues do not offset the State apportionment received by the District. The amount of Pass-Through Revenues received by the District from fiscal years 2010-11 through 2019-20 and a budgeted amount for fiscal year 2020-21 are shown in the following table.

**REDEVELOPMENT REVENUE
Fiscal Years 2010-11 through 2020-21
Conejo Valley Unified School District**

<u>Fiscal Year</u>	<u>Pass-Through Revenues⁽¹⁾</u>
2010-11	\$652,263
2011-12	1,327,677
2012-13	1,314,249
2013-14	1,078,462
2014-15	1,114,976
2015-16	1,216,948
2016-17	1,385,862
2017-18	1,333,302
2018-19	1,484,081
2019-20	1,486,545
2020-21 ⁽²⁾	1,560,000

⁽¹⁾ Pass-Through Revenues received do not offset State apportionments received by the District.

⁽²⁾ Budgeted.

Source: Conejo Valley Unified School District.

The District, however, can make no representations that the Redevelopment Revenues will continue to be received by the District in amounts consistent with prior years, or as currently projected, particularly in light of the legislation eliminating redevelopment agencies. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22” herein. The Bonds, however, are not payable from such revenue. The Bonds will be payable solely from the proceeds of an *ad valorem* property tax which is required to be levied by the County in an amount sufficient for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the State Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* (“*Matosantos*”), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in the State ceased to exist as a matter of law on February 1, 2012.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) (“AB 1484”), which, together with ABx1 26, is referred to herein as the “Dissolution Act.” The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a “Successor Agency”). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller’s cost to administer

the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund (“Trust Fund”), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any “enforceable obligations” of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines “enforceable obligations” to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least \$250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth is tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the State Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the State Controller. If the State Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) (“AB 1290”), are restricted to educational facilities without offset against apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount “which would have been received had the redevelopment agency existed at that time,” and that the County auditor-controller shall “determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of ABX1 26 using current assessed values and pursuant to statutory pass-through formulas and contractual agreements with other taxing agencies.”

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which any apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

Considerations Regarding COVID-19

An outbreak of disease or similar public health threat, such as the current coronavirus (“COVID-19”) outbreak, or fear of such an event, could have an adverse impact on the District’s financial condition and operating results. The spread of COVID-19 is having significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor has enacted Executive Order N-26-20 (“Executive Order N-26-20”), which (i) generally streamlines the process of applying for such waivers for closures related to COVID-19 and (ii) directs school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours.

On March 17, 2020, Senate Bill 89 (“SB 89”) and Senate Bill 117 (“SB 117”) were signed by the Governor, both of which took effect immediately. SB 89 amends the Budget Act of 2019 by appropriating \$500,000,000 from the State general fund for any purpose related to the Governor’s March 4, 2020 emergency proclamation. SB 117, among other things, (i) specifies that for school districts that comply with Executive Order N-26-20, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year only includes all full school months from July 1, 2019 through February 29, 2020, (ii) prevents the loss of funding related to an instructional time penalty because of a school closed due to the COVID-19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID-19, (iii) requires a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID-19, and (iv) appropriates \$100,000,000 from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites. On March 19, 2020, the Governor ordered all California residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the “Stay Home Order”).

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed by the President of the United States. The CARES Act appropriates over \$2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments.

The District received \$308,293 pursuant to SB 117 for personal protective equipment and currently expects to receive \$2,464,668 pursuant to the CARES Act based on the District’s LCFF

Supplemental and Concentration Grant funding for learning loss mitigation; the receipt of which is contingent on a Board adopting a new Learning and Continuity Learning Plan, which has been approved on September 30, 2020. The District also expects to receive \$1,238,548 in CARES Act and Elementary and Secondary School Emergency Relief (ESSER) funding based on Title I status, \$937,963 in federal Governor’s Emergency Education Relief (GEER) funding related to students with disabilities and \$1,144,140 in additional Proposition 98 funding based on the District’s 2019-20 LCFF allocation. However, no assurances can be given that the District will ultimately receive the moneys it expects to receive from the CARES Act, ESSER, GEER or the State, or any additional future State or federal funds related to COVID-19, or the timing of receipt of such funds.

To date there have been a number of confirmed cases of COVID-19 in the County and health officials are expecting the number of confirmed cases to grow. The COVID-19 outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the District’s schools). The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

On May 4, 2020, the Governor enacted Executive Order N-60-20 (“Executive Order N-60-20”), which directs the State Public Health Officer to establish criteria to determine whether and how particular local jurisdictions may implement public health measures that are less restrictive than statewide directives, as the State transitions from Stage 1 to Stage 2, and then Stage 3 of reopening. The stages will be phased in gradually, and counties which have met readiness criteria and worked with the State Department of Public Health can open more public spaces and workplaces, as outlined by the State, with variances allowed by county. The State is currently in early Stage 2, where retail, related logistics and manufacturing, office workplaces, limited personal services, outdoor museums, child care, and essential businesses can open with modifications. The State will continue to issue guidance to assist workplaces to reopen safely. Pursuant to Executive Order N-60-20, local jurisdictions may issue their own public health measures to slow the spread of COVID-19.

On June 29, 2020, Senate Bill 98 (“SB 98”), the education omnibus bill to the 2020-21 State Budget, was signed by the Governor, which takes effect immediately. SB 98 provides that distance learning may be offered by a school district during the 2020-21 academic year on a local educational agency or schoolwide level as a result of an order or guidance from a State public health officer or a local public health officer or for pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19. SB 98 provides requirements for distance learning, including, but not limited to: (i) confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work, (ii) content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction, (iii) support for pupils who are not performing at grade level or need support in other areas, (iv) special education services, (v) designated and integrated instruction in English language development for English learners, and (vi) daily live interaction with certificated employees and peers. For additional information about the provisions of SB 98, see “- State Budget Measures – 2020-21 State Budget” herein.

On August 28, 2020, the Governor released a new system, Blueprint for a Safer California, which places the State’s 58 counties into four color-coded tiers – purple, red, orange and yellow, in descending order of severity – based on the number of new daily cases of COVID-19 and the percentage of positive tests. Counties must spend at least three weeks in each tier before advancing to the next one. Schools can reopen for limited in-person instruction with local health official approval in counties that have been in the red tier (a daily new case of 4 to 7 per 100,000 people and 5-8% of positive tests) or a lower tier for

two weeks. Counties in the purple tier can reopen elementary schools if the local health department provides a waiver. The County is currently assigned to the red tier as of October 20, 2020.

As a result of the outbreak of COVID-19, the District closed its schools for in-person learning for the remainder of the 2019-20 school year effective March 16, 2020, and began instruction through distance learning. The District opened the 2020-21 school year in an all distance learning environment and began small group instruction for students, beginning October 13, 2020. In accordance with the State's school reopening guidelines, the District plans to implement a hybrid model (a blend of in-person instruction or distance learning and a full distance (no in-person instruction), based on parent choice, until the District is able to bring all students and staff back to the District's school sites. The District currently plans to implement the hybrid model in accordance with the following schedule: grades TK-2 commencing November 9, 2020; grades 3-5 commencing November 12, 2020; grades 6-8 commencing November 16, 2020, and grades 9-12 commencing January 19, 2021. The District will continue to evaluate the State's school reopening guidelines and will consult with local health officials and the State's school reopening guidelines in implementing the District's plans for the 2020-21 academic year.

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools remain closed, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. The economic consequences and the declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See "CONEJO VALLEY UNIFIED SCHOOL DISTRICT – District Retirement Systems" herein.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the County (<https://www.venturacountyrecovers.org/>), the Governor's office (<http://www.gov.ca.gov>) and the California Department of Public Health (<https://covid19.ca.gov/>). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.*

The ultimate impact of COVID-19 on the District's operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or ADA within the District and, notwithstanding SB 117 or the Blueprint, materially adversely impact the financial condition or operations of the District. See also "TAX BASE FOR REPAYMENT OF BONDS –Assessed Valuations" herein.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 (“AB 1200”), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. The budget process has been further amended by subsequent amendments, including Senate Bill 97, which became law on September 26, 2013 (requiring budgets to include sufficient funds to implement local control and accountability plans), Senate Bill 858, which became law on June 20, 2014 (requiring budgets’ ending fund balances to exceed the minimum recommended reserve for economic uncertainties), and Assembly Bill 2585, which became State law on September 9, 2014 (eliminating the dual budget cycle option for school districts).

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a LCAP, and whether the budget’s ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent’s recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent’s recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

A school district whose budget has been disapproved must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent’s recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final school district budgets and not later than November 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than November 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a school district’s budget is approved, the school district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that

will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

The District has never had an adopted budget disapproved by the County Superintendent of Schools. Within the past five years, the District has never received a “qualified” or “negative” certification of an Interim Financial Report pursuant to AB 1200.

General Fund Budgeting. The table on the following page show the District’s general fund adopted budgets for the years 2016-17 through 2020-21, audited general fund ending results for the fiscal years 2016-17 through 2018-19, and unaudited actuals for the fiscal year 2019-20.

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GENERAL FUND BUDGETS AND ACTUAL RESULTS
Fiscal Years 2016-17 through 2020-21
Conejo Valley Unified School District

	2016-17		2017-18		2018-19		2019-20		2020-21
	<u>Approved Budget⁽¹⁾</u>	<u>Audited Actuals⁽¹⁾</u>	<u>Approved Budget⁽¹⁾</u>	<u>Audited Actuals⁽¹⁾</u>	<u>Approved Budget⁽¹⁾</u>	<u>Audited Actuals⁽¹⁾</u>	<u>Approved Budget⁽²⁾</u>	<u>Unaudited Actuals⁽³⁾</u>	<u>Approved Budget⁽³⁾</u>
REVENUES									
LCFF Sources	\$152,619,782	\$152,731,024	\$153,836,452	\$154,209,789	\$161,048,421	\$162,276,264	\$164,994,980	\$165,053,013	\$163,865,486
Federal sources	5,603,546	5,503,900	5,358,028	5,592,887	5,283,118	5,909,816	5,695,714	6,226,586	16,104,081
Other State sources	11,625,056	19,793,451	10,153,705	18,703,517	12,637,933	27,850,045	6,165,202	8,663,748	6,622,639
Other local sources	<u>12,244,020</u>	<u>16,998,185</u>	<u>11,213,511</u>	<u>16,223,319</u>	<u>11,485,773</u>	<u>17,789,276</u>	<u>11,455,771</u>	<u>15,657,465</u>	<u>13,251,438</u>
Total Revenues	182,092,404	195,026,560	180,561,696	194,729,512	190,455,245	213,825,401	188,311,667	195,600,812	199,843,644
EXPENDITURES									
Current									
Certificated salaries	88,288,233	88,309,687	89,815,913	90,188,394	91,901,030	92,219,428	93,190,562	94,103,958	96,862,995
Classified salaries	24,500,243	26,742,284	24,870,748	26,539,968	25,552,106	27,466,696	26,949,830	27,908,101	27,011,549
Employee benefits	40,101,616	47,566,528	42,530,371	50,279,831	48,375,803	63,156,629	47,987,886	47,206,385	47,908,406
Books and Supplies	10,853,519	7,070,397	8,727,798	9,147,602	8,493,330	6,152,878	8,421,351	5,018,645	9,465,953
Services and operating expenditures	14,385,433	17,888,687	15,889,588	17,790,012	16,531,551	18,952,018	16,841,767	17,712,795	22,071,066
Other Outgo ⁽⁴⁾	1,206,093	1,486,930	1,986,825	195,729	1,651,295	1,483,195	1,641,044	1,743,391	1,810,480
Capital outlay	40,000	419,226	120,000	457,698	170,000	1,238,101	100,000	376,022	--
Debt Service:									
Principal	--	151,569	--	--	--	--	--	--	--
Interest	--	<u>9,461</u>	--	--	--	--	--	--	--
Total Expenditures	179,375,137	189,644,769	183,941,243	194,599,234	192,675,115	210,668,945	195,132,440	194,069,297	205,130,449
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,717,267	5,381,791	(3,379,547)	130,278	(2,219,870)	3,156,456	(6,820,773)	1,531,515	(5,286,805)
Other Financing Sources (Uses)									
Transfers in	143,027	67,414	--	--	--	--	--	--	--
Transfers out	<u>(419,196)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>(2,418,321)</u>	<u>(40,000)</u>	<u>(371,321)</u>	<u>(40,000)</u>	<u>(1,178,309)</u>	<u>(447,394)</u>
Net Financing Sources (Uses)	(276,169)	62,414	(5,000)	(2,418,321)	(40,000)	(371,321)	<u>(40,000)</u>	(1,178,309)	(447,394)
NET CHANGE IN FUND BALANCE	2,441,098	5,444,205	(3,384,547)	(2,288,043)	(2,259,870)	2,785,135	(6,860,773)	353,207	(5,734,199)
Fund Balance - Beginning	<u>22,125,018</u>	<u>22,125,018</u>	<u>27,569,223</u>	<u>27,569,223</u>	<u>25,281,180</u>	<u>25,281,180</u>	<u>28,066,314</u>	<u>28,066,314</u>	<u>28,419,521</u>
Fund Balance - Ending	<u>\$24,566,116</u>	<u>\$27,569,223</u>	<u>\$24,184,676</u>	<u>\$25,281,180</u>	<u>\$23,021,310</u>	<u>\$28,066,315</u>	<u>\$21,205,541</u>	<u>\$28,419,521</u>	<u>\$22,685,322</u>

⁽¹⁾ From the District's audited financial statements for fiscal years 2016-17 through 2018-19, respectively.

⁽²⁾ From the District's Second Interim Financial Report for fiscal year 2019-20 approved by the Board on March 3, 2020.

⁽³⁾ From the District's Unaudited Actuals Financial Report for fiscal year 2019-20, approved by the Board on September 15, 2020.

⁽⁴⁾ The categories Other Outgo (excluding Transfers of Indirect Costs) and Other Outgo (Transfers of Indirect Costs) were combined for comparison purposes

Source: Conejo Valley Unified School District.

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the State Education Code, is to be followed by all State school districts. The Governmental Accounting Standards Board (“GASB”) has released Statement No. 34, which makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted. These requirements are effective for the District, as well as any other governmental agency with annual revenues of \$100 million or more. Revenue is recorded on an accrual basis except for district property taxes which are considered revenue in the year collections are made and therefore are fully reserved. Expenditures are recorded according to receipt of goods and services on an accrual basis. Differences between estimated and actual accounts receivable and payable, as of the beginning of the fiscal year, are reflected as adjustments to fund balance.

Comparative Financial Statements

The District’s general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2019, and prior fiscal years are on file with the District and available for public inspection at the office of the Superintendent of the District, 1400 East Janss Road, Thousand Oaks, California 91362, telephone: (805) 497-9511.

The following table shows a summary of the District’s revenues, expenditures and fund balances for fiscal years 2014-15 through 2018-19.

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**SUMMARY OF GENERAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE⁽¹⁾
Fiscal Years 2014-15 through 2018-19
Conejo Valley Unified School District
(Revised Reporting Format)**

	Fiscal Year <u>2014-15</u>	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2016-17</u>	Fiscal Year <u>2017-18</u>	Fiscal Year <u>2018-19</u>
REVENUES					
LCFF/Revenue limit sources ⁽²⁾	\$136,257,800	\$149,017,557	\$152,731,024	\$154,209,789	\$162,276,264
Federal sources	5,940,053	6,286,269	5,503,900	5,592,887	5,909,816
Other State sources	12,681,328	25,976,184	19,793,451	18,703,517	27,850,045
Other local sources	<u>17,254,384</u>	<u>16,646,480</u>	<u>16,998,185</u>	<u>16,223,319</u>	<u>17,789,276</u>
Total Revenues	172,133,565	197,926,490	195,026,560	194,729,512	213,825,401
EXPENDITURES					
Current					
Instruction	114,964,353	122,851,564	123,925,107	128,032,296	138,562,326
Instruction-related activities:					
Supervision of instruction	3,431,351	4,058,170	3,997,055	4,026,842	4,536,881
Instructional library, media and technology	1,353,030	1,401,923	1,461,744	1,529,880	1,629,088
School site administration	13,223,340	14,120,822	14,611,501	15,279,158	16,831,684
Pupil services:					
Home-to-school transportation	1,806,534	1,793,931	1,859,954	1,933,598	2,005,464
Food services	--	--	--	--	72,904
All other pupil services	8,444,229	9,232,041	9,955,123	10,275,072	12,054,115
Administration:					
Data processing	3,297,483	2,910,439	2,957,316	2,866,759	2,946,634
All other administration	5,018,168	5,321,302	5,831,438	5,815,030	7,001,736
Plant services	15,721,829	16,279,626	17,185,562	18,307,064	18,508,184
Facility acquisition and construction	83,384	582,147	1,524,762	1,553,603	1,287,368
Ancillary services	2,569,818	2,797,132	2,651,377	2,652,049	2,860,621
Community services	1,191,382	1,479,693	1,329,768	77,497	119,648
Other outgo	1,633,895	2,081,290	2,193,032	2,238,816	2,047,053
Enterprise services	--	--	--	11,570	205,239
Debt service					
Principal	142,666	147,050	151,569	--	--
Interest and other	<u>80,169</u>	<u>13,979</u>	<u>9,461</u>	--	--
Total Expenditures	172,961,631	185,071,109	189,644,769	194,599,234	210,668,945
Excess (Deficiency) of Revenues Over Expenditures	(828,066)	12,855,381	5,381,791	130,278	3,156,456
Other Financing Sources (Uses)					
Transfers in	--	454,730	67,414	--	--
Transfers out	(474,629)	(233,597)	(5,000)	(2,418,321)	(371,321)
Other sources	--	--	--	--	--
Net Financing Sources (Uses)	(474,629)	221,133	62,414	(2,418,321)	(371,321)
NET CHANGE IN FUND BALANCES	(1,302,695)	13,076,514	5,444,205	(2,288,043)	2,785,135
Fund Balance – Beginning	<u>10,351,199</u>	<u>9,048,504</u>	<u>22,125,018</u>	<u>27,569,223</u>	<u>25,281,180</u>
Fund Balance – Ending	<u>\$9,048,504</u>	<u>\$22,125,018</u>	<u>\$27,569,223</u>	<u>\$25,281,180</u>	<u>\$28,066,315</u>

Source: Conejo Valley Unified School District.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County within the boundaries of the District in an amount sufficient for the payment thereof.

2020-21 State Budget. On June 29, 2020, the Governor signed into law the State budget for fiscal year 2020-21 (the "2020-21 Budget"). The following information is drawn from the Department of Finance's summary of the 2020-21 Budget.

As with the Governor's May revision (the "May Revision") to the proposed State budget, the 2020-21 Budget acknowledges that the rapid onset of COVID-19 has had an immediate and severe impact on the State's economy. The ensuing recession has caused significant job losses and precipitous drops in family and business income, and has exacerbated inequality. The May Revision forecast included a peak unemployment rate of 24.5% in the second quarter of 2020 and a decline in personal income of nearly 9%. The 2020-21 Budget reports that the official unemployment rate exceeded 16% in both April and May of 2020.

The 2020-21 Budget includes a number of measures intended to address a projected deficit of \$54.3 billion identified by the May Revision, and occasioned principally by declines in the State's three main tax revenues (personal income, sales and use, and corporate). The measures included in the 2020-21 Budget, and described below, are intended to close this deficit and set aside \$2.6 billion in the State's traditional general fund reserve, including \$716 million for the State to respond to the changing conditions of the COVID-19 pandemic:

- *Draw Down of Reserves* – The 2020-21 Budget draws down \$8.8 billion in total State reserves, including \$7.8 billion from the BSA, \$450 million from the Safety Net Reserve and all funds in the PSSSA.
- *Triggers* – The 2020-21 Budget includes \$11.1 billion in reductions and deferrals that would be restored if at least \$14 billion in federal funds are received by October 15, 2020. If the State receives less than this amount, reductions and deferrals would be partially restored. The triggers includes \$6.6 billion in deferred spending on education, \$970 million in funding for the California State University and University of California systems, \$2.8 billion in State employee compensation and \$150 million for courts, as well as funding for various other State programs. The triggers would also fund an additional \$250 million for county programs to backfill revenue losses.
- *Federal Funds* – The 2020-21 Budget relies on \$10.1 billion in federal funds, including \$8.1 billion of which has already been received. This relief includes recent congressional approval for a temporary increase in the federal government's share of Medicaid costs, a portion of the State's Coronavirus Relief Fund allocation pursuant to the CARES Act and federal funds provided for childcare programs.
- *Borrowing/Transfers/Deferrals* – The 2020-21 Budget relies on \$9.3 billion in special fund borrowing and transfers, as well as deferrals to K-14 education discussed further herein.

Approximately \$900 million of special fund borrowing is associated with reductions to State employee compensation and is subject to the triggers discussed above.

- *Increased Revenues* – The 2020-21 Budget temporarily suspends for three years net operating loss tax deductions for medium and large businesses and limits business tax credits, with an estimated increase in tax revenues of \$4.3 billion in fiscal year 2020-21.
- *Cancelled Expansions, Updated Assumptions and Other Measures* – The 2020-21 Budget includes an additional \$10.6 billion of measures, including cancelling multiple programmatic expansions, anticipated governmental efficiencies, higher ongoing revenues above the forecast included in the May Revision, and lower health and human services caseload costs than assumed by the May Revision.

For fiscal year 2019-20, the 2020-21 Budget projects total general fund revenues and transfers of \$137.6 billion and authorizes expenditures of \$146.9 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of \$17 billion, including \$16.1 billion in the BSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2020-21, the 2020-21 Budget projects total general fund revenues and transfers of \$137.7 billion and authorizes expenditures of \$133.9 billion. The State is projected to end the 2020-21 fiscal year with total available general fund reserves of \$11.4 billion, including \$2.6 billion in the traditional general fund reserve (of which \$716 million is earmarked for COVID-related responses), \$8.3 billion in the BSA and \$450 million in the Safety Net Reserve Fund.

As a result of the projected reduction of State revenues occasioned by the COVID-19 pandemic, the 2020-21 Budget estimates that the Proposition 98 minimum funding guarantee for fiscal year 2020-21 is \$70.1 billion, approximately \$10 billion below the revised prior-year funding level. For K-12 school districts, this results in per-pupil spending in fiscal year 2020-21 of \$10,654, a reduction of \$1,339 from the prior year.

The 2020-21 Budget proposes several measures intended to ameliorate the immediate impact of State revenue declines, and avoid a permanent decline in education funding:

- *Local Control Funding Formula* – The 2020-21 Budget provides for \$1.9 billion in LCFF apportionment deferrals for fiscal year 2019-20. The deferrals increase to \$11 billion in fiscal year 2020-21, which results in LCFF funding remaining at 2019-20 levels in both years. The 2020-21 Budget also suspends the statutory COLA in fiscal 2020-21. Of the total deferrals, \$5.8 billion will be triggered off in fiscal year 2020-21 if sufficient federal funding for this purpose is received.
- *Learning Loss Mitigation* – The 2020-21 Budget includes a one-time investment of \$5.3 billion (\$4.75 billion in CARES Act funding and \$539.9 million in Proposition 98 funding) to local educational agencies to address learning losses related to COVID-19 school closures. Of these funds, \$2.9 billion will be allocated based on LCFF supplemental and concentration grant allocations, \$1.5 billion based on the number of students with exceptional needs, and \$979.8 million based on total LCFF allocations.
- *Supplemental Appropriations* – The 2020-21 Budget provides for a new, multi-year payment obligation to supplement K-14 education funding. The total obligation would equal approximately \$12.4 billion, and reflects the administration's estimate of the additional funding K-14 school districts would have received in the absence of COVID-19-related reductions. Under this proposal the State will make annual payments toward this obligation beginning in fiscal year 2021-22. These payments would equal 1.5% of State general fund

revenue. The 2020-21 Budget also increases the share of State general fund revenue required to be spent on K-14 school districts from 38% to 40% by fiscal year 2023-24.

- *CalSTRS/CalPERS* – The 2020-21 Budget redirects \$2.3 billion in funds previously appropriated for prefunding CalSTRS and CalPERS liabilities, and instead applies them to further reduce local educational agency contribution rates for such programs in fiscal years 2020-21 and 2021-22. This reduces CalSTRS employer rates to 16.15% in fiscal year 2020-21 and 16.02% in fiscal year 2021-22. CalPERS employer rates would be reduced to 20.7% in fiscal year 2020-21 and 22.84% in fiscal year 2021-22. See also “CONEJO VALLEY UNIFIED SCHOOL DISTRICT – District Retirement Systems” herein.
- *Federal Funds* – In addition to the CARES Act funding previously discussed, the 2020-21 Budget appropriates \$1.6 billion in federal Elementary and Secondary School Emergency Relief funds recently awarded to the State. Of this amount, approximately \$1.5 billion will be allocated to local educational agencies in proportion to the amount of federal Title I-A funding such agencies receive, to be used for COVID-19 related costs. The remaining amount will be allocated to state-level activities.
- *Temporary Revenue Increases* – As discussed above, as part of closing the State’s projected deficit, the 2020-21 Budget provides for a temporary revenue increase of approximately \$4.3 billion in fiscal year 2020-21, of which approximately \$1.6 billion counts towards the Proposition 98 funding guarantee.

Other significant features of K-12 education funding in the 2020-21 Budget include the following:

- *Special Education* – The 2020-21 Budget increases special education base rates to \$625 per pupil, and provides \$100 million to increase funding for students with low-incidence disabilities.
- *Average Daily Attendance* – The 2020-21 Budget provides for a hold-harmless for calculating apportionments in fiscal year 2020-21. ADA will be based on the 2019-20 year, except for new charter schools commencing instruction in fiscal year 2020-21. The 2020-21 Budget also provides an exemption for local educational agencies from certain annual minimum instructional minute requirements, and includes requirements for distance learning to ensure that, in the absence of in-person instruction, students continue to receive access to quality education.
- *LCAPs* – In April of 2020, the Governor issued an executive order allowing local educational agencies to submit their LCAP for fiscal year 2020-21 in December, in lieu of the usual July 1 deadline. Recognizing that federal relief funds need to be expended on an accelerated timeline, and to ensure transparency, the 2020-21 Budget replaces the December LCAP with a Learning Continuity and Attendance Plan to be completed by September 30, 2020. The 2020-21 Budget requires the State Superintendent of Public Instruction to develop a template of this plan for use by local educational agencies which will include a description of how such agencies will provide continuity of learning during the pandemic, expenditures related to addressing the impacts of the pandemic, and how such agencies are increasing or improving services in proportion to concentration funding that is received under the LCFF.
- *Employee Protections* – The 2020-21 Budget suspends school districts’ window to layoff teachers and other non-administrative certificated staff, which typically runs from the time

the budget is approved by the State Legislature to August 15. The 2020-21 Budget also suspends layoffs of classified staff working in transportation, nutrition and custodial services from July 1, 2020 through June 30, 2021.

For additional information regarding the 2020-21 Budget, see the Department of Finance website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

Future Actions and Events. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. The District also cannot predict whether the federal government will provide additional funding in amounts sufficient to offset any of the fiscal impacts of the COVID-19 pandemic described above. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

CONEJO VALLEY UNIFIED DISTRICT

The information in this section concerning the operations of the District and the District's operating budget are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of ad valorem property taxes required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources for Payment" herein.

Introduction

The District consists of approximately 139 square miles in the southeastern portion of the County of Ventura and provides Pre-K-12 and adult educational services to the residents of the City of Thousand Oaks, Westlake Village, Newbury Park and certain unincorporated areas of the County. The District operates 17 elementary schools, five middle schools, three comprehensive high schools, two alternative high schools, a home school program, and an adult school. The District also administers a number of special programs. Enrollment in the District for the 2020-21 school year is budgeted to be 18,050 students and the ADA for fiscal year 2020-21 is budgeted to be 17,607 students. The District's ADA and enrollment may be impacted by COVID-19. As a result of the COVID-19 (as defined herein) pandemic, the District transitioned to distance learning for a portion of the 2019-20 school year, and has commenced distanced instruction for the 2020-21 school year, consistent with State mandates. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. The fiscal year 2020-21 assessed valuation of the area served by the District is \$36,259,533,633.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial reports of the District may be obtained by contacting: Conejo Valley Unified School District, 1400 East Janss Road, Thousand Oaks, California 91362, telephone: (805) 497-9511, Attention: Superintendent. The District may impose a charge for copying, mailing and handling.

