MEASURES "L" AND "U" GENERAL OBLIGATION BOND BUILDING FUND OF BERRYESSA UNION SCHOOL DISTRICT

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2021

NIGRO & NIGRO PC

MEASURES "L" AND "U" GENERAL OBLIGATION BOND BUILDING FUND OF BERRYESSA UNION SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2021

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MEASURES "L" AND "U" GENERAL OBLIGATION BOND BUILDING FUND OF BERRYESSA UNION SCHOOL DISTRICT

Introduction and Citizens' Oversight Committee Member Listing
June 30, 2021

Berryessa Union School District (the District) consists of three middle schools and ten elementary schools supported by a District Office and an operations center. The District serves over 6,500 students.

On November 4, 2014, the voters of the Berryessa Union School District approved by more than 55% Measure "L", authorizing the issuance and sale of $77.0 million of general obligation bonds. The bonds were authorized to repair, upgrade, acquire, construct, and equip certain District property and facilities and to pay costs of issuance of the bonds.

On March 3, 2020, the voters of the District approved Measure U by more than a 55% vote, authorizing the District to issue up to $98 million of general obligation bonds. The bonds are being issued to repair/update local elementary/middle schools, including science, arts and math classrooms/labs for 21st-century learning; make essential safety and security improvements; replace aging fire alarms; and repair, construct, or acquire classrooms and equipment.

The passage of Proposition 39, in November 2000, amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects.

Upon passage of Proposition 39, an accompanying piece of legislation, AB1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond Proposition pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

The Citizens' Bond Oversight Committee was comprised of the following members as of June 30, 2021.

Name	Title	Representation
Martin Michaels	Chair	Senior Citizen Group Representative
Amy Chen	Vice-Chair	At-Large Community Member
Susan Fowle	Member	At-Large Community Member
Frank Cancilla	Member	Business Representative
Adrienne O'Leary	Member	Parent/ Guardian of Child in District
Paul Guth	Member	Parent/ Guardian of Child in District
Sandy Nguyen	Member	Parent/ Guardian of Child in District
Vacant	Member	Parent & PTA Active Member
Vacant	Member	Taxpayer Organization Member

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees and the
Citizens' Bond Oversight Committee
Berryessa Union School District
San Jose, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measures "L" and "U" General Obligation Bond Building Fund of Berryessa Union School District, as of and for the fiscal year ended June 30, 2021, and the related notes to the 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.

Auditors' 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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measures "L" and "U" General Obligation Bond Building Fund of Berryessa Union School District, as of June 30, 2021, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
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Emphasis of Matter
As discussed in Note 1, the financial statements present only the Measures "L" and “U” General Obligation Bond Building Fund and do not purport to, and do not, present fairly the financial position of the Berryessa Union School District, as of June 30, 2021