Administration

The Board consists of five elected members. Members are elected to serve staggered four-year terms. Elections for positions to the Board are held every two years, alternating between two and three available positions. A president is elected by members of the Board each year. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

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

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board of Education. Brief biographies of the Superintendent and the Assistant Superintendent, Business Services follow:

Mark W. McLaughlin, Ed.D., Superintendent. Dr. McLaughlin has served as the District's Superintendent since June 2018. He previously served as the District's Assistant Superintendent of Human Resources for four years. He served as a teacher, elementary principal and middle school principal, and the Director of Certificated Human Resources at Fontana Unified School District for 15 years prior to coming to the District. Dr. McLaughlin holds a Doctorate Degree in Educational Leadership from California Lutheran University, a Master of Arts Degree in Education with an Emphasis in School Administration from Azusa Pacific University, and a Bachelor of Science Degree in Elementary Education from the University of Montana - Western.

Victor P. Hayek, Ed.D., Deputy Superintendent, Business Services and Chief Business Officer. Dr. Hayek has been in public education for over 19 years. In addition to his current position, he has served as a Superintendent of Schools, Police Officer, College Professor, Director of Finance, Chief Financial and Operations Officer. He has worked for both public and private schools. Additionally, Dr. Hayek has served as an elected Board of Education member and President. He has a Doctorate in Educational Leadership from Seton Hall University and a Bachelor of Science and a Master's of Business Administration from William Paterson University.

Recent Enrollment Trends

On average throughout the District, the regular education pupil-teacher ratio is approximately 21.5:1 in grades K-3, 30:1 in grades 4-6, 30:1 in grades 7-8, and 30:1 in grades 9-12. The following table reflects the ADA and enrollment for the District for the ten years and budgeted figures for the current fiscal year:

AVERAGE DAILY ATTENDANCE AND ENROLLMENT
Conejo Valley Unified School District
Fiscal Years 2010-11 through 2020-21

<u>Fiscal Year</u>	<u>Average Daily Attendance⁽¹⁾</u>	<u>Enrollment⁽²⁾</u>
2010-11	20,206	21,092
2011-12	20,012	20,760
2012-13	19,821	20,595
2013-14	19,426	20,142
2014-15	19,035	19,727
2015-16	18,625	19,365
2016-17	18,310	18,918
2017-18	18,036	18,733
2018-19	17,741	18,410
2019-20	17,615	18,345
2020-21	17,607 ⁽³⁾	18,050

⁽¹⁾ Except for Fiscal Year 2020-21, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for an particular school district. For fiscal year 2019-20, due to the outbreak of COVID-19, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020. See “DISTRICT FINANCIAL INFORMATION– Considerations Regarding COVID-19” herein. Excludes charter school students. Excludes County operated programs. See “DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula” herein.

⁽²⁾ For fiscal years 2010-11 through 2012-13 enrollment as of October report submitted to the California Basic Educational Data System (“CBEDS”). Fiscal years 2013-14 through 2020-21 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System (“CALPADS”) in each school year and used to calculate each school district’s unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures exclude preschool and adult transitional students. See “DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula” herein.

Source: Conejo Valley Unified School District.

Charter Schools

The State Legislature enacted the Charter Schools Act of 1992 (Education Code Sections 47600-47616.5) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, the State’s charter school law states that local boards are the primary charter approving agency and that county panels can appeal a denied charter. State education standards apply, and charter schools are required to use the same student assessment instruments. Charter schools are exempt from state and local education rules and regulations, except as specified in the legislation.

The District has certain fiscal oversight and other responsibilities with respect to both independent and District-operated charter schools established within its boundaries. However, independent charter schools receive funding directly from the State, and such funding would not be reported in the District’s audited financial statements. District-operated charter schools receive their funding through the District, and would be reflected in the District’s audited financial statements.

There are two independent charter schools currently operating within the District (collectively, the “Charter Schools”).

The following table shows enrollment figures in for the District's Charter Schools for the past ten fiscal years and a projection for the current fiscal year.

CHARTER SCHOOL ENROLLMENT
Fiscal Years 2010-11 through 2020-21
Conejo Valley Unified School District

<u>Fiscal Year</u>	<u>Independent Charter Schools</u>
2010-11	560
2011-12	674
2012-13	743
2013-14	768
2014-15	713
2015-16	725
2016-17	745
2017-18	741
2018-19	722
2019-20	756
2020-21 ⁽¹⁾	721

⁽¹⁾ Projected.

Source: Conejo Valley Unified School District, provided by Charter Schools.

The District can make no representations regarding how many District students will transfer to Charter Schools in the future or back to the District from the Charter Schools and the corresponding financial impact on the District.

Labor Relations

The District currently employs 796 full-time certificated employees and 332 classified employees. In addition, the District currently employs 826 part-time faculty and staff. District employees, except management and some part-time employees, are represented by the three bargaining units as noted below:

LABOR RELATIONS
Conejo Valley Unified School District

<u>Labor Organization</u>	<u>Number of Employees In Organization</u>	<u>Contract Expiration Date</u> ⁽¹⁾
United Association of Conejo Teachers (UACT)	776	June 30, 2022
Conejo Valley Pupil Personnel Association (CVPPA)	34	June 30, 2021
California School Employees Association (CSEA)	565	June 30, 2021

Source: Conejo Valley Unified School District.

District Retirement Systems

The information set forth below regarding the District's retirement programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by any of the District, the Municipal Advisor or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES STRS (Defined Benefit Program)

<u>Effective Date</u>	<u>STRS Members Hired Prior to January 1, 2013</u>	<u>STRS Members Hired After January 1, 2013</u>
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year

commencing July 1, 2019, the contribution rate was 10.250% for employees hired before the Implementation Date and 10.205% for employees hired after the Implementation Date. For fiscal year commencing July 1, 2020, the contribution rate will be 10.250% for employees hired before the Implementation Date and 10.205% employees hired after the Implementation Date.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

**K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>K-14 school districts</u>
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of \$1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment will be reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected \$2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate is 16.15% in fiscal year 2020-21 and is projected to be 16.02% in fiscal year 2021-22. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein.

The District's contributions to STRS were \$9,501,804 in fiscal year 2015-16, \$11,110,266 in fiscal year 2016-17, \$13,007,609 for fiscal year 2017-18, \$14,944,186 in fiscal year 2018-19, and \$15,983,609 (unaudited) for fiscal year 2019-20. The District has budgeted \$15,632,670 for its contribution to STRS for fiscal year 2020-21.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2020-21. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. The STRS Board approved State supplemental contribution rate for fiscal year 2020-21 reflects an increase of 0.5% of payroll, the maximum allowed under current law.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2019 included 1,612 public agencies and 1,319 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The actuarial determined employer contribution rate for fiscal year 2020-21 is 20.7%, which reflects the redirection of funds by the State's 2020-21 Budget, that were previously appropriated pursuant to SB 90 for long-term unfunded liabilities (discussed above). The State's 2020-21 State Budget projects an employer contribution rate of 22.84% in fiscal year 2021-22. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2020-21, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2020-21. See "— California Public Employees' Pension Reform Act of 2013" herein.

Pursuant to SB 90, the State Legislature appropriated \$144 million for fiscal year 2019-20 and \$100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated \$660 million to be applied toward certain unfunded liabilities for K-14 school district employers. As a result of the payments made by the State pursuant to SB 90, the employer contribution rate for fiscal year 2019-20 was 19.721%. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein.

The District's contributions to PERS were \$2,952,728 in fiscal year 2015-16, \$3,472,628 in fiscal year 2016-17, \$4,050,711 in fiscal year 2017-18, \$5,013,714 in fiscal year 2018-19, and \$5,606,156 (unaudited) in fiscal year 2019-20. The District has budgeted \$6,475,911 for its contribution to PERS for fiscal year 2020-21.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) ⁽¹⁾
Fiscal Years 2010-11 through 2018-19

<u>STRS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA) ⁽²⁾</u>	<u>Unfunded Liability (MVA) ⁽²⁾</u>	<u>Value of Trust Assets (AVA) ⁽³⁾</u>	<u>Unfunded Liability (AVA) ⁽³⁾</u>
2010-11	\$208,405	\$147,140	\$68,365	\$143,930	\$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703

<u>PERS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)</u>	<u>Unfunded Liability (MVA)</u>	<u>Value of Trust Assets (AVA) ⁽³⁾</u>	<u>Unfunded Liability (AVA) ⁽³⁾</u>
2010-11	\$58,358	\$45,901	\$12,457	\$51,547	\$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	-- ⁽⁴⁾	-- ⁽⁴⁾
2014-15	73,325	56,814	16,511	-- ⁽⁴⁾	-- ⁽⁴⁾
2015-16	77,544	55,785	21,759	-- ⁽⁴⁾	-- ⁽⁴⁾
2016-17	84,416	60,865	23,551	-- ⁽⁴⁾	-- ⁽⁴⁾
2017-18	92,071	64,846	27,225	-- ⁽⁴⁾	-- ⁽⁴⁾
2018-19 ⁽⁵⁾	99,528	68,177	31,351	-- ⁽⁴⁾	-- ⁽⁴⁾

⁽¹⁾ Amounts may not add due to rounding.

⁽²⁾ Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

⁽³⁾ Reflects actuarial value of assets.

⁽⁴⁾ Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

⁽⁵⁾ On April 21, 2020, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2020-21 and released certain actuarial information to be incorporated into the June 30, 2019 actuarial valuation to be released in the latter half of 2020.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the “2017 Experience Analysis”), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member’s increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the “2016 STRS Actuarial Valuation”). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30,

2017 actuarial evaluation (the “2017 STRS Actuarial Valuation”), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the “2020 Experience Analysis”), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the “2019 STRS Actuarial Valuation”). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Analysis, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both employees hire before the Implementation Date and after the Implementation Date to better reflect the anticipated impact of years of service on retirements. The 2019 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed, additional State contributions, and actuarial asset gains recognized from the current and prior years, the 2019 STRS Actuarial Valuation reports that the unfunded actuarial obligation decreased by \$1.5 billion since the 2018 STRS Actuarial Valuation and the funded ratio increased by 2.0% to 66.0% over such time period.

According to the 2019 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption and includes the \$1.117 billion State contribution made in July 2019 pursuant to SB 90.

The actuary for the STRS Defined Benefit Program notes in the 2019 STRS Actuarial Report that, since such report is dated as of June 30, 2019, the significant declines in the investment markets that have occurred in the first half the 2020 calendar year are not directly reflected in the 2019 STRS Actuarial Report. The actuary notes that such declines will almost certainly impact the future of the STRS Defined Benefit Program funding, and that, all things being equal, it is expected that the actuarial valuation for the fiscal year ending June 30, 2020 will show a greater increase in the projected State contribution rate (and possibly the employer rate) and a possible decline in the funded ratio. See “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein.

In recent years, the PERS Board of Administration (the “PERS Board”) has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the

following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 21, 2020, the PERS Board established the employer contribution rates for 2020-21 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2019, ahead of its release date in the latter half of 2020. From June 30, 2018 to June 30, 2019 the funded status for the Schools Pool decreased by 1.9% (from 70.4% to 68.5%); mainly due to the reduction in the discount rate from 7.25% to 7.00% and investment return in 2018-19 being lower than expected. The funded status as

of June 30, 2019 does not reflect the State's additional payment of \$660 million that was made pursuant to SB 90, since PERS received the payment in July 2019. PERS attributes the decline in the funded status over the last five years to recent investment losses in excess of investment gains, adoption of new assumptions, both demographic and economic, lowering of the discount rate, and negative amortization. Assuming all actuarial assumptions are realized, including investment return of 7% in fiscal year 2019-20, that no changes to assumptions, methods of benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the contribution rate was projected to increase annually, resulting in a projected 26.2% employer contribution rate for fiscal year 2026-27. As of the April 21, 2020, PERS reported that the year to date return for the 2019-20 fiscal year was well below the 7% assumed return.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for

certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employees, including the District, took effect for the fiscal year beginning July 1, 2014.

For fiscal year ending June 30, 2019, the District's proportionate share of the net STRS pension liability was \$154,454,759. As of such date, the District's proportionate share of the net PERS pension liability was \$52,491,786.

For additional information, see "APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 13" attached hereto.

Other Post-Employment Benefits

Plan Description. The postemployment benefit plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and prescription drug insurance benefits (the "Benefits") to eligible retirees and their spouses. Membership of the Plan currently consists of 65 retirees and beneficiaries currently receiving Benefits, and 1,249 active Plan members.

Funding Policy. The contribution requirements of the Plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the bargaining units and the unrepresented groups. The District contributed \$489,912, \$508,915, \$441,617, and \$502,676 (unaudited) to the Plan in fiscal years 2016-17 through 2019-20, respectively, all of which was used for current premiums. For fiscal year 2020-21, the District currently projects a contribution of \$516,724 to the Plan, all of which is expected to be used for current premiums.

The District has not established an irrevocable trust to prefund its OPEB liability, and no prefunding of benefits has been made by the District.

Accrued Liability. The District has implemented *Governmental Accounting Standards Board Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB Statement No. 74") and *Governmental Accounting Standards Board Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB Statement No. 75"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Program benefits. GASB Statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study was dated December 5, 2018 (the "Study"). The Study concluded that, based on an actuarial valuation dated June 30, 2018, as of a June 30, 2018 measurement date, the Total OPEB Liability (the "TOL") with respect to such Plan Benefits, was \$19,625,702 and the Net OPEB Liability ("NOL") was \$19,625,702. As of June 30, 2018, the District had a Fiduciary Net Position ("FNP") of \$0. The TOL is the amount of the actuarial present value of projected benefits payments attributable to employees' past service based on the actuarial cost method

used. The FNP are the net assets (liability) of the qualifying irrevocable trust or equivalent arrangement. The NOL is TOL minus the FNP.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB No. 74 replaces GASB Statements No. 43 and 57 and Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, the NOL, to be recognized on the balance sheet of the plan and the participating employer’s financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan’s net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan’s fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the total OPEB liability (the TOL), if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future FNP is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB Statement No. 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District’s financial statements for fiscal year 2016-17. GASB Statement No. 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB Statement No. 75 in their financial statements for fiscal year 2017-18. The District first recognized GASB Statement No. 74 and GASB Statement No. 75 in their financial statements for fiscal year 2017-18. The District’s audited financial statements for fiscal year 2018-19, reported, as of June 30, 2019, the District had a Total OPEB Liability of \$20,792,012. “APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10” attached hereto.

Medicare Premium Payment Program. The District participates in the Medicare Premium Payment (“MPP”) Program, a cost-sharing multiple-employer other postemployment benefit plan. STRS administers the MPP Program through the Teachers’ Health Benefit Fund (the “THBF”). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the STRS Defined Benefit Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The MPP Program is now closed to new entrants.

The MPP Program is funded on a pay-as-you-go basis from a portion of the monthly District benefit payments. Benefit payments that would otherwise be credited to the STRS Defined Benefit Program each month are instead credited to the MPP Program to fund monthly program and administrative costs.

The District's proportionate share of the net MPP Program liability as of June 30, 2019 was \$1,154,592. See also "APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10" attached hereto.

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, 2019, the District participated in Ventura County Schools Self-Funding Authority (VCSSFA) for property liability insurance coverage. Settled claims have not exceeded commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation. The District's workers' compensation and health and welfare benefits are recorded in the Internal Service Funds (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 ranges discussed below to supplement its self-insurance program. See also "APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 12 – Risk Management" attached hereto.

Coverage provided by the insurance policies carried by the District for property and liability and workers' compensation is as follows:

<u>Insurance Program/Company Name</u>	<u>Type of Coverage</u>	<u>Liability/Deductible</u>
Self-Insured	Workers' compensation	\$650,000 per claims up to statutory limits
Self-Insured	Medical and prescription drugs	\$260,000 per contract period per person
VCSSFA	Property and liability	\$50,000 per claim

Source: Conejo Valley Unified School District.

District Debt Structure

Short-Term Debt. On August 11, 2020, the District issued \$9,505,000 of its Fiscal Year 2020-21 Tax and Revenue Anticipation Notes (the “Notes”) to fund seasonal cashflow deficits related to property tax payment schedules. The Notes mature on May 3, 2021, and bear interest at a rate of 2.00% with a yield to maturity of 0.950%. The Notes are an obligation of the District payable from any legally available source. The District has pledged a portion of its general fund revenues to the payment of the Notes, in an amount equal to the principal and interest coming due thereon.

Long-Term Debt. A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2019 is shown below:

Governmental Activities	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
General obligation bonds	\$105,421,768	\$1,606,704	\$7,155,000	\$99,873,472
Premium on issuance	6,934,467	--	696,137	6,238,330
Capital leases	--	--	--	--
Compensated absences (vacations)	667,384	37,883	--	705,267
Claims Liabilities (IBNR)	5,291,084	--	64,553	5,226,531
Net other postemployment benefits (OPEB) liabilities	<u>20,875,162</u>	<u>1,166,310</u>	<u>94,868</u>	<u>21,946,604</u>
Total	<u>\$139,189,865</u>	<u>\$2,810,897</u>	<u>\$8,010,558</u>	<u>\$133,990,204</u>

Source: Conejo Valley Unified School District.

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General Obligation Bonds. Pursuant to the 2014 Authorization, the voters of the District authorized the issuance of not-to-exceed \$197,000,000 of general obligation bonds. On June 25, 2015, the District issued \$37,199,279.10 of its Election of 2014 General Obligation Bonds, Series A (the “2014 Series A Bonds”). On June 28, 2018, the District issued \$50,000,000 of its Election of 2014 General obligation Bonds, Series B (the “2014 Series B Bonds”). The Bonds will be the third and fourth series of bonds issued under the 2014 Authorization, and after the issuance of the Bonds, \$59,800,720.90 of the 2014 Authorization will remain.

The following table summarizes the annual debt service requirements for District’s general obligation bonded debt, including the Bonds, assuming no optional redemptions are made.

COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE

Year Ending August 1	2014 Series A Bonds	2014 Series B Bonds	Series C Bonds	Series C-1 Bonds	Total Debt Service
2021	\$4,735,000.00	\$5,958,250.00	\$923,265.00	\$69,229.51	\$11,685,744.51
2022	4,590,000.00	2,933,250.00	1,468,950.00	2,728,899.30	11,721,099.30
2023	4,775,000.00	3,056,250.00	2,564,450.00	1,889,999.30	12,285,699.30
2024	4,965,000.00	3,622,450.00	1,826,950.00	505,245.00	10,919,645.00
2025	4,830,000.00	3,853,850.00	1,629,950.00	--	10,313,800.00
2026	5,025,000.00	3,977,850.00	1,789,950.00	--	10,792,800.00
2027	5,230,000.00	4,113,250.00	1,832,950.00	--	11,176,200.00
2028	5,440,000.00	4,244,250.00	1,988,350.00	--	11,672,600.00
2029	5,650,000.00	4,396,000.00	2,154,500.00	--	12,200,500.00
2030	5,880,000.00	4,542,750.00	2,319,950.00	--	12,742,700.00
2031	--	6,839,000.00	5,667,500.00	--	12,506,500.00
2032	--	7,086,500.00	5,680,100.00	--	12,766,600.00
2033	--	7,342,500.00	5,994,900.00	--	13,337,400.00
2034	--	--	12,384,500.00	--	12,384,500.00
2035	--	--	<u>12,382,475.00</u>	--	<u>12,382,475.00</u>
Total	<u>\$51,120,000.00</u>	<u>\$61,966,150.00</u>	<u>\$60,608,740.00</u>	<u>\$5,193,373.11</u>	<u>\$178,888,263.11</u>

Source: Conejo Valley Unified School District.

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TAX MATTERS

Series C Bonds . In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Series C Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Series C Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Series C Bond (the first price at which a substantial amount of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Series C Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series C Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Series C Bond Owner will increase such Owner’s basis in the applicable Series C Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Series C Bond is excluded from the gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the respective amount of original issue discount that accrues to the Owners of the Series C Bonds is exempt from State of California personal income tax.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series C Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Series C Bonds to assure that interest (and original issue discount) on the Series C Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Series C Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series C Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Series C Bond Owner’s original basis for determining loss on sale or exchange in the applicable Series C Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Series C Bond premium, which must be amortized under Section 171 of the Code; such amortizable Series C Bond premium reduces the Series C Bond Owner’s basis in the applicable Series C Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series C Bond Owner realizing a taxable gain when a Series C Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series C Bond to the Owner. Purchasers of the Series C Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Series C Bond premium.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series C Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series C Bonds might be affected as a result of such an audit of such Series C Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series C

Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series C Bonds, or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES C BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE SERIES C BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES C BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES C BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES C BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE SERIES C BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES C BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Series C Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Series C Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Series C Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Series C Bonds and the accrual or receipt of interest (and original issue discount) on the Series C Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series C Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series C Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Series C Bonds is attached hereto as APPENDIX A.

Series C-1 Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Series C-1 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the difference between the issue price of a Series C-1 Bond (the first price at which a substantial amount of the Series C-1 Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series C-1 Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Owner of a Series C-1 Bond will increase the Owner's basis in the Series C-1 Bond.

Owners of Series C-1 Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Series C-1 Bonds.

In the event of a legal defeasance of a Series C-1 Bond, such bond might be treated as retired and “reissued” for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Series C-1 Bond bondholder generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance of the Series C-1 Bond bondholder’s adjusted tax basis in such bond.

The amount by which a Series C-1 Bond Owner’s original basis for determining gain or loss on sale or exchange of the applicable Series C-1 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Owner of a Series C-1 Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Series C-1 Bond Owner’s basis in the applicable Series C-1 Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in the Owner of a Series C-1 Bond realizing a taxable gain when a Series C-1 Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series C-1 Bond to the Owner. The Owners of the Series C-1 Bonds that have a basis in the Series C-1 Bonds that is greater than the principal amount of the Series C-1 Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The federal tax and State personal income tax discussion set forth above with respect to the Series C-1 Bonds is included for general information only and may not be applicable depending upon an Owner’s particular situation. The ownership and disposition of the Series C-1 Bonds and the accrual or receipt of interest with respect to the Series C-1 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

A copy of the proposed forms of opinions of Bond Counsel for the Series C-1 Bonds is attached hereto as APPENDIX A.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of school districts. See “DISTRICT FINANCIAL INFORMATION – Budget Process” herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the “Bankruptcy Code”) on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a

Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the District or the Board, and is valid and binding from the time the Bonds are executed and delivered. See “THE BONDS – Security and Sources of Payment” herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to finance or refinance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County’s pooled investment fund, as described in “THE BONDS – Application and Investment of Bond Proceeds” herein and “APPENDIX E – VENTURA COUNTY TREASURY POOL” attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinions of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed forms of the approving opinions of Bond Counsel attached hereto as APPENDIX A are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Legality for Investment in California

Under provisions of the Financial Code, the Bonds are legal investments for commercial banks in the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the Government Code, are eligible for security for deposits of public moneys in the State.

Expanded Reporting Requirements

Under Section 6049 of the Internal Revenue Code of 1986, as amended by the Tax Increase Prevention and Reconciliation Act of 2015 ("TIPRA"), interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2019-20 Fiscal Year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE," attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. The District has not, in the past five years, failed to file in a timely manner the annual reports or notices of listed events as required pursuant to its prior continuing disclosure undertakings.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2019, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 13, 2019 of Eide Bailly LLP (the "Auditor"), are attached to this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon as APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Legal Opinions

The legal opinions of Bond Counsel approving the validity of each series of the Bonds will be supplied to the original purchasers thereof without cost. Copies of the proposed forms of such legal opinions for the Bonds are attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Ratings

The Bonds have been assigned ratings of "Aa3" by Moody's and "AAA" by Fitch Ratings ("Fitch"). Such ratings reflect only the views of the rating agencies, and any explanation of the significance of such ratings should be obtained therefrom at the following addresses: Moody's, 7 World Trade Center at 250 Greenwich, New York, New York 10007 and Fitch, One State Street Plaza, New York, New York 10004. There is no assurance that the ratings will be retained for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. In the published release regarding its rating on the Bonds, Fitch noted that it was "provided with legal opinions by [D]istrict [Bond] [C]ounsel that provide a reasonable basis for concluding that the tax revenues levied to repay the [B]onds would be considered 'pledged special revenues' in the event of a district bankruptcy." See also "LIMITATION ON REMEDIES; BANKRUPTCY" herein. Such legal opinion speaks only as of its date, does not reflect subsequent events or legal developments, cannot be relied upon by the Underwriter or any Owner or Beneficial Owners of any of the Bonds, and is an expression of professional judgment regarding the legal matters addressed and thus is not a guaranty that a court will reach any particular result. There is no assurance such ratings will continue for any given period of time or that such ratings

will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file on EMMA notices of any ratings changes on the Bonds. See “LEGAL MATTERS – Continuing Disclosure” herein and “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

Underwriting

Purchase of Bonds. The Bonds are being purchased by Wells Fargo Bank, National Association (the “Underwriter”). The Underwriter has agreed, pursuant to a purchase contract by and between the District and the Underwriter (the “Purchase Contract”), to purchase all of the Bonds.

The Underwriter will purchase the Series C Bonds for a purchase price of \$48,104,641.42 (which is equal to the initial principal amount of the Series C Bonds of \$44,995,000.00, plus original issue premium of \$3,326,624.70, less an Underwriter’s discount of \$216,983.28).

The Underwriter will purchase the Series C-1 Bonds for a purchase price of \$5,080,141.27 (which is equal to the initial principal amount of the Series C-1 Bonds of \$5,000,000.00, plus original issue premium of \$104,253.20, less an Underwriter’s discount of \$24,111.93).

The Purchase Contract provides that the Underwriter will purchase all of the applicable Bonds if any are purchased, the obligations to make such purchases being subject to (i) certain terms and conditions set forth in such Purchase Contract, (ii) the approval of certain legal matters by Bond Counsel, and (iii) certain other conditions. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover pages hereof. The offering prices may be changed from time to time by the Underwriter.

Underwriter Disclosure. The Underwriter has provided the following information for inclusion in this Official Statement:

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), the sole underwriter of the Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo

Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Certain of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

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Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds. This Official Statement and the delivery thereof have been duly approved and authorized by the District.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

By: /s/ Mark W. McLaughlin Ed.D.
Superintendent

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APPENDIX A

FORMS OF OPINIONS OF BOND COUNSEL

Upon issuance of the Series C Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series C Bonds substantially in the following form:

November 19, 2020

Board of Education
Conejo Valley Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$44,995,000 Conejo Valley Unified School District (Ventura County, California) Election of 2014 General Obligation Bonds, Series C (Federally Tax-Exempt) (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Government Code Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (the “Act”), commencing with Section 53506 *et seq.*, a fifty-five percent (55%) or more vote of the qualified electors of the Conejo Valley Unified School District (the “District”) voting at an election held on November 4, 2014, and a resolution adopted by the Board of Education of the District on October 20, 2020 (the “Resolution”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner’s basis in the applicable Bond. Original issue discount that accrues to the Bond Owner is excluded from the

gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which may be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bond Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Upon issuance and delivery of the Series C-1 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series C-1 Bonds substantially in the following form:

November 19, 2020

Board of Education
Conejo Valley Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$5,000,000 Conejo Valley Unified School District (Ventura County, California) Election of 2014 General Obligation Bonds, Series C-1 (Federally Taxable) (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Government Code Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (the “Act”), commencing with Section 53506 *et seq.*, a fifty-five percent (55%) or more vote of the qualified electors of the Conejo Valley Unified School District (the “District”) voting at an election held on November 4, 2014, and a resolution adopted by the Board of Education of the District on October 20, 2020 (the “Resolution”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”).
4. Interest on the Bonds is exempt from State of California personal income tax.
5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner’s basis in the applicable Bond.
6. The amount by which a Bond owner’s original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the owner of Bond may elect to amortize under Section 171 of the Code. Such amortizable bond

premium reduces the Bond Owner's basis in the applicable Bond (and the amount of taxable interest received), for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the owner of a Bond realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. The owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Except as expressly set forth in paragraphs (3), (4), (5) and (6), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX B

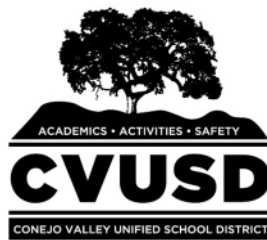
2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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Annual Financial Report
June 30, 2019

Conejo Valley Unified School District



CONEJO VALLEY UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2019

FINANCIAL SECTION

Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Governmental Funds - Balance Sheet	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20
Proprietary Funds - Statement of Net Position	22
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Net Position	23
Proprietary Funds - Statement of Cash Flows	24
Fiduciary Funds - Statement of Net Position	25
Fiduciary Funds - Statement of Changes in Net Position	26
Note to Financial Statements	27

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Budgetary Comparison Schedule	70
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	71
Schedule of District's Proportionate Share of Net OPEB Liability-MPP Program	72
Schedule of the District's Proportionate Share of the Net Pension Liability	73
Schedule of District Contributions	74
Notes to Required Supplementary Information	75

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	78
Local Education Agency Organization Structure	79
Schedule of Average Daily Attendance	80
Schedule of Instructional Time	81
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements	82
Schedule of Financial Trends and Analysis	83
Combining Statements - Non-Major Governmental Funds	
Combining Balance Sheet	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	85
Note to Supplementary Information	86

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2019

INDEPENDENT AUDITOR'S REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	89
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	91
Report on State Compliance	93

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results	97
Financial Statement Findings	98
Federal Awards Findings and Questioned Costs	99
State Awards Findings and Questioned Costs	100
Summary Schedule of Prior Audit Findings	101
Management Letter	102



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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Conejo Valley Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, budgetary comparison schedule on page 70, schedule of changes in the District's Total OPEB liability and related ratios on page 71, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 72, schedule of the District's proportionate share of the net pension liability on page 73, and the schedule of District contributions on page 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Conejo Valley Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the Conejo Valley Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Conejo Valley Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Conejo Valley Unified School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 13, 2019

Mark W. McLaughlin, Ed.D.
Superintendent

Victor P. Hayek, Ed.D.
Deputy Superintendent



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, 2019, with comparative information for the year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

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

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) was (\$66,799,186) for the fiscal year ended June 30, 2019. Of this amount, (\$155,883,735) was unrestricted deficit. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2019	2018
Assets		
Current and other assets	\$ 112,049,588	\$ 124,888,406
Capital assets	135,784,525	126,181,453
Total Assets	<u>247,834,113</u>	<u>251,069,859</u>
Deferred Outflows of Resources	<u>62,217,473</u>	<u>63,156,685</u>
Liabilities		
Current liabilities	16,470,910	17,416,251
Long-term obligations	133,990,204	139,189,865
Aggregate net pension liability	<u>206,946,545</u>	<u>198,621,405</u>
Total Liabilities	<u>357,407,659</u>	<u>355,227,521</u>
Deferred Inflows of Resources	<u>19,443,113</u>	<u>21,350,357</u>
Net Position		
Net investment in capital assets	64,370,542	66,883,926
Restricted	24,714,007	20,101,536
Unrestricted (Deficit)	<u>(155,883,735)</u>	<u>(149,336,796)</u>
Total Net Position	<u><u>\$ (66,799,186)</u></u>	<u><u>\$ (62,351,334)</u></u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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	
	2019	2018
Revenues		
Program revenues:		
Charges for services	\$ 2,376,772	\$ 2,464,281
Operating grants and contributions	24,977,585	23,218,483
General revenues:		
Federal and State aid not restricted	60,129,883	56,306,359
Property taxes	118,698,756	113,530,269
Other general revenues	31,462,814	33,068,235
Total Revenues	237,645,810	228,587,627
Expenses		
Instruction-related	172,022,465	172,088,853
Pupil services	18,939,117	17,669,070
General administration	11,058,096	9,637,423
Maintenance and operations	24,580,569	24,295,684
Other	15,493,415	13,843,417
Total Expenses	242,093,662	237,534,447
Change in Net Position	\$ (4,447,852)	\$ (8,946,820)

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$242,093,662. However, the amount that our taxpayers ultimately financed for these activities through local taxes was \$118,698,756 because the cost was paid by those who benefited from the programs (\$2,376,772) or by other governments and organizations who subsidized certain programs with grants and contributions (\$24,977,585). We paid for the remaining "public benefit" portion of our governmental activities with \$91,592,697 in Federal and State funds, and with other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	\$ 148,317,316	\$ 149,285,045	\$ 131,781,928	\$ 134,077,909
Instruction-related activities	23,705,149	22,803,808	22,382,198	21,481,085
Pupil services	18,939,117	17,669,070	13,068,801	11,919,938
General administration	11,058,096	9,637,423	10,687,577	9,339,728
Maintenance and operations	24,580,569	24,295,684	24,143,418	23,838,133
Other	15,493,415	13,843,417	12,675,383	11,194,890
Total	\$ 242,093,662	\$ 237,534,447	\$ 214,739,305	\$ 211,851,683

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$81,977,287, which is a decrease of \$16,311,804 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2018	Revenues	Expenditures	June 30, 2019
General Fund	\$ 25,281,180	\$ 213,825,401	\$ 211,040,266	\$ 28,066,315
Building Fund	49,326,219	915,237	20,882,830	29,358,626
Bond Interest and Redemption Fund	14,109,597	7,707,957	8,906,902	12,910,652
Non-Major Governmental Funds	9,572,095	19,018,340	16,948,741	11,641,694
Total	\$ 98,289,091	\$ 241,466,935	\$ 257,778,739	\$ 81,977,287

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

The primary reasons for these increases/decreases are:

- a. The General Fund is the District's principal operating fund. The fund balance in the General Fund increased by \$2,785,135. This can be attributed to unspent program allocations, AB602 and interest revenue.
- b. The Building Fund balance decrease by \$19,967,593 from \$49,326,219 to \$29,358,626. This decrease can be attributed to continuing construction and modernization projects.
- c. The Workers' Compensation and Health and Welfare Internal Service Fund balance increased by \$5,379,006 from \$4,132,230 to \$9,511,236 due to the decrease in overall claim costs.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 19, 2019. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 70.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had \$135,784,525 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$9,603,072, or 7.61 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2019	2018
Land and construction in progress	\$ 40,454,383	\$ 36,840,274
Buildings and improvements	91,163,095	85,745,565
Equipment	4,167,047	3,595,614
Total	\$ 135,784,525	\$ 126,181,453

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Long-Term Obligations

At the end of this year, the District had \$133,990,204 in long-term obligations outstanding versus \$139,189,865 last year, a decrease of \$5,199,661. Long-term obligations consisted of:

Table 6

	Governmental Activities	
	2019	2018
General obligation bonds (financed with property taxes)	\$ 99,873,472	\$ 105,421,768
Premium on issuance	6,238,330	6,934,467
Compensated absences (vacations)	705,267	667,384
Claims liabilities (IBNR)	5,226,531	5,291,084
Net other postemployment benefits (OPEB) liabilities	21,946,604	20,875,162
Total	\$ 133,990,204	\$ 139,189,865

Net Pension Liability (NPL)

At year-end, the District had an aggregate net pension liability of \$206,946,545 versus \$198,621,405 last year, an increase of \$8,325,140, or 4 percent.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2019-2020 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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

District Staffing and enrollment forecasts:

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	\$ 101,033,085
Receivables	10,550,928
Prepaid expenditures	173,382
Stores inventories	292,193
Capital assets	
Land and construction in progress	40,454,383
Other capital assets	244,247,618
Less: Accumulated depreciation	(148,917,476)
Capital Assets, Net of Accumulated Depreciation	135,784,525
Total Assets	247,834,113
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	61,770,906
Deferred outflows of resources related to postemployment benefits other than pensions	446,567
Total Deferred Outflows of Resources	62,217,473
LIABILITIES	
Accounts payable	11,621,876
Interest payable	1,136,376
Unearned revenue	1,487,156
Claims liabilities	2,225,502
Current portion of long-term obligations other than pensions	7,335,000
Noncurrent portion of long-term obligations other than pensions	126,655,204
Total Long-Term Obligations	133,990,204
Aggregate net pension liability	206,946,545
Total Liabilities	357,407,659
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	19,342,589
Deferred inflows of resources related to postemployment benefits other than pensions	100,524
Total Deferred Inflows of Resources	19,443,113
NET POSITION	
Net investment in capital assets	64,370,542
Restricted for:	
Debt service	11,774,276
Capital projects	1,652,853
Educational programs	1,017,093
Other activities	10,269,785
Unrestricted (Deficit)	(155,883,735)
Total Net Position	\$ (66,799,186)

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, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 148,317,316	\$ 218,681	\$ 16,316,707	\$ (131,781,928)
Instruction-related activities:				
Supervision of instruction	4,521,454	140	695,985	(3,825,329)
Instructional library, media, and technology	1,642,432	586	2,156	(1,639,690)
School site administration	17,541,263	3,603	620,481	(16,917,179)
Pupil services:				
Home-to-school transportation	2,008,181	-	-	(2,008,181)
Food services	4,856,389	1,786,618	2,529,091	(540,680)
All other pupil services	12,074,547	1,059	1,553,548	(10,519,940)
Administration:				
Data processing	3,160,727	-	-	(3,160,727)
All other administration	7,897,369	4,137	366,382	(7,526,850)
Plant services	24,580,569	66,160	370,991	(24,143,418)
Ancillary services	2,805,548	-	-	(2,805,548)
Community services	1,170,779	30,920	113,749	(1,026,110)
Enterprise services	5,911,440	-	695,178	(5,216,262)
Interest on long-term obligations	3,558,595	-	-	(3,558,595)
Other outgo	2,047,053	264,868	1,713,317	(68,868)
Total Governmental Activities	\$ 242,093,662	\$ 2,376,772	\$ 24,977,585	(214,739,305)
General Revenues and Subventions:				
				109,748,980
Property taxes, levied for general purposes				7,465,695
Property taxes, levied for debt service				1,484,081
Taxes levied for other specific purposes				60,129,883
Federal and State aid not restricted to specific purposes				1,726,222
Interest and investment earnings				133,144
Interagency revenues				29,603,448
Miscellaneous				
Subtotal, General Revenues				210,291,453
Change in Net Position				(4,447,852)
Net Position - Beginning				(62,351,334)
Net Position - Ending				\$ (66,799,186)

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

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CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	\$ 29,521,196	\$ 30,745,180	\$ 12,803,701
Receivables	7,743,837	327,835	106,951
Due from other funds	930,305	-	-
Prepaid expenditures	30,346	-	-
Stores inventories	155,414	-	-
Total Assets	\$ 38,381,098	\$ 31,073,015	\$ 12,910,652
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 9,079,706	\$ 1,714,326	\$ -
Due to other funds	364,252	63	-
Unearned revenue	870,825	-	-
Total Liabilities	10,314,783	1,714,389	-
Fund Balances:			
Nonspendable	226,060	-	-
Restricted	1,017,093	29,358,626	12,910,652
Committed	3,000,000	-	-
Assigned	-	-	-
Unassigned	23,823,162	-	-
Total Fund Balances	28,066,315	29,358,626	12,910,652
Total Liabilities and Fund Balances	\$ 38,381,098	\$ 31,073,015	\$ 12,910,652

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 11,328,148	\$ 84,398,225
1,953,651	10,132,274
356,624	1,286,929
5,797	36,143
136,779	292,193
<u>\$ 13,780,999</u>	<u>\$ 96,145,764</u>

\$ 644,842	\$ 11,438,874
922,412	1,286,727
572,051	1,442,876
<u>2,139,305</u>	<u>14,168,477</u>
142,576	368,636
2,411,402	45,697,773
1,684,172	4,684,172
7,403,544	7,403,544
-	23,823,162
<u>11,641,694</u>	<u>81,977,287</u>
<u>\$ 13,780,999</u>	<u>\$ 96,145,764</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2019

Total Fund Balance - Governmental Funds **\$ 81,977,287**

**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:	\$ 284,702,001	
Accumulated depreciation is:	<u>(148,917,476)</u>	
Net Capital Assets		135,784,525

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. (1,136,376)

An internal service fund is used by the District's management to charge the costs of the workers' compensation and health and welfare insurance programs to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities. 9,511,236

Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds.

Deferred outflows of resources related to pensions at year-end consist of:

Pension contributions subsequent to measurement date	19,957,900
Net change in proportionate share of net pension liability	8,226,290
Difference between projected and actual earning on pension plan investments	430,552
Differences between expected and actual experience in the measurement of the total pension liability	3,920,127
Changes of assumptions	<u>29,236,037</u>

Total Deferred Outflows of Resources Related to Pensions 61,770,906

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2019

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds.

Deferred inflows of resources related to pensions at year-end consist of:

Net change in proportionate share of net pension liability	(11,151,564)
Difference between expected and actual experience in the measurement of the total pension liability	(2,243,541)
Difference between projected and actual earning on pension plan investments	<u>(5,947,484)</u>

Total Deferred Inflows of Resources Related to Pensions	\$ (19,342,589)
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Deferred inflows of resources related to OPEB represent a acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB at year-end consist of changes of assumptions. (100,524)

Deferred outflows of resources related to OPEB represents a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of changes of assumptions. 446,567

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds. (206,946,545)

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	\$ (94,534,279)
Premium on Issuance	(6,238,330)
Compensated absences (vacations)	(705,267)
Net other postemployment benefits (OPEB) liability	(21,946,604)
In addition, the District previously issued "capital appreciation" general obligation bonds. The cumulative capital accretion on the general obligation bonds is:	<u>(5,339,193)</u>

Total Long-Term Obligations	(128,763,673)
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Total Net Position - Governmental Activities	<u><u>\$ (66,799,186)</u></u>
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The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Local Control Funding Formula	\$ 162,276,264	\$ -	\$ -
Federal sources	5,909,816	-	-
Other State sources	27,850,045	-	42,163
Other local sources	17,789,276	915,237	7,665,794
Total Revenues	213,825,401	915,237	7,707,957
EXPENDITURES			
Current			
Instruction	138,562,326	-	-
Instruction-related activities:			
Supervision of instruction	4,536,881	-	-
Instructional library, media, and technology	1,629,088	-	-
School site administration	16,831,684	-	-
Pupil services:			
Home-to-school transportation	2,005,464	-	-
Food services	72,904	-	-
All other pupil services	12,054,115	-	-
Administration:			
Data processing	2,946,634	-	-
All other administration	7,001,736	-	-
Plant services	18,508,184	2,213,823	-
Facility acquisition and construction	1,287,368	18,669,007	-
Ancillary services	2,860,621	-	-
Community services	119,648	-	-
Other outgo	2,047,053	-	-
Enterprise services	205,239	-	-
Debt service			
Principal	-	-	7,155,000
Interest and other	-	-	1,751,902
Total Expenditures	210,668,945	20,882,830	8,906,902
Excess (Deficiency) of Revenues Over Expenditures	3,156,456	(19,967,593)	(1,198,945)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(371,321)	-	-
Net Financing Sources (Uses)	(371,321)	-	-
NET CHANGE IN FUND BALANCES	2,785,135	(19,967,593)	(1,198,945)
Fund Balances - Beginning	25,281,180	49,326,219	14,109,597
Fund Balances - Ending	\$ 28,066,315	\$ 29,358,626	\$ 12,910,652

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

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 162,276,264
2,447,132	8,356,948
2,285,949	30,178,157
13,913,938	40,284,245
<u>18,647,019</u>	<u>241,095,614</u>
2,538,425	141,100,751
-	4,536,881
-	1,629,088
632,136	17,463,820
-	2,005,464
4,740,123	4,813,027
46,464	12,100,579
-	2,946,634
661,573	7,663,309
240,553	20,962,560
1,399,528	21,355,903
-	2,860,621
1,039,775	1,159,423
-	2,047,053
5,650,164	5,855,403
-	7,155,000
-	1,751,902
<u>16,948,741</u>	<u>257,407,418</u>
<u>1,698,278</u>	<u>(16,311,804)</u>
371,321	371,321
-	(371,321)
<u>371,321</u>	<u>-</u>
2,069,599	(16,311,804)
9,572,095	98,289,091
<u>\$ 11,641,694</u>	<u>\$ 81,977,287</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds **\$ (16,311,804)**

**Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:**

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

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

Capital outlays	\$ 18,124,852	
Depreciation expense	<u>(8,496,621)</u>	
Net Expense Adjustment		9,628,231

Loss on disposal of capital assets is reported in the government-wide statement of net assets, but is not recorded in the governmental funds. (25,159)

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 less than the amounts earned by \$37,883. (37,883)

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. (7,828,806)

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

General obligation bonds	7,155,000
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The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (Continued) FOR THE YEAR ENDED JUNE 30, 2019

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

Amortization of debt premium	696,137
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows and net OPEB liability during the year.	(599,744)
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.	(1,606,704)
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.	(896,126)
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.	257,974
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.	5,121,032
Change in Net Position of Governmental Activities	\$ (4,447,852)

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2019

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
ASSETS			
Current Assets			
Deposits and investments	\$ 7,540,684	\$ 9,094,176	\$ 16,634,860
Receivables	71,396	347,258	418,654
Due from other funds	9,931	973	10,904
Prepaid expenses	137,239	-	137,239
Total Current Assets	7,759,250	9,442,407	17,201,657
LIABILITIES			
Current Liabilities			
Accounts payable	14,108	168,894	183,002
Due to other funds	7,952	3,154	11,106
Unearned revenue	-	44,280	44,280
Current portion of claims liabilities	1,611,585	613,917	2,225,502
Total Current Liabilities	1,633,645	830,245	2,463,890
Noncurrent Liabilities			
Claims liabilities	3,794,059	1,432,472	5,226,531
NET POSITION			
Restricted	\$ 2,331,546	\$ 7,179,690	\$ 9,511,236

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 NET POSITION

FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
OPERATING REVENUES			
Local and intermediate sources	\$ 2,236,017	\$ 27,962,222	\$ 30,198,239
Total Operating Revenues	<u>2,236,017</u>	<u>27,962,222</u>	<u>30,198,239</u>
OPERATING EXPENSES			
Payroll costs	112,323	220,509	332,832
Supplies and materials	4,805	11,458	16,263
Services and other	164,654	3,643	168,297
Professional and contract services	1,866,364	22,695,548	24,561,912
Total Operating Expenses	<u>2,148,146</u>	<u>22,931,158</u>	<u>25,079,304</u>
Operating Income (Loss)	<u>87,871</u>	<u>5,031,064</u>	<u>5,118,935</u>
NONOPERATING REVENUES			
Interest income	<u>170,103</u>	<u>89,968</u>	<u>260,071</u>
Change in Net Position (Deficit)	257,974	5,121,032	5,379,006
Total Net Position - Beginning	<u>2,073,572</u>	<u>2,058,658</u>	<u>4,132,230</u>
Total Net Position - Ending	<u><u>\$ 2,331,546</u></u>	<u><u>\$ 7,179,690</u></u>	<u><u>\$ 9,511,236</u></u>

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, 2019

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	\$ 30,198,239
Cash payments to employees for services	(332,832)
Cash payments to suppliers for goods and services	(25,327,060)
Cash payments for other operating expenses	(16,263)
Net Cash Provided by Operating Activities	<u>4,522,084</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>260,071</u>
Net Increase in Cash and Cash Equivalents	4,782,155
Cash and Cash Equivalents - Beginning	11,852,705
Cash and Cash Equivalents - Ending	<u><u>\$ 16,634,860</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 5,118,935
Changes in assets and liabilities:	
Receivables	4,369
Due from other funds	3,019
Accounts payable	(506,274)
Prepays	(137,239)
Due to other funds	1,817
Unearned revenue	37,457
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 4,522,084</u></u>

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2019

	Associated Student Bodies	Foundation Special Reserve	Total Fiduciary Funds
ASSETS			
Deposits and investments	\$ 1,444,410	\$ 18,675	\$ 1,463,085
Receivables	32,938	267	33,205
Prepaid expenditures	53,743	-	53,743
Stores inventory	197,186	-	197,186
Total Assets	<u><u>\$ 1,728,277</u></u>	<u><u>\$ 18,942</u></u>	<u><u>\$ 1,747,219</u></u>
LIABILITIES			
Unearned revenue	\$ -	\$ 16,091	\$ 16,091
Due to student groups	1,728,277	-	1,728,277
Total Liabilities	<u><u>\$ 1,728,277</u></u>	<u><u>16,091</u></u>	<u><u>1,744,368</u></u>
NET POSITION			
Held in trust for scholarships		<u><u>\$ 2,851</u></u>	<u><u>\$ 2,851</u></u>

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, 2019

	Foundation Special Reserve
ADDITIONS	
Private donations	\$ 14,483
Interest	661
Total Additions	<u>15,144</u>
DEDUCTIONS	
Other expenditures	<u>14,483</u>
Change in Net Position	661
Net Position - Beginning	<u>2,190</u>
Net Position - Ending	<u><u>\$ 2,851</u></u>

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

Non-Major Governmental Funds

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

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

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

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

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

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

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

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

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

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

Basis of Accounting - Measurement Focus

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county investment pool are determined by the program sponsor.

Prepaid (Expenses)/ Expenditures

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

Stores Inventories

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

Accrued Liabilities and Long-Term Obligations

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

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

Postemployment Benefits Other Than Pensions (OPEB)

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

Fund Balances - Governmental Funds

As of June 30, 2019, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

In 2018-2019, 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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 \$24,714,007 of restricted net position.

Operating Revenues and Expenses

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

Interfund Activity

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

Estimates

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

Property Tax

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

Change in Accounting Principles

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

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

The District has implemented the provisions of this Statement as of June 30, 2019.

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

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

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

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

The District has implemented the provisions of this Statement as of June 30, 2019.

New Accounting Pronouncements

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

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

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

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

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

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

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

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS
JUNE 30, 2019

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers’ conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 101,033,085
Fiduciary funds	1,463,085
Total Deposits and Investments	<u>\$ 102,496,170</u>

Deposits and investments as of June 30, 2019, consist of the following:

Cash on hand and in banks	\$ 1,458,810
Cash in revolving	515,048
Investments	100,522,312
Total Deposits and Investments	<u>\$ 102,496,170</u>

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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

General Authorizations

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

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

Interest Rate Risk

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

Specific Identification

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

Investment Type	Reported Amount	Weighted Average Days to Maturity
Ventura County Investment Pool	<u>\$ 100,522,312</u>	192

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019	Reported Amount
Ventura County Investment Pool	Not Required	AAAf/S1+	\$ 100,522,312

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, 2019, the District had a bank balance of \$1,846,424 exposed to custodial credit risk.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019:

Investment Type	Reported Amount	Uncategorized
Ventura County Investment Pool	\$ 100,522,312	\$ 100,522,312

NOTE 4 - RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal Government							
Categorical aid	\$ 3,952,190	\$ -	\$ -	\$ 500,653	\$ -	\$ 4,452,843	\$ -
State Government							
Categorical aid	723,862	-	-	172,096	-	895,958	-
Lottery	819,413	-	-	-	-	819,413	-
Local Government							
Interest	649,045	327,835	106,951	128,612	126,667	1,339,110	267
Other Local Sources	1,599,327	-	-	1,152,290	291,987	3,043,604	32,938
Total	<u>\$ 7,743,837</u>	<u>\$ 327,835</u>	<u>\$ 106,951</u>	<u>\$ 1,953,651</u>	<u>\$ 418,654</u>	<u>\$ 10,550,928</u>	<u>\$ 33,205</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 20,589,547	\$ -	\$ -	\$ 20,589,547
Construction in Progress	16,251,097	11,180,135	7,566,396	19,864,836
Total Capital Assets Not Being Depreciated	36,840,644	11,180,135	7,566,396	40,454,383
Capital Assets Being Depreciated:				
Land Improvements	21,663,010	2,425,088	-	24,088,098
Buildings and Improvements	199,064,657	10,356,013	-	209,420,670
Furniture and Equipment	9,039,664	1,730,012	30,826	10,738,850
Total Capital Assets Being Depreciated	229,767,331	14,511,113	30,826	244,247,618
Total Capital Assets	266,607,975	25,691,248	7,597,222	284,702,001
Less Accumulated Depreciation:				
Land Improvements	10,134,961	1,075,197	-	11,210,158
Buildings and Improvements	124,847,511	6,288,004	-	131,135,515
Furniture and Equipment	5,444,050	1,133,420	5,667	6,571,803
Total Accumulated Depreciation Governmental Activities	140,426,522	8,496,621	5,667	148,917,476
Capital Assets, Net	<u>\$ 126,181,453</u>	<u>\$ 17,194,627</u>	<u>\$ 7,591,555</u>	<u>\$ 135,784,525</u>

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

Governmental Activities	
Instruction	\$ 8,114,273
Food services	42,483
Data processing	254,899
All other administration	42,483
Plant services	42,483
Total Depreciation Expenses Governmental Activities	<u>\$ 8,496,621</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2019, between major and non-major governmental funds, and internal service funds, are as follows:

Due To	Due From				
	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
General Fund	\$ -	\$ 63	\$ 920,362	\$ 9,880	\$ 930,305
Non-Major Governmental Funds	353,348	-	2,050	1,226	356,624
Internal Service Funds	10,904	-	-	-	10,904
Total	<u>\$ 364,252</u>	<u>\$ 63</u>	<u>\$ 922,412</u>	<u>\$ 11,106</u>	<u>\$ 1,297,833</u>

A balance of \$331,231 is due to the Cafeteria Non-Major Governmental Fund from the General Fund for a balance contribution.

A balance of \$484,226 is due to the General Fund from the Child Development Non-Major Governmental Fund for indirect costs and facility usage.

A balance of \$415,967 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for indirect costs and facility usage.

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, 2019, consisted of the following:

Transfer To	Transfer From General Fund
Non-Major Governmental Funds	<u>\$ 371,321</u>
The General Fund transferred to the Cafeteria Non-Major Governmental Fund to alleviate current year deficit.	\$ 331,321
The General Fund transferred to the Adult Non-Major Governmental Fund for contribution for the adult program.	40,000
Total	<u>\$ 371,321</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
Vendor payables	\$ 3,367,550	\$ -	\$ 644,842	\$ 183,002	\$ 4,195,394
State principal apportionment	5,694,723	-	-	-	5,694,723
Salaries and benefits	17,433	-	-	-	17,433
Construction	-	1,714,326	-	-	1,714,326
Total	<u>\$ 9,079,706</u>	<u>\$ 1,714,326</u>	<u>\$ 644,842</u>	<u>\$ 183,002</u>	<u>\$ 11,621,876</u>

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consisted of the following:

	General Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal financial assistance	\$ 65,684	\$ -	\$ -	\$ 65,684	\$ -
State categorical aid	101,618	-	-	101,618	-
Other local	703,523	572,051	44,280	1,319,854	16,091
Total	<u>\$ 870,825</u>	<u>\$ 572,051</u>	<u>\$ 44,280</u>	<u>\$ 1,487,156</u>	<u>\$ 16,091</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 12, 2018, the District issued \$25,185,000 of Tax and Revenue Anticipation Notes bearing interest at 3.00 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 29, 2019. By June 2019, 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, 2018	Additions	Deletions	Outstanding June 30, 2019
7/12/2018	3.00%	6/29/2019	\$ -	\$ 25,185,000	\$ 25,185,000	\$ -

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General obligation bonds	\$ 105,421,768	\$ 1,606,704	\$ 7,155,000	\$ 99,873,472	\$ 7,335,000
Premium on issuance	6,934,467	-	696,137	6,238,330	-
Capital leases	-	-	-	-	-
Compensated absences (vacations)	667,384	37,883	-	705,267	-
Claims Liabilities (IBNR)	5,291,084	-	64,553	5,226,531	-
Net other postemployment benefits (OPEB) liabilities	20,875,162	1,166,310	94,868	21,946,604	-
	<u>\$ 139,189,865</u>	<u>\$ 2,810,897</u>	<u>\$ 8,010,558</u>	<u>\$ 133,990,204</u>	<u>\$ 7,335,000</u>

- Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues.
- The compensated absences will be paid by the fund for which the employee worked.
- The claims liabilities are paid by the Internal Service Fund.
- The postemployment benefits are paid by the General Fund.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Additions/ Accreted Interest	Redeemed	Bonds Outstanding June 30, 2019
12/6/2012	8/1/2019	2.50-4.50%	\$17,220,000	\$ 14,490,000	\$ -	\$7,155,000	\$ 7,335,000
6/25/2015	8/1/2030	2.78-5.56%	\$37,199,279	40,931,768	1,606,704	-	42,538,472
6/12/2018	8/1/2033	3.125-5.00%	\$50,000,000	50,000,000	-	-	50,000,000
				<u>\$ 105,421,768</u>	<u>\$ 1,606,704</u>	<u>\$ 7,155,000</u>	<u>\$ 99,873,472</u>

Debt Service Requirements to Maturity

The payments are as follows:

Fiscal Year	Current Interest Bonds		Capital Appreciation Bonds		
	Principal	Interest	Principal Including Accreted Interest	Future Interest Accretion	Total
2020	\$ 7,335,000	\$ 2,454,026	\$ -	\$ -	\$ 9,789,026
2021	4,450,000	2,069,500	4,142,992	407,008	11,069,500
2022	4,000,000	1,858,250	4,396,120	338,880	10,593,250
2023	1,175,000	1,734,750	4,110,703	479,297	7,499,750
2024	1,345,000	1,684,350	4,106,482	668,518	7,804,350
2025-2029	12,420,000	7,128,425	18,779,200	6,710,800	45,038,425
2030-2034	26,610,000	3,031,250	7,002,975	4,527,025	41,171,250
Total	<u>\$ 57,335,000</u>	<u>\$ 19,960,551</u>	<u>\$ 42,538,472</u>	<u>\$ 13,131,528</u>	<u>\$ 132,965,551</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

General Obligation Bonds

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.

\$ 7,335,000

2014 General Obligation Bonds, Series A

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

42,538,472

2014 General Obligation Bonds, Series B

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

50,000,000

Subtotal bonds outstanding

99,873,472

Premium on 2012 General Obligation Refunding Bonds

292,946

Premium on 2014 General Obligation Refunding Bonds, Series A

409,944

Premium on 2014 General Obligation Bonds, Series B

5,535,440

Subtotal premium on bonds

6,238,330

Total

\$ 106,111,802

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to \$705,267.

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 \$5,226,531.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

Net Other Post Employment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported net OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 20,792,012	\$ 446,567	\$ 100,524	\$ 694,612
Medicare Premium Payment (MPP) Program	1,154,592	-	-	(94,868)
Total	<u>\$ 21,946,604</u>	<u>\$ 446,567</u>	<u>\$ 100,524</u>	<u>\$ 599,744</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	65
Active employees	<u>1,249</u>
	<u>1,314</u>

Benefits Provided

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS
JUNE 30, 2019

Contributions

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Conejo Valley Pupil Personnel Association (CVPPA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, CVPPA, CSEA, and the unrepresented groups. For fiscal year 2018-2019, the District contributed \$960,953 to the Plan which was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of \$20,792,012 was measured as of June 30, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	3.15 percent
Health care cost trend rates	6.00 percent for 2019

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

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

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 19,625,702
Service cost	\$ 890,144
Interest	701,238
Changes of assumptions or other inputs	535,881
Benefit payments	(960,953)
Net change in total OPEB liability	1,166,310
Balance at June 30, 2019	\$ 20,792,012

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2018 to 3.15 percent in 2019.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.15%)	\$ 22,407,888
Current discount rate (3.15%)	20,792,012
1% increase (4.15%)	19,301,625

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

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

Health Care Cost Trend Rates	Total OPEB Liability
1% decrease (5.00%)	\$ 18,487,083
Current healthcare cost trend rate (6.00%)	20,792,012
1% increase (7.00%)	23,453,101

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

OPEB Expense and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$694,612. At June 30, 2019, the District reported deferred inflows of resources changes of assumptions of \$100,524 and deferred outflows of resources changes of assumptions of \$446,567.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 446,567	\$ 100,524

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 64,183
2021	64,183
2022	64,183
2023	64,183
2024	89,311
	\$ 346,043

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liabilities and OPEB Expense

At June 30, 2019, the District reported a liability of \$1,154,592 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.3016 percent, and 0.2970 percent, resulting in a net increase in the proportionate share of 0.0046 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of \$(94,868).

Actuarial Methods and Assumptions

The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2017, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.87%)	\$ 1,277,037
Current discount rate (3.87%)	1,154,592
1% increase (4.87%)	1,044,034

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 1,052,872
Current medicare costs trend rate (3.7% Part A and 4.1% Part B)	1,154,592
1% increase (4.7% Part A and 5.1% Part B)	1,263,991

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 11 - FUND BALANCES

Fund balances at June 30, 2019, 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	155,414	-	-	136,779	292,193
Prepaid expenditures	30,346	-	-	5,797	36,143
Other reserves	-	-	-	-	-
Total Nonspendable	<u>226,060</u>	<u>-</u>	<u>-</u>	<u>142,576</u>	<u>368,636</u>
Restricted					
Legally restricted programs	1,017,093	-	-	758,549	1,775,642
Capital projects	-	29,358,626	-	1,652,853	31,011,479
Debt services	-	-	12,910,652	-	12,910,652
Total Restricted	<u>1,017,093</u>	<u>29,358,626</u>	<u>12,910,652</u>	<u>2,411,402</u>	<u>45,697,773</u>
Committed					
Deferred maintenance program	-	-	-	1,684,172	1,684,172
Stabilization arrangement	3,000,000	-	-	-	3,000,000
Total Committed	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>1,684,172</u>	<u>4,684,172</u>
Assigned					
Capital projects	-	-	-	7,030,452	7,030,452
Other assigned	-	-	-	373,092	373,092
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,403,544</u>	<u>7,403,544</u>
Unassigned					
Reserve for economic uncertainties	5,854,856	-	-	-	5,854,856
Remaining unassigned	17,968,306	-	-	-	17,968,306
Total Unassigned	<u>23,823,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,823,162</u>
Total	<u>\$ 28,066,315</u>	<u>\$ 29,358,626</u>	<u>\$ 12,910,652</u>	<u>\$ 11,641,694</u>	<u>\$ 81,977,287</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

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, 2019, 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, 2018 to June 30, 2019:

	Workers' Compensation	Health Care	Total
Liability Balance, July 1, 2017	\$ 5,153,704	\$ 2,046,389	\$ 7,200,093
Claims and changes in estimates	(1,295,092)	(11,057,540)	(12,352,632)
Claims payments	1,547,032	11,057,540	12,604,572
Liability Balance, June 30, 2018	5,405,644	2,046,389	7,452,033
Claims and changes in estimates	(1,611,585)	(10,853,675)	(12,465,260)
Claims payments	1,611,585	10,853,675	12,465,260
Liability Balance, June 30, 2019	\$ 5,405,644	\$ 2,046,389	\$ 7,452,033
Assets available to pay claims at June 30, 2019	\$ 7,759,250	\$ 9,442,407	\$ 17,201,657

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 154,454,759	\$ 47,593,874	\$ 18,403,970	\$ 18,363,240
CalSTRS	52,491,786	14,177,032	938,619	9,423,466
Total	<u>\$ 206,946,545</u>	<u>\$ 61,770,906</u>	<u>\$ 19,342,589</u>	<u>\$ 27,786,706</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement 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, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The 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.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

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, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required State contribution rate	9.828%	9.828%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were \$14,944,186.

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

At June 30, 2019, 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	\$ 154,454,759
State's proportionate share of the net pension liability associated with the District	88,432,573
Total	<u>\$ 242,887,332</u>

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.1681 percent and 0.1640 percent, resulting in a net increase in the proportionate share of 0.0041 percent.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

For the year ended June 30, 2019, the District recognized pension expense of \$18,363,240. In addition, the District recognized pension expense and revenue of \$10,388,833 for support provided by the State. At June 30, 2019, 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	\$ 14,944,186	\$ -
Net change in proportionate share of net pension liability	8,175,767	10,212,945
Difference between projected and actual earnings on pension plan investments	-	5,947,484
Difference between expected and actual experiences in the measurement of the total pension liability	478,958	2,243,541
Changes of assumptions	23,994,963	-
Total	<u>\$ 47,593,874</u>	<u>\$ 18,403,970</u>

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

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	\$ 1,291,367
2021	(937,049)
2022	(4,989,708)
2023	(1,312,094)
Total	<u>\$ (5,947,484)</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

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

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	\$ 4,349,986
2021	4,349,986
2022	4,349,983
2023	2,847,025
2024	3,865,733
Thereafter	430,489
Total	<u>\$ 20,193,202</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 226,258,147
Current discount rate (7.10%)	154,454,759
1% increase (8.10%)	94,922,782

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publicly 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, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were \$5,013,714.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$52,491,786. The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, respectively, was .1969 percent and .1965 percent, resulting in a net increase in the proportionate share of .0004 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$9,423,466. At June 30, 2019, 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	\$ 5,013,714	\$ -
Net change in proportionate share of net pension liability	50,523	938,619
Difference between projected and actual earnings on pension plan investments	430,552	-
Difference between expected and actual experiences in the measurement of the total pension liability	3,441,169	-
Changes of assumptions	5,241,074	-
Total	<u>\$ 14,177,032</u>	<u>\$ 938,619</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

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

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	\$ 1,566,007
2021	374,497
2022	(1,200,123)
2023	(309,829)
Total	<u>\$ 430,552</u>

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

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	\$ 3,404,577
2021	3,239,267
2022	1,150,303
Total	<u>\$ 7,794,147</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS JUNE 30, 2019

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed Income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

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

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

Discount rate	Net Pension Liability
1% decrease (6.15%)	\$ 76,425,530
Current discount rate (7.15%)	52,491,786
1% increase (8.15%)	32,635,319

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS and CalPERS in the amount of \$14,098,708 and \$1,779,706 (9.828 percent of annual payroll). 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.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018–2019 contribution on-behalf of school employers of \$2.246 billion for CalSTRS and \$904 million for CalPERS. A proportionate share of these contribution has been recorded in these financial statements. On behalf payments related to these additional contributions 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 and Major Special Revenue 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, 2019.

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, 2019.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019, the District made payments of \$1,494,995 to VCSSFA for services received.

NOTE 16 - SUBSEQUENT EVENTS

The District issued \$19,985,000 of Tax and Revenue Anticipation Notes dated July 11, 2019. The notes mature on June 28, 2020, and yield 3.00 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning January 1, 2020, until 100 percent of principal and interest due is on account in June 1, 2020.



Required Supplementary Information

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variances -
	Original	Final	(GAAP Basis)	Positive (Negative) Final to Actual
REVENUES				
Local Control Funding Formula	\$ 161,048,421	\$ 162,280,367	\$ 162,276,264	\$ (4,103)
Federal sources	5,283,118	6,240,060	5,909,816	(330,244)
Other State sources	12,637,933	11,274,345	27,850,045	16,575,700
Other local sources	11,485,773	15,152,195	17,789,276	2,637,081
Total Revenues ¹	190,455,245	194,946,967	213,825,401	18,878,434
EXPENDITURES				
Current				
Certificated salaries	91,901,030	92,227,439	92,219,428	8,011
Classified salaries	25,552,106	26,316,873	27,466,696	(1,149,823)
Employee benefits	48,375,803	48,195,611	63,156,629	(14,961,018)
Books and supplies	8,493,330	12,156,303	6,152,878	6,003,425
Services and operating expenditures	16,531,551	18,890,380	18,952,018	(61,638)
Capital outlay	170,000	301,230	1,238,101	(936,871)
Other outgo	1,651,295	1,589,921	1,483,195	106,726
Total Expenditures ¹	192,675,115	199,677,757	210,668,945	(10,991,188)
Excess (Deficiency) of Revenues Over Expenditures	(2,219,870)	(4,730,790)	3,156,456	7,887,246
Other Financing Uses				
Transfers out	(40,000)	(40,000)	(371,321)	(331,321)
NET CHANGE IN FUND BALANCES	(2,259,870)	(4,770,790)	2,785,135	7,555,925
Fund Balance - Beginning	25,281,180	25,281,180	25,281,180	-
Fund Balance - Ending	\$ 23,021,310	\$ 20,510,390	\$ 28,066,315	\$ 7,555,925

¹ On behalf payments of \$15,878,414 related to Senate Bill 90 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	\$ 890,144	\$ 875,523
Interest	701,238	665,125
Changes of assumptions	535,881	(150,786)
Benefit payments	(960,953)	(902,303)
Net change in total OPEB liability	<u>1,166,310</u>	<u>487,559</u>
Total OPEB liability - beginning	<u>19,625,702</u>	<u>19,138,143</u>
Total OPEB liability - ending	<u><u>\$20,792,012</u></u>	<u><u>\$19,625,702</u></u>
 Covered-employee payroll	 <u>N/A¹</u>	 <u>N/A¹</u>
 District's total OPEB liability as a percentage of covered-employee payroll	 <u>N/A¹</u>	 <u>N/A¹</u>

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

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

See accompanying note to required supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY-MPP PROGRAM FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30, ¹	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	<u>0.3016%</u>	<u>0.2970%</u>
District's proportionate share of the net OPEB liability	<u>\$ 1,154,592</u>	<u>\$ 1,249,460</u>
District's covered-employee payroll	<u>N/A¹</u>	<u>N/A¹</u>
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	<u>N/A¹</u>	<u>N/A¹</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.01%</u>	<u>0.01%</u>

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

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

See accompanying note to required supplementary information.

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CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017
CalSTRS			
District's proportion of the net pension liability	0.1681%	0.1640%	0.1774%
District's proportionate share of the net pension liability	\$ 154,454,759	\$ 151,708,002	\$ 143,493,298
State's proportionate share of the net pension liability associated with the District	88,432,573	89,749,173	81,688,175
Total	<u>\$ 242,887,332</u>	<u>\$ 241,457,175</u>	<u>\$ 225,181,473</u>
District's covered - employee payroll	<u>\$ 90,142,821</u>	<u>\$ 93,456,717</u>	<u>\$ 89,038,518</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	171.34%	162.33%	161.16%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%
CalPERS			
District's proportion of the net pension liability	0.1969%	0.1965%	0.2078%
District's proportionate share of the net pension liability	<u>\$ 52,491,786</u>	<u>\$ 46,913,403</u>	<u>\$ 41,048,095</u>
District's covered - employee payroll	<u>\$ 26,081,456</u>	<u>\$ 25,000,922</u>	<u>\$ 24,923,846</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	201.26%	187.65%	164.69%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%

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

See accompanying note to required supplementary information.

<u>2016</u>	<u>2015</u>
<u>0.1843%</u>	<u>0.1668%</u>
\$ 124,086,834	\$ 97,490,415
<u>65,628,256</u>	<u>58,868,922</u>
<u>\$ 189,715,090</u>	<u>\$ 156,359,337</u>
<u>\$ 74,835,450</u>	<u>\$ 74,967,115</u>
<u>165.81%</u>	<u>130.04%</u>
<u>74%</u>	<u>77%</u>
<u>0.2083%</u>	<u>0.2130%</u>
<u>\$ 30,704,191</u>	<u>\$ 24,184,962</u>
<u>\$ 22,722,345</u>	<u>\$ 22,059,972</u>
<u>135.13%</u>	<u>109.63%</u>
<u>79%</u>	<u>83%</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017
CalSTRS			
Contractually required contribution	\$ 14,944,186	\$ 13,007,609	\$ 11,756,855
Contributions in relation to the contractually required contribution	14,944,186	13,007,609	11,756,855
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 91,794,754	\$ 90,142,821	\$ 93,456,717
Contributions as a percentage of covered - employee payroll	16.28%	14.43%	12.58%
CalPERS			
Contractually required contribution	\$ 5,013,714	\$ 4,050,711	\$ 3,472,628
Contributions in relation to the contractually required contribution	5,013,714	4,050,711	3,472,628
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 27,758,355	\$ 26,081,456	\$ 25,000,922
Contributions as a percentage of covered - employee payroll	18.06%	15.53%	13.89%

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

<u>2016</u>	<u>2015</u>
\$ 9,553,833	\$ 6,645,388
<u>9,553,833</u>	<u>6,645,388</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 89,038,518	\$ 74,835,450
<u>10.73%</u>	<u>8.88%</u>
\$ 2,952,728	\$ 2,674,420
<u>2,952,728</u>	<u>2,674,420</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 24,923,846	\$ 22,722,345
<u>11.85%</u>	<u>11.77%</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

At June 30, 2019, the following District’s major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	\$ 199,717,757	\$ 211,040,266	\$ 11,322,509

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

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

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

Change of assumptions – Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent to 3.15 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

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

Changes of Assumptions – The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

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

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

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

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

Schedule of District Contributions

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



Supplementary Information

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education - Basic Grants to States:			
Adult Basic Education - Adult Basic Education and ESL	84.002A	14508	\$ 154,979
Adult Basic Education - Adult Secondary	84.002	13978	28,050
Adult Basic Education - English Literacy and Civics Education	84.002A	14109	76,874
Total Adult Education - Basic Grants to States			<u>259,903</u>
Carl D. Perkins Vocational and Technical Education Act Secondary Education	84.048	14894	97,719
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	1,681,418
Title II, Part A - Supporting Effective Instruction	84.367	14341	464,712
Title III Program			
Title III - Immigrant Student Program	84.365	15146	76,437
Title III - English Learner Student Program	84.365	14346	101,989
Total Title III Program			<u>178,426</u>
Passed through Ventura County Special Education Local Plan Area:			
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	3,425,634
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	61,908
Preschool Local Entitlement, Part B, Section 611 (Age 3-4-5)	84.027A	13682	-
Total Special Education (IDEA) Cluster			<u>3,487,542</u>
Total U.S. Department of Education			<u>6,169,720</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
Basic School Breakfast Program	10.553	13390	7,961
Especially Needy Breakfast	10.553	13526	312,457
National School Lunch Program	10.555	13391	1,687,419
Food Distribution	10.555	13524	137,117
Summer Food Service Program	10.559	13004	22,754
Meal Supplement	10.555	13396	19,520
Total Child Nutrition Cluster			<u>2,187,228</u>
Total Federal Programs			<u>\$ 8,356,948</u>

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2019

ORGANIZATION

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

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Betsy Connolly	President	November 2020
Cindy Goldberg	Vice President	November 2022
Bill Gorback	Clerk	November 2022
Sandee Everett	Member	November 2020
Jenny Fitzgerald	Member	November 2022

ADMINISTRATION

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

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2019

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,544.52	4,551.42
Fourth through sixth	3,642.31	3,640.83
Seventh and eighth	2,799.61	2,797.89
Ninth through twelfth	6,722.35	6,703.17
Total Regular ADA	17,708.79	17,693.31
Extended Year Special Education		
Transitional kindergarten through third	7.20	7.20
Fourth through sixth	4.04	4.04
Seventh and eighth	2.10	2.10
Ninth through twelfth	1.46	1.46
Total Extended Year Special Education	14.80	14.80
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.06	0.04
Fourth through sixth	0.52	0.63
Seventh and eighth	4.62	4.42
Ninth through twelfth	8.55	11.89
Total Special Education, Nonpublic, Nonsectarian Schools	13.75	16.98
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	2.10	2.10
Ninth through twelfth	1.46	1.46
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	3.56	3.56
Total ADA	17,740.90	17,728.65

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2019

Grade Level	1986-87	2018-19	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	46,350	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		50,670	180	N/A	Complied
Grade 2		50,670	180	N/A	Complied
Grade 3		50,670	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,150	180	N/A	Complied
Grade 5		54,150	180	N/A	Complied
Grade 6		56,330	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		56,330	180	N/A	Complied
Grade 8		56,426	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,860	180	N/A	Complied
Grade 10		64,860	180	N/A	Complied
Grade 11		64,860	180	N/A	Complied
Grade 12		64,860	180	N/A	Complied

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

	(Budget) 2020 ¹	2019	2018	2017
GENERAL FUND				
Revenues	\$ 188,311,667	\$ 213,825,401	\$ 194,729,512	\$ 195,026,560
Other sources and transfers in	-	-	-	67,414
Total Revenues and Other Sources	188,311,667	213,825,401	194,729,512	195,093,974
Expenditures	195,132,440	210,668,945	194,599,234	189,644,769
Other uses and transfers out	40,000	371,321	2,418,321	5,000
Total Expenditures and Other Uses	195,172,440	211,040,266	197,017,555	189,649,769
Increase(decrease) in Fund Balance	\$ (6,860,773)	\$ 2,785,135	\$ (2,288,043)	\$ 5,444,205
Ending Fund Balance	\$ 21,205,542	\$ 28,066,315	\$ 25,281,180	\$ 27,569,223
Available Reserves ²	\$ 20,188,449	\$ 23,823,162	\$ 21,485,538	\$ 20,104,670
Available reserves as a percentage of total outgo	10.34%	12.21%	10.91%	10.60%
Long-term obligations ³	N/A	\$ 133,990,204	\$ 139,189,865	\$ 91,884,411
K-12 Average daily attendance at P-2	17,651	17,741	18,057	18,310

The General Fund balance has increased by \$497,092 over the past two years. The fiscal year 2019-2020 budget projects a decrease of \$6,860,773 (24.44 percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2019-2020 fiscal year. Total long-term obligations have increased by \$42,105,793 over the past two years.

Average daily attendance has decreased by 569 over the past two years. An additional decline of 90 ADA is anticipated during fiscal year 2019-2020.

¹ Budget 2020 is included for analytical purposes only and has not been subjected to audit.

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

³ On behalf payments of \$15,878,414 relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

See accompanying note to supplementary information.

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CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2019

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS				
Deposits and investments	\$ 765,825	\$ 400,407	\$ 15,302	\$ 1,587,415
Receivables	372,391	710,350	547,220	77,731
Due from other funds	4,226	-	333,372	19,026
Prepaid expenditures	-	5,797	-	-
Stores inventories	-	-	136,779	-
Total Assets	<u>\$ 1,142,442</u>	<u>\$ 1,116,554</u>	<u>\$ 1,032,673</u>	<u>\$ 1,684,172</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 105,223	\$ 113,280	\$ 304,557	\$ -
Due to other funds	20,098	486,276	415,967	-
Unearned revenue	139,234	257,447	175,370	-
Total Liabilities	<u>264,555</u>	<u>857,003</u>	<u>895,894</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	5,797	136,779	-
Restricted	504,795	253,754	-	-
Committed	-	-	-	1,684,172
Assigned	373,092	-	-	-
Total Fund Balances	<u>877,887</u>	<u>259,551</u>	<u>136,779</u>	<u>1,684,172</u>
Total Liabilities and Fund Balances	<u>\$ 1,142,442</u>	<u>\$ 1,116,554</u>	<u>\$ 1,032,673</u>	<u>\$ 1,684,172</u>

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
\$ 1,513,764	\$ 7,045,435	\$ 11,328,148
182,977	62,982	1,953,651
-	-	356,624
-	-	5,797
-	-	136,779
<u>\$ 1,696,741</u>	<u>\$ 7,108,417</u>	<u>\$ 13,780,999</u>

\$ 43,888	\$ 77,894	\$ 644,842
-	71	922,412
-	-	572,051
<u>43,888</u>	<u>77,965</u>	<u>2,139,305</u>

-	-	142,576
1,652,853	-	2,411,402
-	-	1,684,172
-	7,030,452	7,403,544
<u>1,652,853</u>	<u>7,030,452</u>	<u>11,641,694</u>
<u>\$ 1,696,741</u>	<u>\$ 7,108,417</u>	<u>\$ 13,780,999</u>

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, 2019

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES				
Federal sources	259,903	-	2,187,229	\$ -
Other State sources	1,412,050	724,233	149,666	-
Other local sources	2,155,783	6,656,950	2,115,932	302,628
Total Revenues	3,827,736	7,381,183	4,452,827	302,628
EXPENDITURES				
Current				
Instruction	2,538,425	-	-	-
Instruction-related activities:				
School site administration	632,136	-	-	-
Pupil services:				
Food services	-	-	4,740,123	-
All other pupil services	46,464	-	-	-
Administration:				
All other administration	153,267	410,587	-	-
Plant services	219,447	21,106	-	-
Facility acquisition and construction	-	-	-	254,375
Community services	-	1,039,775	-	-
Enterprise services	-	5,650,164	-	-
Total Expenditures	3,589,739	7,121,632	4,740,123	254,375
Excess (Deficiency) of Revenues Over Expenditures	237,997	259,551	(287,296)	48,253
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	-	331,321	-
Net Financing Sources (Uses)	40,000	-	331,321	-
NET CHANGE IN FUND BALANCES	277,997	259,551	44,025	48,253
Fund Balances - Beginning	599,890	-	92,754	1,635,919
Fund Balances - Ending	\$ 877,887	\$ 259,551	\$ 136,779	\$ 1,684,172

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
-	-	2,447,132
-	-	2,285,949
1,054,425	1,628,220	13,913,938
<u>1,054,425</u>	<u>1,628,220</u>	<u>18,647,019</u>
-	-	2,538,425
-	-	632,136
-	-	4,740,123
-	-	46,464
97,719	-	661,573
-	-	240,553
537,985	607,168	1,399,528
-	-	1,039,775
-	-	5,650,164
<u>635,704</u>	<u>607,168</u>	<u>16,948,741</u>
<u>418,721</u>	<u>1,021,052</u>	<u>1,698,278</u>
-	-	371,321
-	-	371,321
418,721	1,021,052	2,069,599
1,234,132	6,009,400	9,572,095
<u>\$ 1,652,853</u>	<u>\$ 7,030,452</u>	<u>\$ 11,641,694</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

Schedule of Financial Trends and Analysis

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

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

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



Independent Auditor's Reports



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

Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejo Valley Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Conejo Valley Unified School District's basic financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Conejo Valley Unified School District in a separate letter dated December 13, 2019.

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 Entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 13, 2019



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

Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

Report on Compliance for Each Major Federal Program

We have audited Conejo Valley Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Conejo Valley Unified School District's major Federal programs for the year ended June 30, 2019. Conejo Valley Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Conejo Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 13, 2019



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

Report on State Compliance

We have audited Conejo Valley Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 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, 2019.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Conejo Valley Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 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.

Basis for Qualified Opinion on Instructional Materials

As described in the accompanying schedule of findings and questioned costs, Conejo Valley Unified School District did not comply with requirements regarding Instructional Materials, finding 2019-001. Compliance with such requirements is necessary, in our opinion, for Conejo Valley Unified School District to comply with the requirements applicable to that program.

Qualified Opinion on Instructional Materials

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Conejo Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Programs

In our opinion, Conejo Valley Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

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:

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below

	Procedures Performed
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

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

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

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

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

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

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

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

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

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

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



Rancho Cucamonga, California
December 13, 2019



Schedule of Findings and Questioned Costs

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of Federal major programs:

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

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

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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Unmodified for all State programs except for the following State program which was qualified:

<u>Name of State Program</u>
<u>Instructional Materials</u>

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

The following findings represent instances of noncompliance relating to State program laws and regulations. The findings have been coded as follows:

Five Digit Code
70000

AB 3627 Finding Type
Instructional Materials

2019-001

Code
70000

Criteria or Specific Requirements

A Public hearing is required by Education Code section 60119 on or before the end of the eighth week from the first day pupils attended school for that year, or, in a school district or COE having schools that operate on a multitrack, year-round calendar, on or before the end of the eighth week from the first day pupils attended school for that year on any track that began in August or September.

Condition

The District is required to hold a public hearing on or before the end of the eighth week from the first day pupils attended school for the year. The District held the public hearing on November 6, 2018 which was 25 days after the deadline of October 12, 2018.

Context

The District did not hold a public hearing within the time frame required.

Effect

As a result of our testing, the District was not compliant with Education Code section 60119 for the 2018-2019 fiscal year since the District did not hold the public hearing in a timely manner.

Cause

The District did not monitor the date to ensure it was performed within the required time frame.

Recommendation

It is recommended that the District implement procedures to ensure that the public hearing is performed in the time frame as noted in the above referenced Education Code.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

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



Management
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, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 13, 2019, on the government-wide financial statements of the District.

CONSOLIDATED ASB OVERVATIONS AND RECOMMENDATIONS

LOS CERRITOS MIDDLE SCHOOL

ASB – NSF Check Receivable

Observation

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

Recommendation

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

SEQUOIA MIDDLE SCHOOL

Associated Student Body – Fundraiser Approvals

Observation

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

Recommendation

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

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

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

COLINA MIDDLE SCHOOL

Cash Disbursements - General

Observation

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

- Check requests contain only two of the three required approval signatures.
 - (Checks: 8853, 8858, 8872, 8877, 8880, 8890, 8904, 8911, and 9001)
- Check 8858 was not approved in the minutes

Recommendation

The site should review the cash disbursement procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*. The manual explains that three signatures, one being a student representative, are required pursuant to California Educational Code Section 48933(5)(b) on all disbursements from a student body account and that documents supporting a disbursement should be kept in organized files with the student body bookkeeper so that they can be easily reviewed should the need arise.

NEWBURY PARK HIGH SCHOOL

Cash Disbursements - Documentation

Observation

14 of 25 disbursement's purchase request form were not dated. Therefore unable to verify if signing was done before purchase made. By initialing or signing an invoice, the bookkeeper knows that all the merchandise was received prior to paying for the order. The disbursements noted are as follows:

- The following checks did not indicate date of approval: 47179, 47195, 47197, 47440, 47479, 47496, 47504, 47513, 47580, 47585, 47629, 47846, 47863, and 47895
- The following checks did not have the three signatures: 47496, 47504, and 47629

Recommendation

The site should review the cash disbursement procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*. The manual explains that three signatures, one being a student representative, are required pursuant to California Educational Code Section 48933(5)(b) on all disbursements from a student body account and that documents supporting a disbursement should be kept in organized files with the student body

CASH RECEIPTS OBSERVATIONS AND RECOMMENDATIONS

OBSERVATION

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

RECOMMENDATION

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

OBSERVATION

In our review the District's Child Care Bank account at year end was not reconciled.

RECOMMENDATION

Appropriate action should be taken to reconcile the Child Care Bank Account monthly and to reconcile the account balance for year end.

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, CA,
December 13, 2019

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Conejo Valley Unified School District (the “District”) in connection with the issuance of (i) \$44,995,000 of the District’s Election of 2014 General Obligation Bonds, Series C (Federally Tax-Exempt) and (ii) \$5,000,000 of the District’s Election of 2014 General Obligation Bonds, Series C-1 (Federally Taxable) (together, the “Bonds”). The Bonds are being issued pursuant to a resolution of the Board of Education of the District adopted on October 20, 2020 (the “Resolution”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean initially the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“Holders” shall mean registered owners of the Bonds.

“Listed Events” shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

“Official Statement” shall mean the Official Statement dated as of October 29, 2020 and relating to the Bonds.

“Participating Underwriter” shall mean Wells Fargo Bank, National Association, as the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2019-20 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a timely notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent, no later than the date required by subsection (a). The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports. (a) The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District’s audited financial statements):

- (a) State funding received by the District as of the last completed fiscal year;
- (b) Enrollment and average daily attendance of the District for the last completed fiscal year;
- (c) Outstanding District indebtedness, as of the last completed fiscal year;
- (d) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;
- (e) Assessed valuations of taxable property within the District for the current fiscal year;
- (f) Secured *ad valorem* property tax delinquencies for the current year, to the extent that the County of Ventura discontinues the Teeter Plan (as such term is defined in the Official Statement).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

- 1. principal and interest payment delinquencies.
- 2. tender offers.
- 3. defeasances.
- 4. rating changes.
- 5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
- 6. unscheduled draws on the debt service reserves reflecting financial difficulties.
- 7. unscheduled draws on credit enhancement reflecting financial difficulties.
- 8. substitution of the credit or liquidity providers or their failure to perform.
- 9. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

10. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(10), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. optional, contingent or unscheduled Bond calls.
4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
5. release, substitution or sale of property securing repayment of the Bonds.
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.
8. incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bond Owners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;
- (c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and
- (d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: November 19, 2020

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

By: _____
Victor P. Hayek, Ed.D
Deputy Superintendent, Business Services and Chief
Business Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: CONEJO VALLEY UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2014 General Obligation Bonds, Series C (Federally Tax-Exempt);
Election of 2014 General Obligation Bonds, Series C-1 (Federally Taxable);

Date of Issuance: November 19, 2020

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

By _____ [form only; no signature required]

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APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF THOUSAND OAKS AND VENTURA COUNTY

The following information regarding the City of Thousand Oaks (the “City”) and Ventura County (the “County”) is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of either the City or the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District, Bond Counsel, the Underwriter or the Municipal Advisor.

General

The City of Thousand Oaks. Located midway between the cities of Santa Barbara and Los Angeles and 12 miles east of the Pacific Ocean, the City is the second largest in the County. 40% of all land in the planning area of the City, or more than 15,194 acres, is open space, legally protected by public ownership from future development. The City was incorporated on October 7, 1964 as a general law city. It operates under a council-manager form of government and is governed by a five-member city council whose members are elected at large to serve four-year staggered terms. The Mayor is selected amongst the council members annually. The council appoints the City Manager, who is responsible for day-to-day operations. Continually recognized as one of the safest cities in the nation with a population of more than 100,000, the City has recently been promoting its tourist attractions including the Thousand Oaks Civic Arts Plaza and the Gardens of the World botanical garden.

Ventura County. The County is located in the southwestern portion of the State of California (the “State”). It is bordered by 42 miles of Pacific coastline on the west, Santa Barbara County to the northwest, Kern County to the north and Los Angeles County to the southeast. Approximately half of the County’s land mass is accounted for by the Los Padres National Forest and fertile agricultural valleys. The County was formed in 1873 and there are ten incorporated cities within its borders. It is a general law county, governed by a five-member Board of Supervisors elected at large for four-year terms. The County seat is the City of Ventura. The County has a strong economic base, with major industries including biotechnology, agriculture, electronics, mineral production, tourism and military testing and development.

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Population

The following table shows historical population figures for the City, the County and the State for the past 10 years.

POPULATION ESTIMATES
2011 through 2020
City of Thousand Oaks, Ventura County and the State of California

<u>Year⁽¹⁾</u>	<u>City of Thousand Oaks</u>	<u>Ventura County</u>	<u>State of California</u>
2011	127,598	829,790	37,561,624
2012	128,374	834,960	37,924,661
2013	128,953	840,637	38,269,864
2014	129,401	845,279	38,556,731
2015	129,453	848,532	38,870,150
2016	129,142	849,831	39,131,307
2017	128,666	849,057	39,398,702
2018	128,701	849,324	39,586,646
2019	127,610	846,050	39,695,376
2020	126,484	842,886	39,782,870

⁽¹⁾ As of January 1.

Source: 2011-20 (2010 Demographic Research Unit Benchmark): California Department of Finance.

Income

The following table summarizes per capita personal income for the County, the State and the United States for the past 10 years that statistics are currently available.

PER CAPITA PERSONAL INCOME
2009 through 2018
Ventura County, State of California and United States

<u>Year</u>	<u>Ventura County</u>	<u>State of California</u>	<u>United States</u>
2009	\$44,473	\$33,276	\$39,284
2010	45,910	34,373	40,546
2011	48,059	35,527	42,735
2012	49,993	36,438	44,599
2013	50,475	37,728	44,851
2014	53,031	39,802	47,058
2015	55,711	41,855	48,978
2016	57,136	42,701	49,870
2017	58,761	43,405	51,885
2018	61,712	44,793	54,446

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2015 through 2019 for the City, the County and the State.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES 2013 through 2017⁽¹⁾ City of Thousand Oaks, Ventura County and State of California

<u>Year</u>	<u>Area</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate (%)</u>
2015	City of Thousand Oaks	66,600	62,900	3,700	5.5
	Ventura County	427,200	403,100	24,100	5.6
	State of California	18,828,800	17,660,700	1,168,100	6.2
2016	City of Thousand Oaks	65,500	62,800	2,700	4.1
	Ventura County	425,300	403,100	22,200	5.2
	State of California	19,021,200	17,980,100	1,041,100	5.5
2017	City of Thousand Oaks	65,100	62,800	2,300	3.6
	Ventura County	424,200	405,100	19,100	4.5
	State of California	19,176,400	18,257,100	919,300	4.8
2018	City of Thousand Oaks	64,700	62,700	2,000	3.1
	Ventura County	423,600	407,300	16,300	3.8
	State of California	19,280,800	18,460,700	820,100	4.3
2019	City of Thousand Oaks	64,700	62,900	1,900	2.9
	Ventura County	423,400	408,200	15,200	3.6
	State of California	19,411,600	18,627,400	784,200	4.0

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department, March 2019.

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Agriculture

Agricultural-related industries are a major source of employment in the County. The County's agriculture commodities grossed an estimated \$1,990,100,000 in 2019. The leading farm commodities in the County for 2019 are listed below.

TOP COMMODITIES 2019 Ventura County

<u>Rank</u>	<u>Commodity</u>	<u>Value</u>
1.	Strawberries	\$508,371,000
2.	Celery	243,455,000
3.	Lemons	211,104,000
4.	Raspberries	203,538,000
5.	Nursery Stock	187,467,000
6.	Avocados	116,981,000
7.	Tomatoes	46,485,000
8.	Cut Flowers	46,153,000
9.	Peppers	42,880,000
10.	Hemp	35,460,000

Source: Kern County Department of Agriculture and Measurement Standards, 2019 Ventura County Agricultural Crop Report.

Industry

The County is located in the Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area. The distribution of employment is presented in the following table for the last five years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES 2015 through 2019 Ventura County (Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Farm	26,300	25,200	23,800	24,300	24,700
Mining, Logging and Construction	15,200	15,500	16,600	17,700	18,000
Manufacturing	25,900	25,700	25,600	26,200	26,400
Wholesale Trade	12,600	13,000	13,200	13,100	13,200
Retail Trade	39,900	40,000	40,100	39,600	38,500
Transportation, Warehousing and Utilities	6,000	6,000	6,100	6,300	6,300
Information	5,100	5,000	5,000	5,000	4,900
Financial Activities	17,700	17,400	16,900	16,400	15,900
Professional and Business Services	40,500	40,900	42,200	42,900	44,400
Education and Health Services	42,900	44,400	45,900	47,700	49,000
Leisure and Hospitality	35,700	36,400	37,200	37,800	38,300
Other Services	9,700	9,600	9,600	9,500	9,700
Government	<u>45,400</u>	<u>46,600</u>	<u>46,900</u>	<u>46,900</u>	<u>47,200</u>
Total All Industries	322,800	325,700	329,200	333,400	336,500

Note: Items may not add to total due to independent rounding.

Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2019 Benchmark.

Principal Employers

The following tables list the principal employers located in the City and the County.

PRINCIPAL EMPLOYERS

2019

City of Thousand Oaks

<u>Employer</u>	<u>Employees</u>
Amgen Inc.	5,000
Conejo Valley Unified School District ⁽¹⁾	2,780
Los Robles Regional Medical Center	1,612
Anthem Inc.	1,278
California Lutheran University	1,166
Shire	730
Skyworks Solutions Inc.	692
PennyMac	674
City of Thousand Oaks	540
Silver Star Automotive Group	527

⁽¹⁾ For updated information regarding the District's employee counts, see "CONEJO VALLEY UNIFIED SCHOOL DISTRICT – Labor Relations" in the front part of this Official Statement.

Source: *City of Thousand Oaks Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2019.*

PRINCIPAL EMPLOYERS

2019

Ventura County

<u>Employer</u>	<u>Employees</u>
United States Naval Base	18,776
County of Ventura	8,435
Amgen Inc.	5,500
Anthem Inc.	2,860
Simi Valley Unified School District	2,737
Community Memorial Hospital	2,300
Conejo Valley Unified School District ⁽¹⁾	2,050
Dignity Health	2,016
Ventura Unified School District	1,835
Oxnard Union School District	1,654

⁽¹⁾ For updated information regarding the District's employee counts, see "CONEJO VALLEY UNIFIED SCHOOL DISTRICT – Labor Relations" in the front part of this Official Statement.

Source: *County of Ventura Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2019.*

Commercial Activity

Summaries of annual taxable sales for the City and the County from 2015 through 2019 are shown in the following tables.

ANNUAL TAXABLE SALES 2015 through 2019 City of Thousand Oaks (Dollars in Thousands)

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores</u>		<u>Total Permits</u>	<u>Total Outlets</u>	
		<u>Taxable Transactions</u>			<u>Taxable Transactions</u>	
2015	2,486	\$2,125,055		4,358	\$2,658,291	
2016	2,528	2,101,605		4,427	2,632,274	
2017	2,631	2,208,742		4,595	2,752,626	
2018 ⁽¹⁾	2,634	2,198,366		4,750	2,812,723	
2019 ⁽¹⁾	2,692	2,174,091		4,939	2,801,731	

⁽¹⁾ Preliminary, subject to change.

Source: *Taxable Sales in California*, California Department of Tax and Fee Administration ("CDTFA"). Some previously reported data has been revised by the CDTFA.

ANNUAL TAXABLE SALES 2015 through 2019 Ventura County (Dollars in Thousands)

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores</u>		<u>Total Permits</u>	<u>Total Outlets</u>	
		<u>Taxable Transactions</u>			<u>Taxable Transactions</u>	
2015	15,052	\$9,707,421		25,455	\$13,876,397	
2016	15,371	9,864,805		25,891	13,835,876	
2017	15,751	10,201,388		26,392	14,000,695	
2018 ⁽¹⁾	15,632	10,486,735		26,954	14,323,432	
2019 ⁽¹⁾	15,822	10,701,509		27,755	14,779,590	

⁽¹⁾ Preliminary, subject to change.

Source: *Taxable Sales in California*, California Department of Tax and Fee Administration ("CDTFA"). Some previously reported data has been revised by the CDTFA.

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Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS

2015 through 2019

City of Thousand Oaks

(Dollars in Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Valuation					
Residential	\$48,813	\$44,365	\$26,827	\$41,024	\$18,895
Non-Residential	<u>62,524</u>	<u>49,897</u>	<u>99,413</u>	<u>41,571</u>	<u>52,879</u>
Total	\$111,337	\$94,262	\$126,240	\$82,595	\$71,774
Units					
Single Family	49	58	17	15	14
Multi Family	<u>26</u>	<u>17</u>	<u>45</u>	<u>46</u>	<u>0</u>
Total	75	75	62	61	14

Note: Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS

2015 through 2019

Ventura County

(Dollars in Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Valuation					
Residential	\$374,014	\$448,431	\$698,787	\$648,051	\$426,905
Non-Residential	<u>189,936</u>	<u>188,450</u>	<u>226,873</u>	<u>357,979</u>	<u>205,912</u>
Total	\$563,950	\$636,881	\$925,660	\$1,006,030	\$632,817
Units					
Single Family	615	652	851	637	731
Multi Family	<u>394</u>	<u>1,011</u>	<u>1,638</u>	<u>612</u>	<u>697</u>
Total	1,009	1,663	2,489	1,249	1,428

Note: Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

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APPENDIX E

VENTURA COUNTY TREASURY POOL

The following information concerning the Ventura County (the “County”) Treasury Pool (the “Treasury Pool”) has been provided by the Treasurer, and has not been confirmed or verified by the District, the Financial Advisor or the Underwriter. The District, the Financial Advisor and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District, the Financial Advisor nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Treasurer at <http://www.ventura.org/ttc>; however, the information presented on such website is not incorporated herein by any reference.

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TREASURER-TAX COLLECTOR VENTURA COUNTY

STEVEN HINTZ
TREASURER
TAX COLLECTOR

Sue Horgan
Assistant Treasurer-Tax Collector

October 20, 2020

Ventura County Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Receive and File Report of Investments, Including Market Values for Investments for the Month Ending August 31, 2020.

RECOMMENDATION: Receive and File

FISCAL/MANDATES IMPACT: None

DISCUSSION:

This report covers the one-month period ending August 31, 2020.

The **average daily portfolio balance** for August was \$2.550 Billion. The balance is steady as we come into property tax payment season.

The net **annualized percentage yield** for August was 1.103%, another decrease from July. There were no additional rate cuts by the Federal Open Market Committee and although most of the volatility has gone out of the interest rate market, yields continue to decline slowly.

In August, the portfolio's **net percentage yield continued to exceed all three benchmarks**, shown at the far right of Exhibit 5. As I look at Exhibit 5, I would say that the percentage yield of the Wells Fargo Heritage Fund and CalTrust have probably already bottomed out at close to 0.50%, while the others, including ours, will continue to drop so long as interest rates do not rise significantly.

Going forward, if the current portfolio investments were all held to maturity, the portfolio's **approximate yield to maturity** would be 1.04%, a significant decline from July of 20 basis points. Since only one of the many August investments shown on Exhibit 2 produced a yield that high, the portfolio's percentage yield will continue to decline. If the interest rate market truly stabilizes at its current levels, our portfolio's approximate yield to maturity and annualized

800 South Victoria Avenue, Ventura, California 93009-1290

www.venturapropertytax.org (805) 654-3734

percentage yield may be as low as 0.90% in the report for September, which will be delivered in October.

The **total net earnings** for August were \$2.389 Million, a decrease from July that reflects the declining percentage yield and the declining pool size. Exhibit 7 shows the repetitive seasonal pattern that has existed for several years, although this decline is steeper.

The **weighted average days to maturity** rose slightly to 314 days. The interest-rate sensitivity measure of **effective duration** fell slightly to 0.511.

The **three largest sectors**, by percentage, were: Government Agencies (22.15%); Yankee Certificates of Deposit (20.28%); and Commercial Paper (19.91%). The **three largest issuers** by percentage, were: Federal Farm Credit Bureau (10.96%); Toyota Motor Credit Corporation (8.97%); and National Bank of Kuwait (7.48%). The **three highest-yielding sectors**, by annualized percentage yield, were: Supranationals (1.350%); Corporate Medium Term Notes (1.350%); and Municipal Bonds (1.250%).

The portfolio has been managed with the stated objectives of safety, liquidity, and earning a competitive return, as outlined in the Statement of Investment Policy. In striving to maintain **the primary objective, safety of principal**, the County of Ventura has continuously maintained a rating of AAf/S1+ by Standard & Poor's, the highest rating given by that agency, and re-affirmed in December 2019. The rating reflects S&P's opinion that the portfolio is well-managed, credit-worthy, well-diversified, and has a low sensitivity to interest rate variations. Regarding **the secondary objective of maintaining sufficient liquidity** to meet cash flow needs, the portfolio maintains significant cash reserves in the County's bank, as well as significant holdings in LAIF and CalTrust. The portfolio has the ability to meet its participants' expenditure requirements for the next six months, pursuant to a daily study of projected cash flows. All of the portfolio's assets have a well-developed resale market, although of course it is our policy not to sell. **Earning a competitive rate of return** is reflected by our performance against our benchmarks, even though they each have less restrictive investment policies than ours, and either have no S&P rating like LAIF or a lower S&P rating like CalTrust.

The portfolio has been managed for several months on the assumption that monthly yields will decline. The Investment Work Group has already switched its focus to the challenges of investing in a declining market without approaching the boundaries imposed by our Statement of Investment Policy and by the Standard and Poor's ratings team. We are maintaining a larger cash balance as a liquidity hedge against possible withdrawals by pool participants if State payments are delayed.

This letter has been reviewed and approved as to form by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

Please contact me at 805-654-3726 if you have any questions or require further information regarding this item.

Sincerely,



STEVEN HINTZ
Treasurer-Tax Collector

- Exhibit 1 – Wells Fargo Market/Cost Value Comparison Report – Month End 8/31/2020
- Exhibit 2 – Monthly Transactions Report – August 2020
- Exhibit 3 – Portfolio Average Monthly Balance Graph – August 2018-2020
- Exhibit 4 – Average Maturity Graph – August 2018-2020
- Exhibit 5 – Yield Comparison Graph – August 2019-2020
- Exhibit 6 – Rolling 2-Year % Yield Graph – August 2018-2020 (Ventura)
- Exhibit 7 – Rolling 2-Year \$ Yield Graph – August 2018-2020
- Exhibit 8 – Portfolio Holdings by Class Graph – August 2020

WELLS FARGO**Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009****General Reporting**From Month End With Pricing 08/31/2020
09/08/2020 03:54:39 PM PDT**ACCOUNT: All Accounts Selected**

* = Trade or Other Activity Pending

<u>Asset ID</u>	<u>Units</u>	<u>Maturity Date</u>	<u>Market Value</u>	<u>Fed Tax Cost</u>	<u>Gain/Loss Amount</u>	<u>%</u>	<u>S & P Rating</u>	<u>Moody's Rating</u>	<u>Units in Transition</u>	<u>Encumbrd Units</u>
ACCOUNT: 11435100 COUNTY OF VENTURA										
NET CASH										
NET CASH	.0000		\$.00	\$.00	\$.00	.00			.0000	.00
	U.S. DOLLARS									
SUBTOTAL	.0000		\$.00	\$.00	\$.00	.00			.0000	.00
SAVINGS & CERTIFICATES OF DEPOSIT										
MARKETABLE CERTIFICATES OF DEPOSIT										
05971XUF6	10,000,000.0000	12/16/2020	\$10,003,000.00	\$10,000,391.00	\$2,609.00	.03	N/A	N/A	.0000	.00
	BANCO DEL ESTA DE CHLE CERT OF DEPOSIT									
05971XUG4	10,000,000.0000	01/05/2021	\$10,002,600.00	\$10,000,424.42	\$2,175.58	.02	N/A	N/A	.0000	.00
	BANCO DEL ESTA DE CHLE CERT OF DEPOSIT									
05971XUJ8	20,000,000.0000	12/17/2020	\$20,004,800.00	\$20,000,732.53	\$4,067.47	.02	N/A	N/A	.0000	.00
	BANCO DEL ESTA DE CHLE CERT OF DEPOSIT									
23328AR30	20,000,000.0000	12/07/2020	\$20,000,800.00	\$20,000,654.86	\$145.14	.00	N/A	N/A	.0000	.00
	DG BANK, NY BRANCH CERT OF DEPOSIT									
50066BSE2	10,000,000.0000	09/25/2020	\$10,014,200.00	\$10,002,011.00	\$12,189.00	.12	N/A	N/A	.0000	.00
	KOREA DEVELOPMENT BK CERT OF DEPOSIT									
50066BSG7	10,000,000.0000	10/01/2020	\$10,015,700.00	\$10,001,500.00	\$14,200.00	.14	N/A	N/A	.0000	.00
	KOREA DEVELOPMENT BK CERT OF DEPOSIT									
50066BSQ5	10,000,000.0000	11/18/2020	\$10,018,000.00	\$10,000,579.95	\$17,420.05	.17	N/A	N/A	.0000	.00
	KOREA DEVELOPMENT BK CERT OF DEPOSIT									
50066BSW2	10,000,000.0000	09/14/2020	\$10,001,000.00	\$10,000,693.67	\$306.33	.00	N/A	N/A	.0000	.00
	KOREA DEVELOPMENT BK CERT OF DEPOSIT									
50066BSX0	10,000,000.0000	10/15/2020	\$10,001,600.00	\$10,000,000.00	\$1,600.00	.02	N/A	N/A	.0000	.00
	KOREA DEVELOPMENT BK CERT OF DEPOSIT									
50066BSY8	10,000,000.0000	11/20/2020	\$10,002,800.00	\$10,000,526.67	\$2,273.33	.02	N/A	N/A	.0000	.00
	KOREA DEVELOPMENT BK CERT OF DEPOSIT									
50066BSZ5	10,000,000.0000	06/02/2021	\$10,012,200.00	\$10,000,000.00	\$12,200.00	.12	N/A	N/A	.0000	.00
	KOREA DEVELOPMENT BK CERT OF DEPOSIT									
63375P5S4	10,000,000.0000	09/25/2020	\$10,013,100.00	\$10,001,980.96	\$11,119.04	.11	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

General Reporting
 From Month End With Pricing 08/31/2020
 09/08/2020 03:54:39 PM PDT

ACCOUNT: All Accounts Selected

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63376DDL6	10,000,000.0000	10/23/2020	\$10,004,000.00	\$10,000,715.44	\$3,284.56	.03	N/A	N/A	.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
63376DDM4	10,000,000.0000	09/14/2020	\$10,001,100.00	\$10,000,749.21	\$350.79	.00	N/A	N/A	.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
63376DDR3	20,000,000.0000	09/29/2020	\$20,004,600.00	\$20,001,714.46	\$2,885.54	.01	N/A	N/A	.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
63376DEF8	10,000,000.0000	10/15/2020	\$10,002,900.00	\$10,000,255.27	\$2,644.73	.03	N/A	N/A	.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
63376DEH4	20,000,000.0000	12/16/2020	\$20,009,000.00	\$20,000,848.31	\$8,151.69	.04	N/A	N/A	.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
63376DEK7	10,000,000.0000	12/16/2020	\$10,004,200.00	\$10,000,421.40	\$3,778.60	.04	N/A	N/A	.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
63376DEW1	10,000,000.0000	09/29/2020	\$10,001,200.00	\$10,000,000.00	\$1,200.00	.01	N/A	N/A	.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
63376DFE0	30,000,000.0000	12/15/2020	\$30,003,000.00	\$30,001,098.59	\$1,901.41	.01	N/A	N/A	.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
63376DFM2	10,000,000.0000	01/29/2021	\$9,997,870.00	\$10,000,452.00	(\$2,582.00)	(.03)			.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
63376DFP5	10,000,000.0000	11/06/2020	\$9,999,430.00	\$10,000,202.00	(\$772.00)	(.01)			.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
63376DFU4	20,000,000.0000	11/06/2020	\$19,999,800.00	\$20,000,398.00	(\$598.00)	.00	N/A	N/A	.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
63376DFX8	10,000,000.0000	11/06/2020	\$9,999,500.00	\$10,000,197.00	(\$697.00)	(.01)	N/A	N/A	.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
63376DFY6	10,000,000.0000	01/29/2021	\$9,997,870.00	\$10,000,000.00	(\$2,130.00)	(.02)	N/A	N/A	.0000	.00
		NATIONAL BANK OF KUWAI CERT OF DEPOSIT								
65558TPF6	25,000,000.0000	10/28/2020	\$25,070,500.00	\$25,004,976.11	\$65,523.89	.26	N/A	N/A	.0000	.00
		NORDEA BK ABP NY CERT OF DEPOSIT								
69033MNE3	10,000,000.0000	09/25/2020	\$10,010,000.00	\$10,002,000.00	\$8,000.00	.08	N/A	N/A	.0000	.00
		OVERSEA-CHINESE BANKING CERT OF DEPOSIT								
69033MNH6	10,000,000.0000	09/29/2020	\$10,011,000.00	\$10,001,496.97	\$9,503.03	.10	N/A	N/A	.0000	.00

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

General Reporting
 From Month End With Pricing 08/31/2020
 09/08/2020 03:54:39 PM PDT

ACCOUNT: All Accounts Selected

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<u>Asset ID</u>	<u>Units</u>	<u>Maturity Date</u>	<u>Market Value</u>	<u>Fed Tax Cost</u>	<u>Gain/Loss Amount</u>	<u>%</u>	<u>S & P Rating</u>	<u>Moody's Rating</u>	<u>Units in Transition</u>	<u>Encumbrd Units</u>
OVERSEA-CHINESE BANKING CERT OF DEPOSIT										
69033MPD3	10,000,000.0000	11/18/2020	\$10,002,100.00	\$10,000,484.73	\$1,615.27	.02	N/A	N/A	.0000	.00
OVERSEA-CHINESE BANKING CERT OF DEPOSIT										
69033MPJ0	10,000,000.0000	11/18/2020	\$10,002,300.00	\$10,001,009.83	\$1,290.17	.01	N/A	N/A	.0000	.00
OVERSEA-CHINESE BANKING CERT OF DEPOSIT										
69033MQX8	20,000,000.0000	12/07/2020	\$20,000,200.00	\$20,000,682.94	(\$482.94)	.00	N/A	N/A	.0000	.00
OVERSEA-CHINESE BANKING CERT OF DEPOSIT										
69033MRA7	10,000,000.0000	11/23/2020	\$9,998,370.00	\$10,000,000.00	(\$1,630.00)	(.02)	N/A	N/A	.0000	.00
OVERSEA-CHINESE BANKING CERT OF DEPOSIT										
69033MRB5	10,000,000.0000	01/29/2021	\$9,996,650.00	\$10,000,446.00	(\$3,796.00)	(.04)			.0000	.00
OVERSEA-CHINESE BANKING CERT OF DEPOSIT										
85325V5H9	10,000,000.0000	10/28/2020	\$10,009,500.00	\$10,000,503.52	\$8,996.48	.09	N/A	N/A	.0000	.00
STANDARD CHRTRD BNK NY CERT OF DEPOSIT										
89114NAH8	10,000,000.0000	11/13/2020	\$10,034,900.00	\$10,001,995.99	\$32,904.01	.33	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
89114NHY4	20,000,000.0000	03/19/2021	\$20,260,000.00	\$20,005,931.60	\$254,068.40	1.27	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
89114NM85	10,000,000.0000	06/16/2021	\$10,017,500.00	\$10,002,019.18	\$15,480.82	.15	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
89114NNB7	10,000,000.0000	07/07/2021	\$10,011,700.00	\$10,000,505.13	\$11,194.87	.11	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
89114NNY7	10,000,000.0000	07/15/2021	\$10,012,800.00	\$10,001,010.20	\$11,789.80	.12	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
89114NQT5	10,000,000.0000	02/12/2021	\$9,999,800.00	\$10,000,510.00	(\$710.00)	(.01)	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
89114NR98	10,000,000.0000	11/20/2020	\$9,998,200.00	\$10,000,252.69	(\$2,052.69)	(.02)			.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
SUBTOTAL	515,000,000.0000		\$515,549,790.00	\$515,040,371.63	\$509,418.37	.10			.0000	.00
COMMERCIAL PAPER										
COMMERCIAL PAPER DISCOUNT										
2254EAJF1	20,000,000.0000	09/15/2020	\$19,999,200.00	\$19,896,300.00	\$102,900.00	.52			.0000	.00

WELLS FARGO**Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009****General Reporting**From Month End With Pricing 08/31/2020
09/08/2020 03:54:39 PM PDT**ACCOUNT: All Accounts Selected**

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<u>Asset ID</u>	<u>Units</u>	<u>Maturity Date</u>	<u>Market Value</u>	<u>Fed Tax Cost</u>	<u>Gain/Loss Amount</u>	<u>%</u>	<u>S & P Rating</u>	<u>Moody's Rating</u>	<u>Units in Transition</u>	<u>Encumbrd Units</u>
		CREDIT SUISSE AG CPDN DTD 12/20/19 09/15/2020								
2254EAPN7	10,000,000.0000	02/22/2021	\$9,990,300.00	\$9,967,000.00	\$23,300.00	.23			.0000	.00
		CREDIT SUISSE AG CPDN DTD 05/28/20 02/22/2021								
30229AJR1	23,200,000.0000	09/25/2020	\$23,198,144.00	\$23,181,285.33	\$16,858.67	.07			.0000	.00
		EXXON MOBIL CORP CPDN DTD 03/16/20 09/25/2020								
30229AJW0	10,000,000.0000	09/30/2020	\$9,999,000.00	\$9,957,966.67	\$41,033.33	.41			.0000	.00
		EXXON MOBIL CORP CPDN DTD 03/26/20 09/30/2020								
30229AKU2	10,000,000.0000	10/28/2020	\$9,997,800.00	\$9,952,000.00	\$45,800.00	.46			.0000	.00
		EXXON MOBIL CORP CPDN DTD 04/30/20 10/28/2020								
30229AKW8	10,000,000.0000	10/30/2020	\$9,997,700.00	\$9,955,005.56	\$42,694.44	.43			.0000	.00
		EXXON MOBIL CORP CPDN DTD 03/30/20 10/30/2020								
30229ALW7	10,000,000.0000	11/30/2020	\$9,996,300.00	\$9,932,783.33	\$63,516.67	.64			.0000	.00
		EXXON MOBIL CORP CPDN DTD 03/31/20 11/30/2020								
30229AP86	16,750,000.0000	02/08/2021	\$16,735,092.50	\$16,735,762.50	(\$670.00)	.00			.0000	.00
		EXXON MOBIL CORP CPDN DTD 06/03/20 02/08/2021								
30229APS2	10,000,000.0000	02/26/2021	\$9,990,100.00	\$9,973,944.40	\$16,155.60	.16			.0000	.00
		EXXON MOBIL CORP CPDN DTD 06/03/20 02/26/2021								
48306AM38	18,020,000.0000	12/03/2020	\$18,012,071.20	\$18,012,256.41	(\$185.21)	.00			.0000	.00
		KAISER FOUNDATION CPDN DTD 08/05/20 12/03/2020								
5006E0KL9	3,000,000.0000	10/20/2020	\$2,999,430.00	\$2,989,125.00	\$10,305.00	.34			.0000	.00
		KOREA DEVELOPMENT BK CPDN DTD 04/23/20 10/20/2020								
5006E0P26	10,000,000.0000	02/02/2021	\$9,991,400.00	\$9,962,316.70	\$29,083.30	.29			.0000	.00
		KOREA DEVELOPMENT BK CPDN DTD 05/12/20 02/02/2021								
5006E0PS9	10,000,000.0000	02/26/2021	\$9,990,100.00	\$9,966,983.30	\$23,116.70	.23			.0000	.00
		KOREA DEVELOPMENT BK CPDN DTD 05/19/20 02/26/2021								
5006E0QC3	20,000,000.0000	03/12/2021	\$19,977,600.00	\$19,934,933.33	\$42,666.67	.21			.0000	.00
		KOREA DEVELOPMENT BK CPDN DTD 05/15/20 03/12/2021								
53948AL90	10,000,000.0000	11/09/2020	\$9,997,100.00	\$9,986,891.67	\$10,208.33	.10			.0000	.00
		LLOYDS BANK CORPORATE CPDN DTD 06/08/20 11/09/2020								
89233GK96	20,000,000.0000	10/09/2020	\$19,997,200.00	\$19,832,877.78	\$164,322.22	.83			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 01/14/20 10/09/2020								

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

General Reporting
 From Month End With Pricing 08/31/2020
 09/08/2020 03:54:39 PM PDT

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89233GKP0	10,000,000.0000	10/23/2020	\$9,998,000.00	\$9,909,175.00	\$88,825.00	.90			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 01/27/20 10/23/2020								
89233GLP9	10,000,000.0000	11/23/2020	\$9,996,500.00	\$9,933,522.22	\$62,977.78	.63			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 04/13/20 11/23/2020								
89233GLW4	10,000,000.0000	11/30/2020	\$9,996,300.00	\$9,886,022.22	\$110,277.78	1.12			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 03/06/20 11/30/2020								
89233GMH6	20,000,000.0000	12/17/2020	\$19,989,800.00	\$19,975,888.89	\$13,911.11	.07			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 04/17/20 12/17/2020								
89233GNF9	10,000,000.0000	01/15/2021	\$9,992,800.00	\$9,850,000.00	\$142,800.00	1.45			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 04/20/20 01/15/2021								
89233GNN2	10,000,000.0000	01/22/2021	\$9,992,500.00	\$9,850,555.56	\$141,944.44	1.44			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 04/27/20 01/22/2021								
89233GPC4	10,000,000.0000	02/12/2021	\$9,990,900.00	\$9,903,583.33	\$87,316.67	.88			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 05/18/20 02/12/2021								
89233GPG5	10,000,000.0000	02/16/2021	\$9,990,700.00	\$9,965,272.22	\$25,427.78	.26			.0000	.00
		TOYOTA MOTOR CREDIT CPDN DTD 05/26/20 02/16/2021								
89233GPK6	10,000,000.0000	02/19/2021	\$9,990,500.00	\$9,964,133.33	\$26,366.67	.26			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 05/26/20 02/19/2021								
89233GPS9	10,000,000.0000	02/26/2021	\$9,990,100.00	\$9,969,250.00	\$20,850.00	.21			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 06/01/20 02/26/2021								
89233GQC3	20,000,000.0000	03/12/2021	\$19,977,600.00	\$19,942,572.23	\$35,027.77	.18			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 06/15/20 03/12/2021								
89233GQF6	10,000,000.0000	03/15/2021	\$9,988,600.00	\$9,972,250.00	\$16,350.00	.16			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 06/18/20 03/15/2021								
89233GQK5	10,000,000.0000	03/19/2021	\$9,988,400.00	\$9,972,250.00	\$16,150.00	.16			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 06/22/20 03/19/2021								
89233GR24	10,000,000.0000	04/02/2021	\$9,986,400.00	\$9,973,847.22	\$12,552.78	.13			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 07/06/20 04/02/2021								
89233GRW8	10,000,000.0000	04/30/2021	\$9,983,900.00	\$9,975,433.33	\$8,466.67	.08			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 08/04/20 04/30/2021								
8923A0JA2	20,000,000.0000	09/10/2020	\$19,999,400.00	\$19,865,000.00	\$134,400.00	.68			.0000	.00

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Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

General Reporting
 From Month End With Pricing 08/31/2020
 09/08/2020 03:54:39 PM PDT

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		TOYOTA CDT DE PR CORP CPDN DTD 04/13/20 09/10/2020								
8923A0K51	30,000,000.0000	10/05/2020	\$29,996,400.00	\$29,737,055.55	\$259,344.45	.87			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 04/06/20 10/05/2020								
8923A0KD4	20,000,000.0000	10/13/2020	\$19,997,000.00	\$19,818,266.67	\$178,733.33	.90			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 04/08/20 10/13/2020								
8923A0N82	10,000,000.0000	01/08/2021	\$9,993,200.00	\$9,848,500.00	\$144,700.00	1.47			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 04/13/20 01/08/2021								
8923A0P15	10,000,000.0000	02/01/2021	\$9,991,500.00	\$9,983,755.56	\$7,744.44	.08			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 08/13/20 02/01/2021								
8923A0RW5	10,000,000.0000	04/30/2021	\$9,983,900.00	\$9,973,847.22	\$10,052.78	.10			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 08/04/20 04/30/2021								
91411SMA5	24,491,000.0000	12/10/2020	\$24,479,489.23	\$24,482,618.64	(\$3,129.41)	(.01)			.0000	.00
		RGTS OF UNIV OF CA CPDN DTD 08/20/20 12/10/2020								
SUBTOTAL	505,461,000.0000		\$505,162,426.93	\$502,990,231.17	\$2,172,195.76	.43			.0000	.00
CORPORATE BONDS										
CORPORATE BONDS										
02665WCS8	1,975,000.0000	01/08/2021	\$1,994,276.00	\$2,001,692.13	(\$7,416.13)	(.37)	A-	A3	.0000	.00
		AMERICAN HONDA FINANCE DTD 01/15/19 3.150 01/08/2021								
037833AR1	3,125,000.0000	05/06/2021	\$3,183,281.25	\$3,197,875.00	(\$14,593.75)	(.46)	AA+	AA1	.0000	.00
		APPLE INC DTD 05/06/14 2.850 05/06/2021								
037833BS8	15,330,000.0000	02/23/2021	\$15,451,720.20	\$15,438,763.20	\$12,957.00	.08	AA+	AA1	.0000	.00
		APPLE INC DTD 02/23/16 2.250 02/23/2021								
037833CC2	28,400,000.0000	08/04/2021	\$28,728,304.00	\$28,444,874.00	\$283,430.00	1.00	AA+	AA1	.0000	.00
		APPLE INC DTD 08/04/16 1.550 08/04/2021								
037833DJ6	11,549,000.0000	11/13/2020	\$11,591,153.85	\$11,579,885.63	\$11,268.22	.10	AA+	AA1	.0000	.00
		APPLE INC DTD 11/13/17 2.000 11/13/2020								
05253JAK7	2,343,000.0000	11/16/2020	\$2,355,066.45	\$2,358,440.37	(\$3,373.92)	(.14)	AA-	AA3	.0000	.00
		AUST & NZ BANKING GRP NY MED TERM NOTE								
05253JAM3	5,909,000.0000	06/01/2021	\$6,000,175.87	\$5,983,867.03	\$16,308.84	.27	AA-	AA3	.0000	.00
		AUST & NZ BANKING GRP NY DTD 06/01/16 2.300 06/01/2021								
05253JAT8	6,380,000.0000	11/09/2020	\$6,403,287.00	\$6,353,331.60	\$49,955.40	.79	AA-	AA3	.0000	.00

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Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

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09/08/2020 03:54:39 PM PDT

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<u>Asset ID</u>	<u>Units</u>	<u>Maturity Date</u>	<u>Market Value</u>	<u>Fed Tax Cost</u>	<u>Gain/Loss Amount</u>	<u>%</u>	<u>S & P Rating</u>	<u>Moody's Rating</u>	<u>Units in Transition</u>	<u>Encumbrd Units</u>
		AUST & NZ BANKING GRP NY MED TERM NOTE								
06406FAA1	20,000,000.0000	04/15/2021	\$20,240,600.00	\$19,970,100.00	\$270,500.00	1.35	A	A1	.0000	.00
		BANK OF NY MELLON CORP DTD 02/19/16 2.500 04/15/2021								
06406FAB9	2,000,000.0000	05/03/2021	\$2,020,900.00	\$1,980,780.00	\$40,120.00	2.03	A	A1	.0000	.00
		BANK OF NY MELLON CORP MED TERM NOTE								
06406HDF3	8,788,000.0000	11/27/2020	\$8,819,197.40	\$8,844,155.32	(\$24,957.92)	(.28)	A	A1	.0000	.00
		BANK OF NY MELLON CORP MED TERM NOTE								
166764AY6	12,766,000.0000	11/17/2020	\$12,801,489.48	\$12,848,679.98	(\$47,190.50)	(.37)	AA	AA2	.0000	.00
		CHEVRON CORP DTD 11/17/15 2.419 11/17/2020								
166764BG4	25,427,000.0000	05/16/2021	\$25,716,359.26	\$25,651,879.58	\$64,479.68	.25	AA	AA2	.0000	.00
		CHEVRON CORP DTD 05/16/16 2.100 05/16/2021								
166764BN9	13,550,000.0000	03/03/2022	\$13,975,605.50	\$14,039,561.50	(\$63,956.00)	(.46)	AA	AA2	.0000	.00
		CHEVRON CORP DTD 03/03/17 2.498 03/03/2022								
17275RBD3	21,941,000.0000	02/28/2021	\$22,147,684.22	\$22,105,864.38	\$41,819.84	.19	AA-	A1	.0000	.00
		CISCO SYSTEMS INC DTD 02/29/16 2.200 02/28/2021								
191216BT6	9,825,000.0000	10/27/2020	\$9,850,643.25	\$9,891,613.50	(\$40,970.25)	(.41)	A+	A1	.0000	.00
		COCA-COLA CO/THE DTD 10/27/15 1.875 10/27/2020								
21688AAF9	23,253,000.0000	01/19/2021	\$23,449,720.38	\$23,424,313.17	\$25,407.21	.11	A+	AA3	.0000	.00
		RABOBANK NEDERLAND NY MED TERM NOTE								
21688AAN2	9,375,000.0000	04/26/2021	\$9,553,218.75	\$9,594,032.00	(\$40,813.25)	(.43)	A+	AA3	.0000	.00
		COOPERAT RABOBANK UA/NY DTD 04/26/18 3.125 04/26/2021								
22546QAR8	5,351,000.0000	10/29/2021	\$5,517,416.10	\$5,472,735.25	\$44,680.85	.82	A+	A1	.0000	.00
		CREDIT SUISSE NEW YORK DTD 10/29/14 3.000 10/29/2021								
22550L2A8	36,323,000.0000	11/12/2021	\$37,087,962.38	\$36,674,169.91	\$413,792.47	1.13	A+	A1	.0000	.00
		CREDIT SUISSE NEW YORK DTD 11/12/19 2.100 11/12/2021								
22550L2B6	5,000,000.0000	04/08/2022	\$5,194,850.00	\$5,104,000.00	\$90,850.00	1.78	A+	A1	.0000	.00
		CREDIT SUISSE NEW YORK DTD 04/09/20 2.800 04/08/2022								
25468PDE3	1,850,000.0000	09/17/2020	\$1,851,443.00	\$1,853,418.80	(\$1,975.80)	(.11)	A-	A2	.0000	.00
		WALT DISNEY COMPANY/THE MED TERM NOTE								
30231GAV4	7,155,000.0000	03/01/2021	\$7,213,384.80	\$7,195,031.97	\$18,352.83	.26	AA	AA1	.0000	.00
		EXXON MOBIL CORPORATION DTD 03/03/16 2.222 03/01/2021								

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

General Reporting
 From Month End With Pricing 08/31/2020
 09/08/2020 03:54:39 PM PDT

ACCOUNT: All Accounts Selected

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45818WCK0	17,250,000.0000	04/11/2022 INTER-AMERICAN DEVEL BK DTD 04/11/19 2.360 04/11/2022	\$17,775,435.00	\$17,543,040.00	\$232,395.00	1.32	AAA	AAA	.0000	.00
4581X0CD8	40,915,000.0000	11/09/2020 INTER-AMERICAN DEVEL BK DTD 11/08/13 2.125 11/09/2020	\$41,057,384.20	\$41,083,848.52	(\$26,464.32)	(.06)	AAA	AAA	.0000	.00
4581X0DB1	17,888,000.0000	04/19/2021 INTER-AMERICAN DEVEL BK DTD 04/19/18 2.625 04/19/2021	\$18,154,710.08	\$18,128,348.00	\$26,362.08	.15	AAA	AAA	.0000	.00
459058DH3	26,052,000.0000	11/01/2020 INTL BK RECON & DEVELOP DTD 11/01/13 2.125 11/01/2020	\$26,131,719.12	\$26,159,958.25	(\$28,239.13)	(.11)	AAA	AAA	.0000	.00
459058DY6	10,000,000.0000	02/10/2022 INTL BK RECON & DEVELOP DTD 02/12/15 1.625 02/10/2022	\$10,200,000.00	\$9,974,800.00	\$225,200.00	2.26	AAA	AAA	.0000	.00
459058EW9	5,776,000.0000	03/09/2021 INTL BK RECON & DEVELOP DTD 03/09/16 1.625 03/09/2021	\$5,817,182.88	\$5,771,454.20	\$45,728.68	.79	AAA	AAA	.0000	.00
459058FHI	10,000,000.0000	05/24/2021 INTL BK RECON & DEVELOP DTD 05/24/16 1.375 05/24/2021	\$10,080,100.00	\$10,114,470.00	(\$34,370.00)	(.34)	AAA	AAA	.0000	.00
459058FP3	5,000,000.0000	09/20/2021 INTERNATIONAL BK RECON & DEVELOP MED TERM NOTE SER EMTN	\$5,058,250.00	\$5,072,435.00	(\$14,185.00)	(.28)	AAA	AAA	.0000	.00
459058GA5	46,570,000.0000	09/04/2020 INTL BK RECON & DEVELOP DTD 08/29/17 1.625 09/04/2020	\$46,575,588.40	\$46,513,241.36	\$62,347.04	.13	AAA	AAA	.0000	.00
459058GH0	10,000,000.0000	07/23/2021 INTL BK RECON & DEVELOP DTD 07/25/18 2.750 07/23/2021	\$10,222,600.00	\$10,171,300.00	\$51,300.00	.50	AAA	AAA	.0000	.00
459058GUI	10,000,000.0000	07/01/2022 INTL BK RECON & DEVELOP DTD 05/29/19 2.125 07/01/2022	\$10,351,200.00	\$10,073,400.00	\$277,800.00	2.76	AAA	AAA	.0000	.00
45905U4Y7	25,000,000.0000	12/17/2022 INTL BK RECON & DEVELOP DTD 12/17/19 1.750 12/17/2022	\$25,110,000.00	\$25,000,000.00	\$110,000.00	.44	AAA	AAA	.0000	.00
45905UP32	12,965,000.0000	09/12/2020 INTL BK RECON & DEVELOP DTD 09/19/17 1.561 09/12/2020	\$12,970,574.95	\$12,914,732.97	\$55,841.98	.43	N/A	AAA	.0000	.00
45950KCJ7	11,700,000.0000	07/20/2021 INTL FINANCE CORP DTD 07/20/16 1.125 07/20/2021	\$11,793,951.00	\$11,592,304.00	\$201,647.00	1.74	AAA	AAA	.0000	.00
45950KCM0	5,000,000.0000	01/25/2021 INTL FINANCE CORP DTD 01/25/18 2.250 01/25/2021	\$5,040,050.00	\$5,030,400.00	\$9,650.00	.19	AAA	AAA	.0000	.00
45950VLQ7	15,690,000.0000	03/09/2021	\$15,863,374.50	\$15,910,078.38	(\$46,703.88)	(.29)	N/A	AAA	.0000	.00

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

General Reporting
 From Month End With Pricing 08/31/2020
 09/08/2020 03:54:39 PM PDT

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		INTL FINANCE CORP DTD 03/16/18 2.635 03/09/2021								
45950VNW2	25,000,000.0000	04/15/2021	\$25,010,750.00	\$24,988,000.00	\$22,750.00	.09	N/A	N/A	.0000	.00
		INTL FINANCE CORP DTD 04/27/20 0.500 04/15/2021								
478160AZ7	350,000.0000	05/15/2021	\$358,001.00	\$361,278.75	(\$3,277.75)	(.91)	AAA	AAA	.0000	.00
		JOHNSON & JOHNSON DTD 05/20/11 3.550 05/15/2021								
478160BN3	451,000.0000	12/05/2021	\$463,564.86	\$465,693.58	(\$2,128.72)	(.46)	AAA	AAA	.0000	.00
		JOHNSON & JOHNSON DTD 11/21/14 2.450 12/05/2021								
478160BS2	750,000.0000	03/01/2021	\$754,552.50	\$757,297.50	(\$2,745.00)	(.36)	AAA	AAA	.0000	.00
		JOHNSON & JOHNSON DTD 03/01/16 1.650 03/01/2021								
478160CH5	1,302,000.0000	11/10/2020	\$1,306,101.30	\$1,305,569.33	\$531.97	.04	AAA	AAA	.0000	.00
		JOHNSON & JOHNSON DTD 11/10/17 1.950 11/10/2020								
58933YAA3	2,577,000.0000	01/15/2021	\$2,591,560.05	\$2,614,871.66	(\$23,311.61)	(.89)	AA-	A1	.0000	.00
		MERCK & CO INC DTD 12/10/10 3.875 01/15/2021								
594918AH7	674,000.0000	10/01/2020	\$675,563.68	\$682,263.24	(\$6,699.56)	(.98)	AAA	AAA	.0000	.00
		MICROSOFT CORP DTD 09/27/10 3.000 10/01/2020								
594918BA1	1,280,000.0000	02/12/2022	\$1,318,233.60	\$1,286,553.60	\$31,680.00	2.46	AAA	AAA	.0000	.00
		MICROSOFT CORP DTD 02/12/15 2.375 02/12/2022								
594918BG8	2,909,000.0000	* 11/03/2020	\$2,913,741.67	\$2,916,172.18	(\$2,430.51)	(.08)	AAA	AAA	(2,909,000.0000)	.00
		MICROSOFT CORP DTD 11/03/15 2.000 11/03/2020								
594918BP8	43,857,000.0000	08/08/2021	\$44,356,969.80	\$44,209,222.77	\$147,747.03	.33	AAA	AAA	.0000	.00
		MICROSOFT CORP DTD 08/08/16 1.550 08/08/2021								
637432NF8	2,725,000.0000	* 11/01/2020	\$2,728,678.75	\$2,737,235.25	(\$8,556.50)	(.31)	A	A1	(2,725,000.0000)	.00
		NATIONAL RURAL UTIL COOP DTD 10/27/15 2.300 11/01/2020								
68389XBA2	2,456,000.0000	07/08/2021	\$2,509,049.60	\$2,485,675.12	\$23,374.48	.94	A	A3	.0000	.00
		ORACLE CORP DTD 07/08/14 2.800 07/08/2021								
69353REU8	1,000,000.0000	11/05/2020	\$1,002,000.00	\$998,380.00	\$3,620.00	.36	A	A2	.0000	.00
		PNC BANK NA DTD 11/03/15 2.450 11/05/2020								
713448BR8	6,125,000.0000	11/01/2020	\$6,153,848.75	\$6,201,051.75	(\$47,203.00)	(.76)	A+	A1	.0000	.00
		PEPSICO INC DTD 10/26/10 3.125 11/01/2020								
717081DX8	5,500,000.0000	06/03/2021	\$5,574,140.00	\$5,583,985.00	(\$9,845.00)	(.18)	AA-	A1	.0000	.00
		PFIZER INC DTD 06/03/16 1.950 06/03/2021								

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

General Reporting
 From Month End With Pricing 08/31/2020
 09/08/2020 03:54:39 PM PDT

ACCOUNT: All Accounts Selected

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742718FA2	1,084,000.0000	10/23/2020	\$1,086,677.48	\$1,085,550.12	\$1,127.36	.10	AA-	AA3	.0000	.00
		PROCTER & GAMBLE CP/THE DTD 10/25/17 1.900 10/23/2020								
89233P5T9	1,370,000.0000	01/12/2022	\$1,424,087.60	\$1,423,799.90	\$287.70	.02	A+	A1	.0000	.00
		TOYOTA MOTOR CREDIT CORP DTD 01/12/12 3.300 01/12/2022								
89236TBJ3	2,000,000.0000	05/17/2021	\$2,035,860.00	\$2,038,500.00	(\$2,640.00)	(.13)	A+	A1	.0000	.00
		TOYOTA MOTOR CREDIT CORP MED TERM NOTE								
89236TCZ6	5,000,000.0000	04/08/2021	\$5,047,250.00	\$4,950,850.00	\$96,400.00	1.95	A+	A1	.0000	.00
		TOYOTA MOTOR CREDIT CORP MED TERM NOTE								
89236TDP7	4,402,000.0000	01/11/2022	\$4,538,682.10	\$4,547,899.89	(\$9,217.79)	(.20)	A+	A1	.0000	.00
		TOYOTA MOTOR CREDIT CORP MED TERM NOTE								
89236TGR0	25,000,000.0000	12/13/2021	\$25,101,750.00	\$25,000,000.00	\$101,750.00	.41	A+	A1	.0000	.00
		TOYOTA MOTOR CREDIT CORP MED TERM NOTE								
90331HNG4	3,100,000.0000	10/23/2020	\$3,103,689.00	\$3,108,625.70	(\$4,936.70)	(.16)	AA-	A1	.0000	.00
		US BANK NA CINCINNATI MED TERM NOTE								
90331HPJ6	5,000,000.0000	01/21/2022	\$5,105,700.00	\$5,020,550.00	\$85,150.00	1.70	AA-	A1	.0000	.00
		US BANK NA CINCINNATI DTD 01/21/20 1.800 01/21/2022								
91159HHA1	5,500,000.0000	05/24/2021	\$5,637,830.00	\$5,688,265.00	(\$50,435.00)	(.89)	A+	A1	.0000	.00
		US BANCORP DTD 05/24/11 4.125 05/24/2021								
91159HHL7	420,000.0000	01/29/2021	\$422,868.60	\$421,197.00	\$1,671.60	.40	A+	A1	.0000	.00
		US BANCORP MED TERM NOTE								
92826CAB8	9,665,000.0000	12/14/2020	\$9,699,407.40	\$9,752,494.14	(\$53,086.74)	(.54)	AA-	AA3	.0000	.00
		VISA INC DTD 12/14/15 2.200 12/14/2020								
931142EA7	20,209,000.0000	12/15/2020	\$20,307,013.65	\$20,256,846.03	\$50,167.62	.25	AA	AA2	.0000	.00
		WAL-MART STORES INC DTD 10/20/17 1.900 12/15/2020								
94988J5N3	5,400,000.0000	01/15/2021	\$5,447,412.00	\$5,427,054.00	\$20,358.00	.38	A+	AA2	.0000	.00
		WELLS FARGO BANK NA DTD 01/23/18 2.600 01/15/2021								
94988J5T0	30,103,000.0000	10/22/2021	\$31,184,901.82	\$31,243,383.23	(\$58,481.41)	(.19)	A+	AA2	.0000	.00
		WELLS FARGO BANK NA DTD 10/23/18 3.625 10/22/2021								
94988J5U7	750,000.0000	10/22/2021	\$753,052.50	\$749,812.50	\$3,240.00	.43	A+	AA2	.0000	.00
		WELLS FARGO BANK NA DTD 10/23/18 10/22/2021								
CORPORATE STRIPPED/ZERO COUPON 459052T30	20,000,000.0000	12/14/2020	\$19,993,600.00	\$19,993,111.20	\$488.80	.00	N/A	N/A	.0000	.00

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

General Reporting
 From Month End With Pricing 08/31/2020
 09/08/2020 03:54:39 PM PDT

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IBRD DISCOUNT NOTE ZERO CPN DTD 12/16/19 12/14/2020										
SUBTOTAL	783,380,000.0000		\$791,956,396.98	\$789,364,063.44	\$2,592,333.54	.33			(5,634,000.0000)	.00
FEDERAL AGENCY										
GOVERNMENT AGENCIES										
3130ADHJ4	2,000,000.0000	01/29/2021 FED HOME LN BK SER 0002	\$2,017,540.00	\$2,008,580.00	\$8,960.00	.45	AA+	AAA	.0000	.00
3130AFB89	5,000,000.0000	11/30/2020 FED HOME LN BK DTD 10/22/18 2.920 11/30/2020	\$5,034,450.00	\$4,994,975.00	\$39,475.00	.79	AA+	AAA	.0000	.00
3130AH2Z5	20,000,000.0000	09/16/2020 FED HOME LN BK DTD 09/16/19 1.750 09/16/2020	\$20,013,200.00	\$19,985,860.00	\$27,340.00	.14	N/A	AAA	.0000	.00
3130AH5P4	4,500,000.0000	09/24/2020 FED HOME LN BK DTD 09/24/19 1.875 09/24/2020	\$4,504,860.00	\$4,502,295.00	\$2,565.00	.06	N/A	AAA	.0000	.00
3130AHFA6	15,000,000.0000	11/04/2022 FED HOME LN BK DTD 11/04/19 1.800 11/04/2022	\$15,044,550.00	\$14,999,500.00	\$45,050.00	.30	AA+	AAA	.0000	.00
3130AHGD9	4,000,000.0000	10/28/2022 FED HOME LN BK DTD 10/30/19 1.800 10/28/2022	\$4,009,400.00	\$4,000,000.00	\$9,400.00	.24	AA+	AAA	.0000	.00
3130AHJY0	10,000,000.0000	11/19/2021 FED HOME LN BK DTD 11/08/19 1.625 11/19/2021	\$10,180,800.00	\$9,982,900.00	\$197,900.00	1.98	AA+	AAA	.0000	.00
3130AJPW3	8,755,000.0000	06/29/2023 FED HOME LN BK DTD 06/29/20 0.440 06/29/2023	\$8,755,963.05	\$8,755,000.00	\$963.05	.01	AA+	AAA	.0000	.00
3130AJTN9	10,000,000.0000	07/21/2023 FED HOME LN BK DTD 07/21/20 0.430 07/21/2023	\$10,000,400.00	\$10,000,000.00	\$400.00	.00	AA+	AAA	.0000	.00
3130AJZJ1	10,000,000.0000	08/25/2023 FED HOME LN BK DTD 08/25/20 0.320 08/25/2023	\$9,993,500.00	\$9,998,000.00	(\$4,500.00)	(.05)	AA+	AAA	.0000	.00
3133EK2U9	55,000,000.0000	10/21/2022 FED FARM CREDIT BK DTD 10/21/19 1.740 10/21/2022	\$55,114,400.00	\$54,955,500.00	\$158,900.00	.29	AA+	AAA	.0000	.00
3133EK3W4	10,000,000.0000	10/25/2021 FED FARM CREDIT BK DTD 10/25/19 1.550 10/25/2021	\$10,161,000.00	\$9,987,800.00	\$173,200.00	1.73	AA+	AAA	.0000	.00
3133EK6Z4	5,000,000.0000	11/13/2020 FED FARM CREDIT BK DTD 11/13/19 1.625 11/13/2020	\$5,014,950.00	\$4,999,950.00	\$15,000.00	.30	N/A	AAA	.0000	.00
3133EKH66	31,060,000.0000	03/03/2022	\$31,062,174.20	\$31,057,837.00	\$4,337.20	.01	AA+	AAA	.0000	.00

WELLS FARGO

Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

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09/08/2020 03:54:39 PM PDT

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		FED FARM CREDIT BK DTD 09/03/19 1.850 03/03/2022								
3133EKK39	10,000,000.0000	* 09/09/2022	\$10,004,000.00	\$9,984,500.00	\$19,500.00	.20	AA+	AAA	(10,000,000.0000)	.00
		FED FARM CREDIT BK DTD 09/09/19 1.840 09/09/2022								
3133EKY75	10,000,000.0000	10/15/2021	\$10,140,300.00	\$9,944,000.00	\$196,300.00	1.97	AA+	AAA	.0000	.00
		FED FARM CREDIT BK DTD 10/15/19 1.400 10/15/2021								
3133EL2W3	12,319,000.0000	05/04/2023	\$12,307,173.76	\$12,316,188.35	(\$9,014.59)	(.07)	AA+	AAA	.0000	.00
		FED FARM CREDIT BK DTD 08/04/20 0.350 05/04/2023								
3133EL3E2	10,000,000.0000	08/10/2023	\$10,000,600.00	\$10,000,000.00	\$600.00	.01	AA+	AAA	.0000	.00
		FED FARM CREDIT BK DTD 08/10/20 0.320 08/10/2023								
3133ELAU8	20,000,000.0000	11/25/2022	\$20,070,800.00	\$19,988,400.00	\$82,400.00	.41	AA+	AAA	.0000	.00
		FED FARM CREDIT BK DTD 11/25/19 1.710 11/25/2022								
3133ELBT0	10,000,000.0000	12/02/2021	\$10,028,800.00	\$9,990,000.00	\$38,800.00	.39	AA+	N/A	.0000	.00
		FED FARM CREDIT BK DTD 12/02/19 1.620 12/02/2021								
3133ELCY8	21,820,000.0000	12/10/2021	\$21,889,605.80	\$21,795,998.00	\$93,607.80	.43	AA+	AAA	.0000	.00
		FED FARM CREDIT BK DTD 12/10/19 1.590 12/10/2021								
3133ELDH4	20,800,000.0000	12/16/2022	\$20,874,672.00	\$20,779,200.00	\$95,472.00	.46	AA+	AAA	.0000	.00
		FED FARM CREDIT BK DTD 12/16/19 1.710 12/16/2022								
3133ELJ21	22,320,000.0000	06/15/2023	\$22,322,455.20	\$22,314,304.00	\$8,151.20	.04	AA+	AAA	.0000	.00
		FED FARM CREDIT BK DTD 06/15/20 0.480 06/15/2023								
3133ELT53	5,000,000.0000	04/13/2023	\$5,000,550.00	\$4,998,500.00	\$2,050.00	.04	AA+	AAA	.0000	.00
		FED FARM CREDIT BK DTD 07/13/20 0.370 04/13/2023								
3133ELUX0	5,000,000.0000	03/30/2022	\$5,003,500.00	\$5,000,000.00	\$3,500.00	.07	AA+	AAA	.0000	.00
		FED FARM CREDIT BK DTD 03/30/20 1.000 03/30/2022								
3133ELZ72	30,000,000.0000	07/27/2023	\$29,982,600.00	\$29,989,500.00	(\$6,900.00)	(.02)	AA+	AAA	.0000	.00
		FED FARM CREDIT BK DTD 07/27/20 0.400 07/27/2023								
3134GUJJ0	10,000,000.0000	01/21/2022	\$10,018,800.00	\$10,000,000.00	\$18,800.00	.19	N/A	AAA	.0000	.00
		FED HOME LN MTG CORP MED TERM NOTE								
3134GV5N4	10,000,000.0000	07/13/2023	\$9,999,400.00	\$10,000,000.00	(\$600.00)	(.01)	N/A	AAA	.0000	.00
		FED HOME LN MTG CORP DTD 07/13/20 0.500 07/13/2023								
3134GVA65	10,000,000.0000	06/01/2023	\$10,000,000.00	\$10,001,400.00	(\$1,400.00)	(.01)	N/A	AAA	.0000	.00
		FED HOME LN MTG CORP DTD 05/28/20 0.550 06/01/2023								

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

General Reporting
 From Month End With Pricing 08/31/2020
 09/08/2020 03:54:39 PM PDT

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3134GVE46	25,000,000.0000 *	06/09/2022	\$25,000,250.00	\$25,000,000.00	\$250.00	.00	N/A	AAA	(25,000,000.0000)	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GVE87	10,000,000.0000	06/08/2023	\$10,001,500.00	\$10,000,000.00	\$1,500.00	.02	N/A	AAA	.0000	.00
	FED HOME LN MTG CORP DTD 06/08/20 0.500 06/08/2023									
3134GVR67	10,000,000.0000	06/16/2023	\$10,005,000.00	\$10,000,000.00	\$5,000.00	.05	N/A	AAA	.0000	.00
	FED HOME LN MTG CORP DTD 06/16/20 0.500 06/16/2023									
3134GVV47	1,200,000.0000	06/22/2022	\$1,200,060.00	\$1,200,000.00	\$60.00	.01	N/A	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GWAK2	10,000,000.0000	07/20/2023	\$10,001,500.00	\$10,000,000.00	\$1,500.00	.02	N/A	AAA	.0000	.00
	FED HOME LN MTG CORP DTD 07/20/20 0.410 07/20/2023									
3134GWHG4	10,000,000.0000	08/04/2023	\$9,992,700.00	\$10,000,000.00	(\$7,300.00)	(.07)	N/A	AAA	.0000	.00
	FED HOME LN MTG CORP DTD 08/04/20 0.450 08/04/2023									
3134GWKE5	10,000,000.0000	08/17/2023	\$9,992,200.00	\$10,000,000.00	(\$7,800.00)	(.08)	N/A	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GWRJ7	6,000,000.0000	05/24/2023	\$6,001,380.00	\$6,000,000.00	\$1,380.00	.02	N/A	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3135G04R1	10,000,000.0000	05/25/2023	\$10,001,100.00	\$10,000,000.00	\$1,100.00	.01	AA+	AAA	.0000	.00
	FED NATL MTG ASSN DTD 05/22/20 0.500 05/25/2023									
3135G0W74	20,000,000.0000	10/28/2022	\$20,050,200.00	\$19,999,800.00	\$50,400.00	.25	AA+	AAA	.0000	.00
	FED NATL MTG ASSN DTD 10/28/19 1.800 10/28/2022									
3136G4R54	20,000,000.0000	08/24/2023	\$20,000,600.00	\$20,000,000.00	\$600.00	.00	AA+	AAA	.0000	.00
	FED NATL MTG ASSN DTD 08/24/20 0.375 08/24/2023									
3136G4YJ6	12,625,000.0000	07/07/2023	\$12,626,893.75	\$12,625,000.00	\$1,893.75	.02	AA+	AAA	.0000	.00
	FED NATL MTG ASSN DTD 07/07/20 0.420 07/07/2023									
3136G4ZS5	20,000,000.0000	07/20/2023	\$20,000,400.00	\$20,000,000.00	\$400.00	.00	AA+	AAA	.0000	.00
	FED NATL MTG ASSN DTD 07/20/20 0.400 07/20/2023									
SUBTOTAL	562,399,000.0000		\$563,424,227.76	\$562,154,987.35	\$1,269,240.41	.23			(35,000,000.0000)	.00
MUNICIPAL BONDS										
MUNICIPAL BONDS - TAX-EXEMPT										
04988PCW0	200,000.0000	08/01/2021	\$204,888.00	\$205,534.00	(\$646.00)	(.31)	AA	N/A	.0000	.00
	ATWATER CA ELEM SCH DIST SER A									

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

General Reporting
From Month End With Pricing 08/31/2020
09/08/2020 03:54:39 PM PDT

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13068L4Y8	200,000.0000	03/01/2021	\$204,788.00	\$206,870.00	(\$2,082.00)	(1.01)	A+	AA3	.0000	.00
		CALIFORNIA ST PUBLIC WKS BRD L VARIOUS CAPITAL PROJ-SER B								
4724662B6	1,000,000.0000	08/01/2021	\$1,035,150.00	\$1,042,760.00	(\$7,610.00)	(.73)	AA-	N/A	.0000	.00
		JEFFERSON CA UNION HIGH SCH DI SER A								
472467AG4	110,000.0000	08/01/2023	\$120,580.90	\$120,931.80	(\$350.90)	(.29)	AA	N/A	.0000	.00
		JEFFERSON CA UNION HIGH SCH DI COPS-TEACHER AND STAFF HSG PRO								
5444355S5	285,000.0000	05/15/2022	\$307,224.30	\$303,513.60	\$3,710.70	1.22	A+	AA3	.0000	.00
		LOS ANGELES CA DEPT OF ARPTS REF-SUB REV-SER C								
544445FJ3	230,000.0000	05/15/2022	\$246,668.10	\$248,055.00	(\$1,386.90)	(.56)	A+	AA3	.0000	.00
		LOS ANGELES CA DEPT OF ARPTS A AMT-SUBORDINATE-SER C								
545590GB1	150,000.0000	08/01/2021	\$154,836.00	\$155,881.50	(\$1,045.50)	(.67)	AA	N/A	.0000	.00
		LOS NIETOS CA SCH DIST SER A								
545590GH8	155,000.0000	08/01/2021	\$159,997.20	\$161,077.55	(\$1,080.35)	(.67)	AA	N/A	.0000	.00
		LOS NIETOS CA SCH DIST 2014 MEASURE N ELECTION-SER A								
624454LX0	5,690,000.0000	08/01/2021	\$5,839,647.00	\$5,858,537.80	(\$18,890.80)	(.32)	AAA	AAA	.0000	.00
		MOUNTAIN VIEW LOS ALTOS CA UNI SER A								
794896EK2	500,000.0000	08/01/2021	\$513,150.00	\$509,770.00	\$3,380.00	.66	A+	AA2	.0000	.00
		SALINAS CA UNION HIGH SCH DIST REF-SER B								
MUNICIPAL TAXABLE										
088006JJ1	1,335,000.0000	06/01/2021	\$1,348,363.35	\$1,335,000.00	\$13,363.35	1.00	AA+	N/A	.0000	.00
		BEVERLY HILLS CA PUBLIC FING A TXBL-SER B								
088013FC6	500,000.0000	06/01/2021	\$500,190.00	\$500,000.00	\$190.00	.04	AAA	N/A	.0000	.00
		BEVERLY HILLS CA PUBLIC FING A TXBL-REF-SER B								
088013FE2	750,000.0000	06/01/2023	\$751,267.50	\$750,000.00	\$1,267.50	.17	AAA	N/A	.0000	.00
		BEVERLY HILLS CA PUBLIC FING A TXBL-REF-SER B								
13032UUY2	3,345,000.0000	06/01/2021	\$3,377,145.45	\$3,347,625.45	\$29,520.00	.88	AA-	AA3	.0000	.00
		CALIFORNIA ST HLTH FACS FING A TXBL-SENIOR-NO PLACE LIKE HOME								
13032UUZ9	4,700,000.0000	06/01/2022	\$4,800,627.00	\$4,699,520.00	\$101,107.00	2.15	AA-	AA3	.0000	.00
		CALIFORNIA ST HLTH FACS FING A TXBL-SENIOR-NO PLACE LIKE HOME								
13034PYJ0	500,000.0000	02/01/2021	\$503,265.00	\$502,190.00	\$1,075.00	.21	AA	AA3	.0000	.00
		CALIFORNIA ST HSG FIN AGY REVE TXBL-SER A								

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

General Reporting
From Month End With Pricing 08/31/2020
09/08/2020 03:54:39 PM PDT

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13063DAC2	4,400,000.0000	04/01/2021	\$4,461,996.00	\$4,465,388.00	(\$3,392.00)	(.08)	AA-	AA2	.0000	.00
		CALIFORNIA ST TXBL-HIGH-SPEED PASSENGER TRAI								
13063DAD0	1,200,000.0000	04/01/2022	\$1,238,868.00	\$1,228,776.00	\$10,092.00	.82	AA-	AA2	.0000	.00
		CALIFORNIA ST TXBL-HIGH-SPEED PASSENGER TRAI								
13063DGA0	2,840,000.0000	04/01/2021	\$2,882,912.40	\$2,891,486.60	(\$8,574.20)	(.30)	AA-	AA2	.0000	.00
		CALIFORNIA ST TXBL								
13063DRF7	300,000.0000	10/01/2020	\$300,900.00	\$306,129.00	(\$5,229.00)	(1.71)	AA-	AA2	.0000	.00
		CALIFORNIA ST TXBL-REF								
13063DRG5	260,000.0000	10/01/2021	\$267,308.60	\$265,220.80	\$2,087.80	.79	AA-	AA2	.0000	.00
		CALIFORNIA ST TXBL-REF								
13077DHH8	2,200,000.0000	11/01/2020	\$2,205,808.00	\$2,200,000.00	\$5,808.00	.26	AA-	AA2	.0000	.00
		CALIFORNIA ST UNIV REVENUE TXBL-REF-SER B								
13077DJY9	475,000.0000	11/01/2020	\$475,926.25	\$475,000.00	\$926.25	.19	AA-	AA2	.0000	.00
		CALIFORNIA ST UNIV REVENUE TXBL-REF-SER B								
13077DJZ6	400,000.0000	11/01/2021	\$405,372.00	\$400,000.00	\$5,372.00	1.34	AA-	AA2	.0000	.00
		CALIFORNIA ST UNIV REVENUE TXBL-REF-SER B								
157411TG4	500,000.0000	08/01/2021	\$506,200.00	\$500,000.00	\$6,200.00	1.24	AA-	AA1	.0000	.00
		CHAFFEY CA JT UNION HIGH SCH D TXBL-REF								
169583HE4	1,000,000.0000	08/01/2022	\$1,024,270.00	\$1,022,800.00	\$1,470.00	.14	AA-	AA2	.0000	.00
		CHINO VLY CA UNIF SCH DIST TXBL-REF								
190335KD0	525,000.0000	08/01/2021	\$531,027.00	\$525,000.00	\$6,027.00	1.15	AA+	AA1	.0000	.00
		COAST CA CMNTY CLG DIST TXBL-REF								
190335KE8	525,000.0000	08/01/2022	\$537,300.75	\$525,000.00	\$12,300.75	2.34	AA+	AA1	.0000	.00
		COAST CA CMNTY CLG DIST TXBL-REF								
223093VJ1	250,000.0000	08/01/2021	\$251,747.50	\$250,000.00	\$1,747.50	.70	AA	N/A	.0000	.00
		COVINA-VLY CA UNIF SCH DIST TXBL-REF								
250375JR4	250,000.0000	08/01/2021	\$250,077.50	\$250,000.00	\$77.50	.03	AA	AA2	.0000	.00
		DESERT CMNTY CLG DIST CA TXBL-REF								
250375JS2	200,000.0000	08/01/2022	\$200,112.00	\$200,000.00	\$112.00	.06	AA	AA2	.0000	.00
		DESERT CMNTY CLG DIST CA TXBL-REF								
250375JT0	200,000.0000	08/01/2023	\$200,102.00	\$200,000.00	\$102.00	.05	AA	AA2	.0000	.00

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

General Reporting
 From Month End With Pricing 08/31/2020
 09/08/2020 03:54:39 PM PDT

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			DESERT CMNTY CLG DIST CA TXBL-REF							
376087FW7	365,000.0000	08/01/2021	\$368,686.50	\$365,000.00	\$3,686.50	1.01	AA-	AA3	.0000	.00
			GILROY CA UNIF SCH DIST TXBL-REF DTD 10/30/19 1.721 08/01/2021							
378394JC5	200,000.0000	08/01/2021	\$200,138.00	\$200,000.00	\$138.00	.07	AA-	AA2	.0000	.00
			GLENDALE CA CMNTY CLG DIST TXBL-REF							
432272FP2	60,000.0000	09/01/2020	\$60,000.00	\$60,000.00	\$0.00	.00	AAA	N/A	.0000	.00
			HILLSBOROUGH CA SCH DIST TXBL-REF							
432272FQ0	70,000.0000	09/01/2021	\$70,220.50	\$70,000.00	\$220.50	.31	AAA	N/A	.0000	.00
			HILLSBOROUGH CA SCH DIST TXBL-REF							
432272FR8	120,000.0000	09/01/2022	\$120,751.20	\$120,000.00	\$751.20	.63	AAA	N/A	.0000	.00
			HILLSBOROUGH CA SCH DIST TXBL-REF							
525641BG0	270,000.0000	08/01/2021	\$271,900.80	\$270,000.00	\$1,900.80	.70	AA	N/A	.0000	.00
			LEMON GROVE CA CMNTY DEV AGY S TXBL-REF-LEMON GROVE REDEVELOP							
544290JA8	1,770,000.0000	08/01/2021	\$1,792,337.40	\$1,770,000.00	\$22,337.40	1.26	AA+	AA1	.0000	.00
			LOS ALTOS CA SCH DIST TXBL-ELECTION OF 2014-SER A-2							
56453RAU8	500,000.0000	10/01/2020	\$500,005.00	\$500,000.00	\$5.00	.00	AA	N/A	.0000	.00
			MANTECA CA REDEV AGY SUCCESSOR TXBL-REF-SER B							
574193RY6	2,025,000.0000	08/01/2022	\$2,074,592.25	\$2,025,000.00	\$49,592.25	2.45	AAA	AAA	.0000	.00
			MARYLAND ST TXBL-SECOND SER B							
574193SN9	18,720,000.0000	03/15/2023	\$18,951,379.20	\$18,720,000.00	\$231,379.20	1.24	AAA	AAA	.0000	.00
			MARYLAND ST TXBL-SER B							
590595EZ3	70,000.0000	08/01/2021	\$70,245.70	\$70,000.00	\$245.70	.35	AA-	N/A	.0000	.00
			MESA CA UNION SCH DIST TXBL-REF							
590595FA7	305,000.0000	08/01/2022	\$306,622.60	\$305,000.00	\$1,622.60	.53	AA-	N/A	.0000	.00
			MESA CA UNION SCH DIST TXBL-REF							
600038LY7	190,000.0000	08/01/2022	\$192,240.10	\$190,000.00	\$2,240.10	1.18	AAA	N/A	.0000	.00
			MILL VLY CA SCH DIST TXBL-REF							
624454MM3	575,000.0000	10/01/2020	\$575,046.00	\$575,000.00	\$46.00	.01	N/A	AAA	.0000	.00
			MOUNTAIN VIEW LOS ALTOS CA UNI TXBL-SER B							
62451FKE9	300,000.0000	09/01/2021	\$308,904.00	\$309,567.00	(\$663.00)	(.21)	AA+	AAA	.0000	.00
			MOUNTAIN VIEW-WHISMAN CA SCH D TXBL-REF-SER A-1							

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009

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From Month End With Pricing 08/31/2020
09/08/2020 03:54:39 PM PDT

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661334DV1	1,000,000.0000	08/01/2021	\$1,017,400.00	\$1,017,640.00	(\$240.00)	(.02)	AA+	AA1	.0000	.00
	N ORANGE CNTY CA CMNTY CLG DIS TXBL-REF									
672240WD6	4,800,000.0000	01/15/2021	\$4,844,688.00	\$4,863,744.00	(\$19,056.00)	(.39)	AA	AA1	.0000	.00
	OAKLAND CA TXBL-SER B2									
672240WE4	2,010,000.0000	01/15/2022	\$2,076,691.80	\$2,064,611.70	\$12,080.10	.59	AA	AA1	.0000	.00
	OAKLAND CA TXBL-SER B2									
672240WP9	4,625,000.0000	01/15/2021	\$4,668,058.75	\$4,686,420.00	(\$18,361.25)	(.39)	AA	AA1	.0000	.00
	OAKLAND CA TXBL-REF									
672240WQ7	4,605,000.0000	01/15/2022	\$4,757,793.90	\$4,730,117.85	\$27,676.05	.59	AA	AA1	.0000	.00
	OAKLAND CA TXBL-REF									
692020Q94	250,000.0000	08/01/2021	\$253,477.50	\$250,000.00	\$3,477.50	1.39	AA	N/A	.0000	.00
	OXNARD CA SCH DIST TXBL-REF									
724581UK7	635,000.0000	08/01/2021	\$642,613.65	\$635,000.00	\$7,613.65	1.20	AA	AA3	.0000	.00
	PITTSBURG CA UNIF SCH DIST TXBL-REF									
724581UL5	640,000.0000	08/01/2022	\$656,384.00	\$640,000.00	\$16,384.00	2.56	AA	AA3	.0000	.00
	PITTSBURG CA UNIF SCH DIST TXBL-REF									
73208PBC4	500,000.0000	08/01/2022	\$523,050.00	\$522,765.00	\$285.00	.05	AA-	N/A	.0000	.00
	POMONA CA PENSN OBLG SER BJ-TXBL-REV									
767027DH5	340,000.0000	09/01/2020	\$340,000.00	\$340,000.00	\$.00	.00	AA	N/A	.0000	.00
	RIO CA ELEM SCH DIST CMNTY FAC TXBL-REF									
769036BH6	390,000.0000	06/01/2021	\$392,788.50	\$390,000.00	\$2,788.50	.71	AA	N/A	.0000	.00
	RIVERSIDE CA PENSN OBLG TXBL-SER A									
769036BJ2	550,000.0000	06/01/2022	\$559,025.50	\$550,000.00	\$9,025.50	1.64	AA	N/A	.0000	.00
	RIVERSIDE CA PENSN OBLG TXBL-SER A									
76912TMW0	175,000.0000	07/01/2021	\$175,771.75	\$175,000.00	\$771.75	.44	AA	N/A	.0000	.00
	RIVERSIDE CNTY CA PUBLIC FINGA TXBL-DESERT CMNTY & INTERSTATE									
76912TMX8	385,000.0000	07/01/2022	\$389,077.15	\$385,000.00	\$4,077.15	1.06	AA	N/A	.0000	.00
	RIVERSIDE CNTY CA PUBLIC FINGA TXBL-DESERT CMNTY & INTERSTATE									
797508HA9	250,000.0000	08/01/2021	\$251,535.00	\$250,000.00	\$1,535.00	.61	AA	AA1	.0000	.00
	SAN DIEGUITO CA UNION HIGH SCH TXBL-REF									
7976464Z6	445,000.0000	06/15/2021	\$450,558.05	\$445,000.00	\$5,558.05	1.25	AAA	AAA	.0000	.00

WELLS FARGO

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VENTU009

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			SAN FRANCISCO CITY & CNTY CA TXBL-SOCIAL BONDS-AFFORDABLE H							
79766DNU9	1,000,000.0000	01/01/2021	\$1,006,020.00	\$1,000,000.00	\$6,020.00	.60	A	A1	.0000	.00
			SAN FRANCISCO CALIF CITY & CNTY TXBL-REF-SPL FACS LEASE-SFO FU							
798755FW9	250,000.0000	08/01/2021	\$252,417.50	\$250,000.00	\$2,417.50	.97	AA	AA3	.0000	.00
			SAN MARCOS CA UNIF SCH DIST TXBL-REF							
798755FX7	250,000.0000	08/01/2022	\$255,072.50	\$250,000.00	\$5,072.50	2.03	AA	AA3	.0000	.00
			SAN MARCOS CA UNIF SCH DIST TXBL-REF							
799055QQ4	475,000.0000	08/01/2021	\$477,598.25	\$475,000.00	\$2,598.25	.55	AA+	AAA	.0000	.00
			SAN MATEO CA FOSTER CITY SCH D TXBL-REF							
80136PCY7	955,000.0000	12/01/2021	\$987,766.05	\$955,000.00	\$32,766.05	3.43	AA	A1	.0000	.00
			SANTA BARBARA CNTY CA SOLID WA TXBL-SER C							
80136PCZ4	650,000.0000	12/01/2022	\$691,359.50	\$696,280.00	(\$4,920.50)	(.71)	AA	A1	.0000	.00
			SANTA BARBARA CNTY CA SOLID WA TXBL-SER C							
802498UE3	470,000.0000	08/01/2021	\$475,870.30	\$470,000.00	\$5,870.30	1.25	AA+	AAA	.0000	.00
			SANTA MONICA-MALIBU CA UNIF SC TXBL-REF							
835569GP3	425,000.0000	08/01/2022	\$436,007.50	\$433,019.75	\$2,987.75	.69	AA	AA2	.0000	.00
			SONOMA CNTY CA JNR CLG DIST TXBL-REF							
83789TBL2	750,000.0000	10/01/2020	\$750,742.50	\$750,000.00	\$742.50	.10	AA-	N/A	.0000	.00
			SOUTH GATE CA UTILITY AUTH WTR TXBL-REF-SER A-T							
845389JW6	860,000.0000	10/01/2020	\$860,017.20	\$860,000.00	\$17.20	.00	AA-	AA2	.0000	.00
			S WSTRN CA CMNTY CLG DIST TXBL-SER E-1							
845389KR5	1,485,000.0000	10/01/2020	\$1,485,029.70	\$1,485,000.00	\$29.70	.00	AA-	AA2	.0000	.00
			S WSTRN CA CMNTY CLG DIST TXBL-SER B-1							
90171TFT2	165,000.0000	08/01/2021	\$165,508.20	\$165,000.00	\$508.20	.31	AA	A1	.0000	.00
			TWIN RIVERS CA UNIF SCH DIST TXBL-REF-SER B							
91412HEV1	800,000.0000	05/15/2021	\$812,976.00	\$800,000.00	\$12,976.00	1.62	AA	AA2	.0000	.00
			UNIV OF CALIFORNIA CA REVENUES TXBL-REF-GEN-SER BC							
923040GR4	1,000,000.0000	08/01/2021	\$1,010,590.00	\$1,000,000.00	\$10,590.00	1.06	AA+	AA1	.0000	.00
			VENTURA CNTY CA CMNTY CLG DIST TXBL-REF							
9523472B7	500,000.0000	08/01/2021	\$503,060.00	\$500,000.00	\$3,060.00	.61	AA-	A1	.0000	.00
			W CONTRA COSTA CA UNIF SCH DIS TXBL-REF							

WELLS FARGO**Market/Cost Value Comparison Report
By Account By Industry Class
VENTU009****General Reporting**From Month End With Pricing 08/31/2020
09/08/2020 03:54:39 PM PDT**ACCOUNT: All Accounts Selected**

* = Trade or Other Activity Pending

<u>Asset ID</u>	<u>Units</u>	<u>Maturity Date</u>	<u>Market Value</u>	<u>Fed Tax Cost</u>	<u>Gain/Loss Amount</u>	<u>%</u>	<u>S & P Rating</u>	<u>Moody's Rating</u>	<u>Units in Transition</u>	<u>Encumbrd Units</u>
95332RDE6	160,000.0000	04/01/2022	\$161,355.20	\$160,000.00	\$1,355.20	.85	AA+	N/A	.0000	.00
		W HOLLYWOOD CA PUBLIC FING AUT TXBL-SER B								
95332RDF3	260,000.0000	04/01/2023	\$263,517.80	\$260,000.00	\$3,517.80	1.35	AA+	N/A	.0000	.00
		W HOLLYWOOD CA PUBLIC FING AUT TXBL-SER B								
SUBTOTAL	92,770,000.0000		\$94,264,606.80	\$93,656,232.40	\$608,374.40	.65			.0000	.00
OTHER ASSETS										
OTHER ASSETS										
MS6232818	55,000,000.0000		\$55,000,000.00	\$55,000,000.00	\$.00	.00			.0000	.00
		CA LAIF STATE OF CALIFORNIA INVESTMENT FD								
MS6615459	25,000,000.0000		\$25,214,500.00	\$25,000,000.00	\$214,500.00	.86			.0000	.00
		CALTRUST SHORT TERM ACCT								
SUBTOTAL	80,000,000.0000		\$80,214,500.00	\$80,000,000.00	\$214,500.00	.27			.0000	.00
ACCOUNT 11435100 TOTAL	2,539,010,000.0000		\$2,550,571,948.47	\$2,543,205,885.99	\$7,366,062.48	.29			(40,634,000.0000)	.00
GRAND TOTAL	2,539,010,000.0000		\$2,550,571,948.47	\$2,543,205,885.99	\$7,366,062.48	.29			(40,634,000.0000)	.00

END OF REPORT

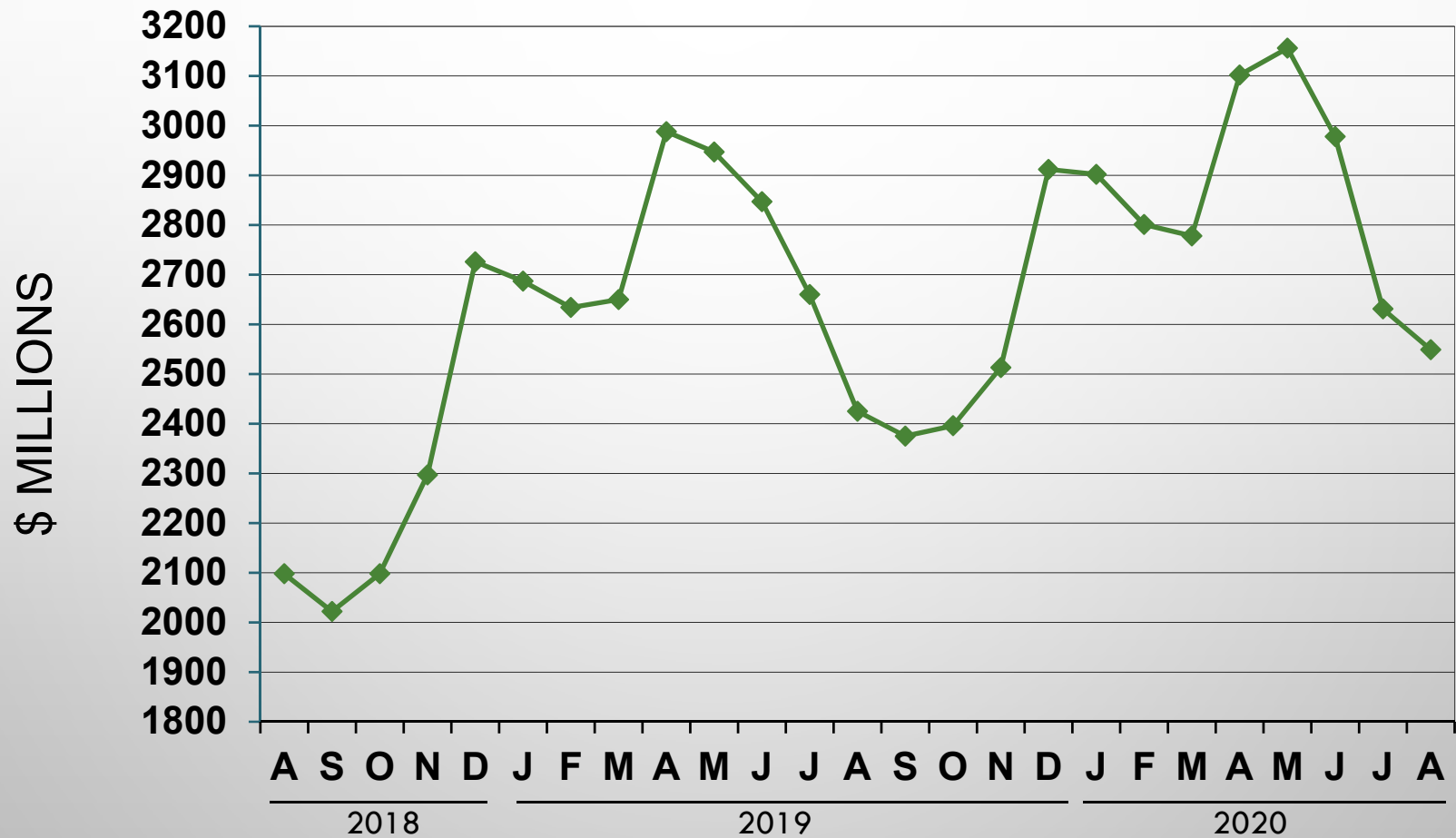
MONTHLY TRANSACTIONS REPORT - AUGUST 2020

Transaction Date	Purchase/ Sale	Par Amount	Security Type	Security Name	Maturity Date	Yield
08/04/20	Purchase	\$ 10,000,000.00	GA	FHLMC	08/04/23	0.450
08/04/20	Purchase	\$ 10,000,000.00	GA	FFCB	05/04/23	0.357
08/04/20	Purchase	\$ 10,000,000.00	CP	TOYOTA CREDIT DE PUERTO RICO	04/30/21	0.351
08/05/20	Purchase	\$ 10,000,000.00	CP	TOYOTA MOTOR CREDIT CORP	04/30/21	0.331
08/05/20	Purchase	\$ 70,000.00	MUNI	MESA USD	08/01/21	0.836
08/05/20	Purchase	\$ 305,000.00	MUNI	MESA USD	08/01/22	0.936
08/05/20	Purchase	\$ 860,000.00	MUNI	SOUTHWESTERN CCD	10/01/20	0.250
08/05/20	Purchase	\$ 1,485,000.00	MUNI	SOUTHWESTERN CCD	10/01/20	0.250
08/05/20	Purchase	\$ 50,000,000.00	CP	CREDIT AGRICOLE CIB NY	08/12/20	0.070
08/05/20	Purchase	\$ 30,000,000.00	YCD	NATL BANK OF KUWAIT NY	12/15/20	0.350
08/05/20	Purchase	\$ 10,000,000.00	YCD	BANCO ESTADO CHILE NY	01/05/21	0.320
08/06/20	Purchase	\$ 2,319,000.00	GA	FFCB	05/04/23	0.363
08/06/20	Purchase	\$ 20,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	12/07/20	0.170
08/06/20	Purchase	\$ 18,020,000.00	CP	KAISER FOUNDATION HOSP	12/03/20	0.130
08/07/20	Purchase	\$ 20,000,000.00	YCD	BANCO ESTADO CHILE NY	12/17/20	0.300
08/10/20	Purchase	\$ 10,000,000.00	GA	FFCB	08/10/23	0.320
08/10/20	Purchase	\$ 14,060,000.00	SUPRA	INTL FINANCE CORP	03/09/21	0.182
08/10/20	Purchase	\$ 6,415,000.00	SUPRA	INTL BK RECON & DEVELOP	09/12/20	0.176
08/10/20	Purchase	\$ 650,000.00	MUNI	SANTA BARBARA CA CNTY SOLID WASTE	12/01/22	0.350
08/11/20	Purchase	\$ 110,000.00	MUNI	JEFFERSON UHSD	08/01/23	0.620
08/11/20	Purchase	\$ 20,000,000.00	YCD	DZ BANK NY	12/07/20	0.170
08/12/20	Purchase	\$ 500,000.00	MUNI	CITY OF BEVERLY HILLS WATER	06/01/21	0.265
08/12/20	Purchase	\$ 750,000.00	MUNI	CITY OF BEVERLY HILLS WATER	06/01/23	0.387
08/12/20	Purchase	\$ 16,750,000.00	CP	EXXON MOBIL CORP	02/08/21	0.170
08/12/20	Purchase	\$ 10,000,000.00	YCD	TORONTO DOMINION BANK NY	02/12/21	0.180
08/12/20	Purchase	\$ 20,000,000.00	SUPRA	IBRD DISCOUNT NOTE	12/14/20	0.100
08/13/20	Purchase	\$ 10,000,000.00	CP	TOYOTA CREDIT DE PUERTO RICO	02/01/21	0.341
08/17/20	Purchase	\$ 10,000,000.00	GA	FHLMC	08/17/23	0.350
08/19/20	Purchase	\$ 250,000.00	MUNI	DESERT COMMUNITY COLLEGE	08/01/21	0.265
08/19/20	Purchase	\$ 200,000.00	MUNI	DESERT COMMUNITY COLLEGE	08/01/22	0.345
08/19/20	Purchase	\$ 200,000.00	MUNI	DESERT COMMUNITY COLLEGE	08/01/23	0.458
08/19/20	Purchase	\$ 10,000,000.00	YCD	NATL BANK OF KUWAIT NY	01/29/21	0.320
08/20/20	Purchase	\$ 500,000.00	MUNI	CITY OF POMONA	08/01/22	1.616
08/20/20	Purchase	\$ 24,491,000.00	CP	UNIVERSITY OF CALIFORNIA	12/10/20	0.110
08/21/20	Purchase	\$ 10,000,000.00	YCD	TORONTO DOMINION BANK NY	11/20/20	0.140
08/21/20	Purchase	\$ 10,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	01/29/21	0.170
08/24/20	Purchase	\$ 10,000,000.00	GA	FNMA	08/24/23	0.375

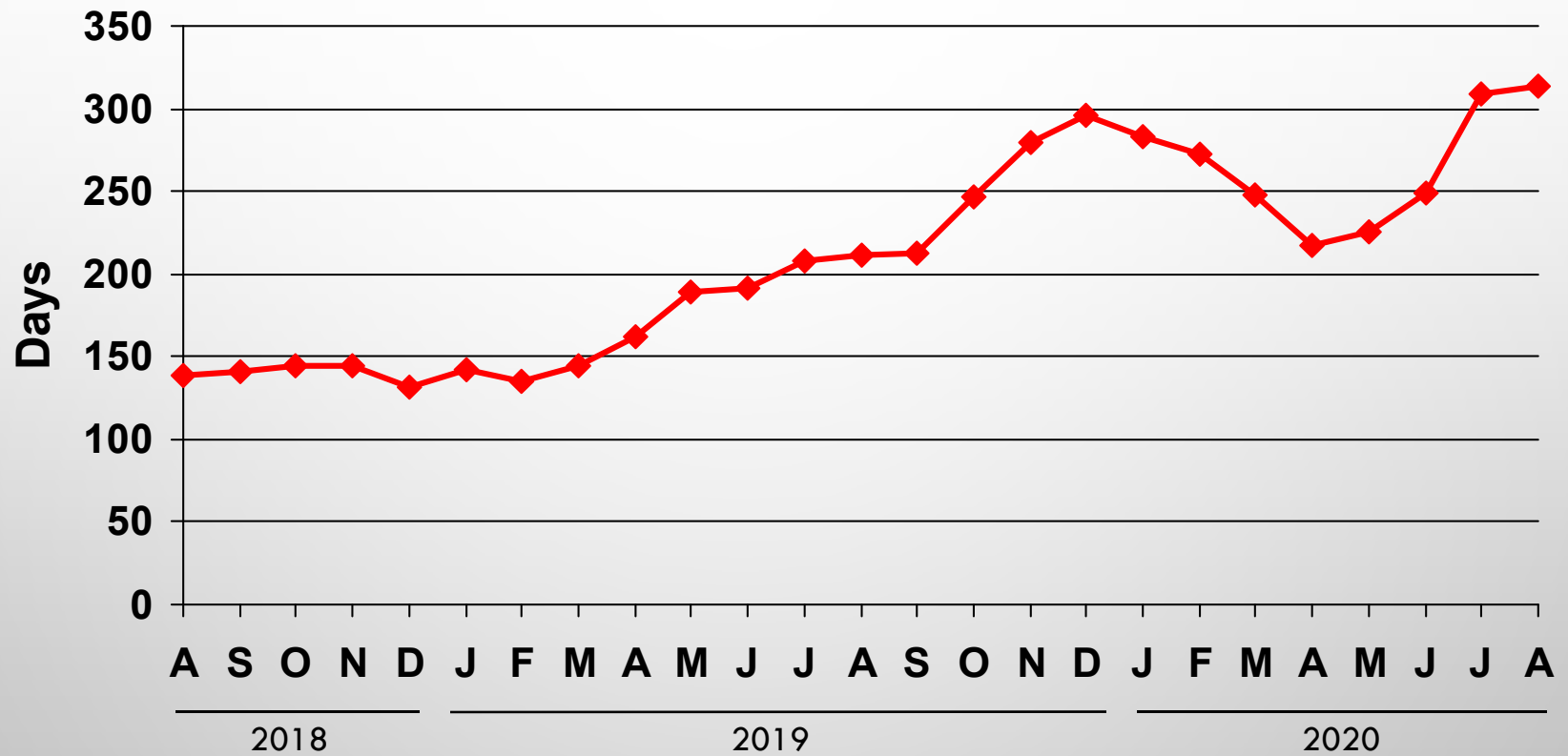
MONTHLY TRANSACTIONS REPORT - AUGUST 2020

Transaction Date	Purchase/ Sale	Par Amount	Security Type	Security Name	Maturity Date	Yield
08/24/20	Purchase	\$ 6,000,000.00	GA	FHLMC	05/24/23	0.330
08/24/20	Purchase	\$ 10,000,000.00	GA	FNMA	08/24/23	0.375
08/25/20	Purchase	\$ 10,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	11/23/20	0.160
08/25/20	Purchase	\$ 10,000,000.00	YCD	NATL BANK OF KUWAIT NY	11/06/20	0.260
08/26/20	Purchase	\$ 20,000,000.00	YCD	NATL BANK OF KUWAIT NY	11/06/20	0.240
08/27/20	Purchase	\$ 10,000,000.00	YCD	NATL BANK OF KUWAIT NY	11/06/20	0.220
08/28/20	Purchase	\$ 10,000,000.00	GA	FHLB	08/25/23	0.327
08/28/20	Purchase	\$ 10,000,000.00	YCD	NATL BANK OF KUWAIT NY	01/29/21	0.340

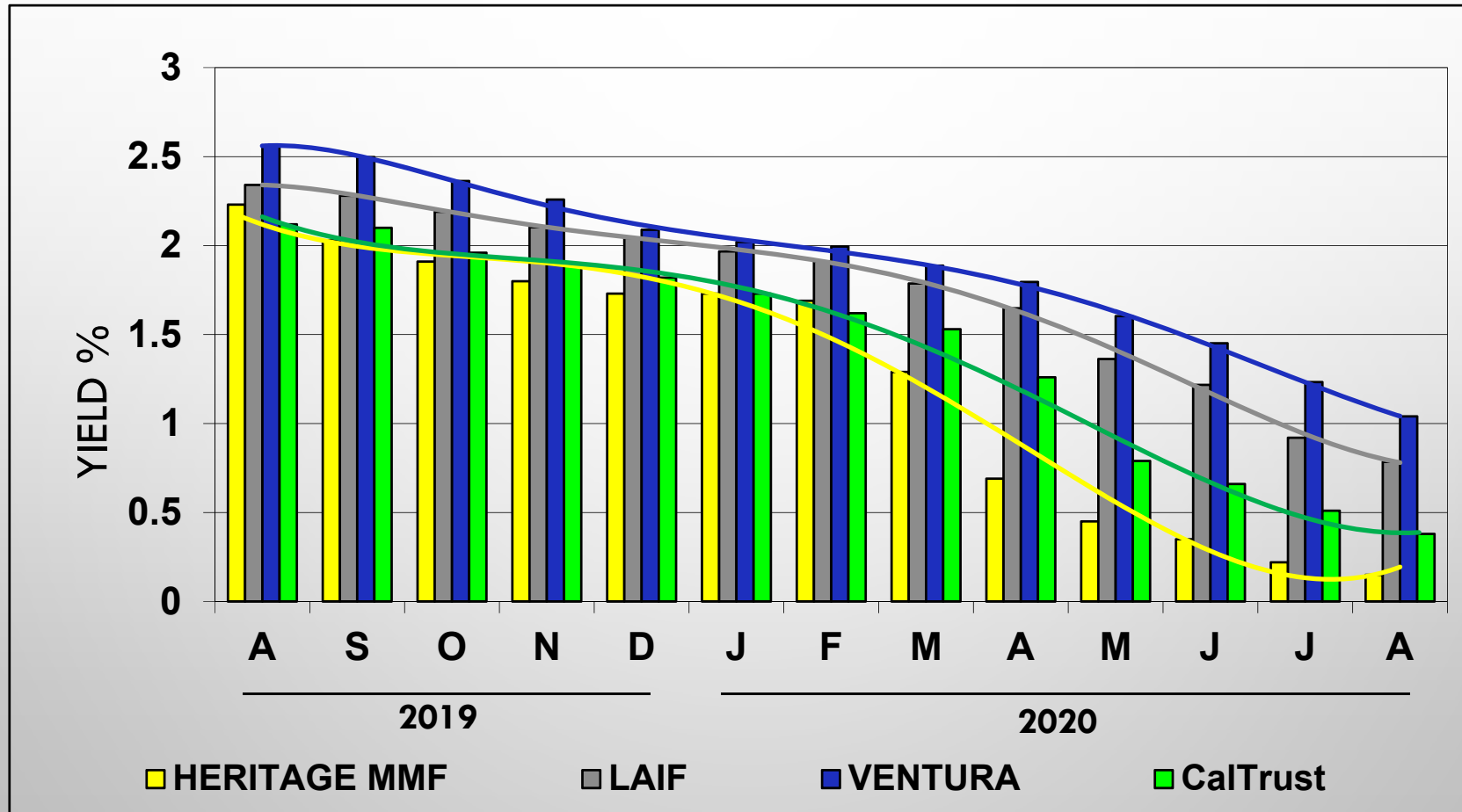
PORTFOLIO AVERAGE MONTHLY BALANCE



AVERAGE MATURITY

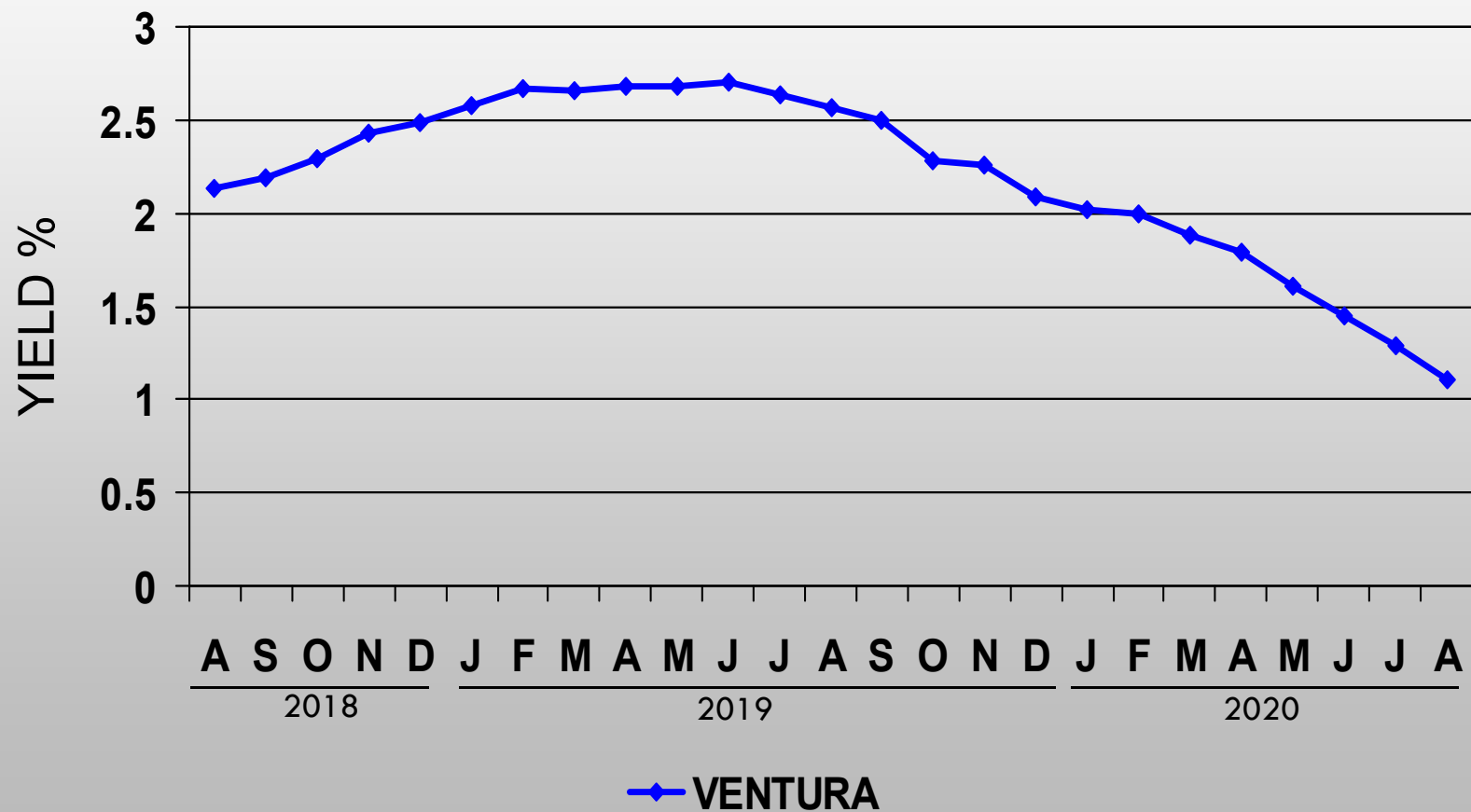


++++YIELD COMPARISON

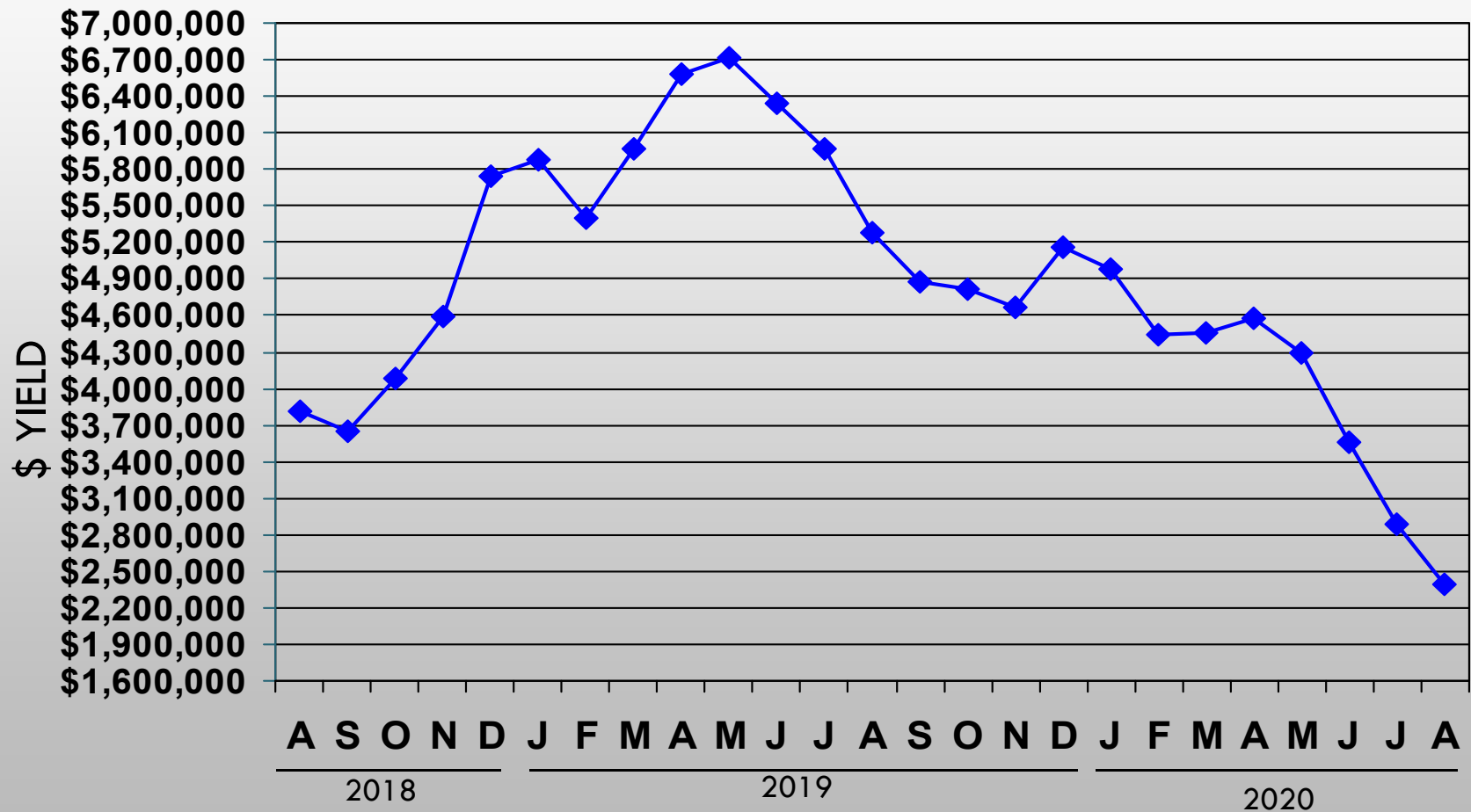


Beginning July 2020 the Ventura County annualized percentage yield is reported net of the administrative fee.

ROLLING 2-YEAR % YIELD



ROLLING 2-YEAR \$ YIELD



PORTFOLIO HOLDINGS BY CLASS

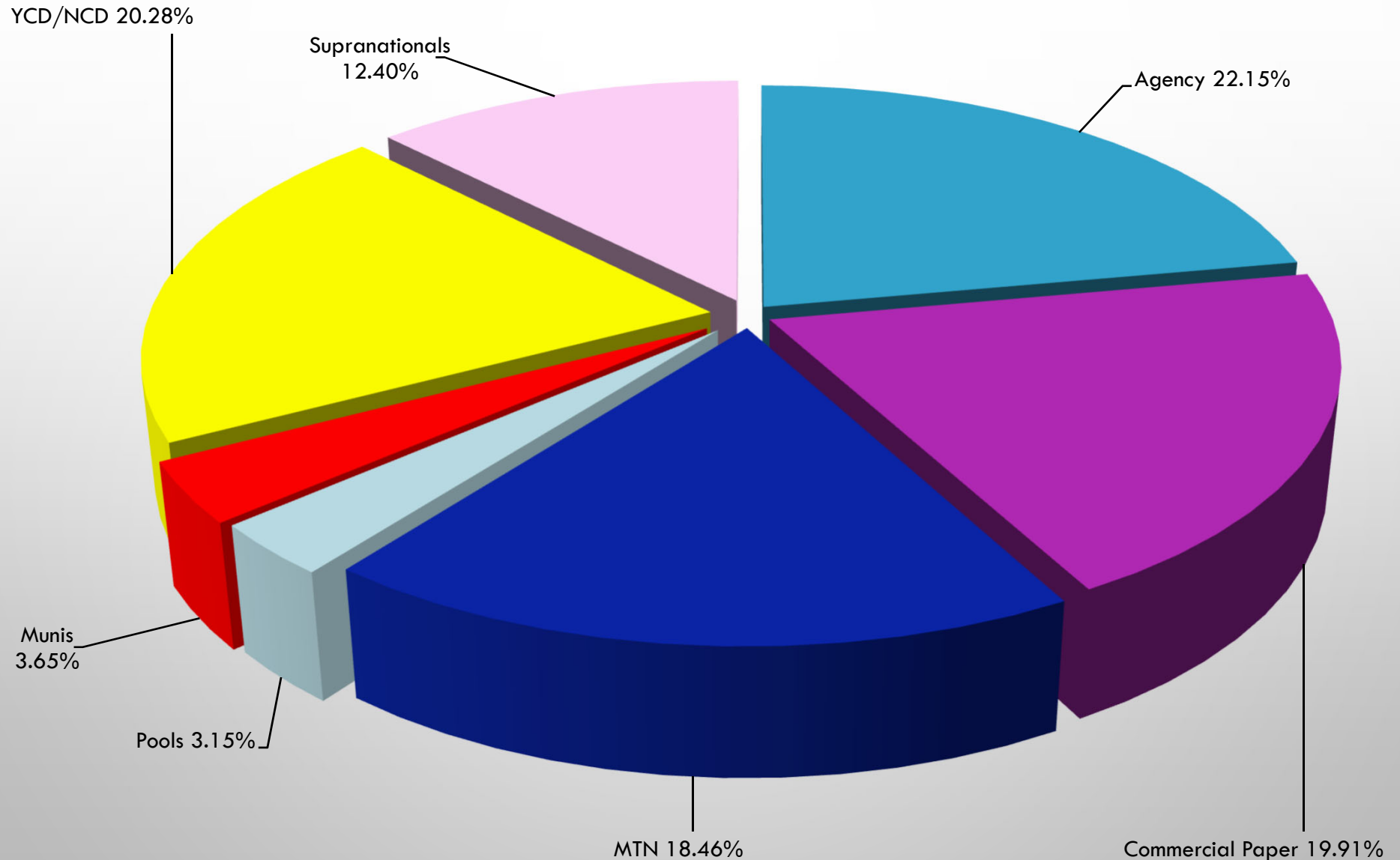


EXHIBIT 8

08-20 INV.PPT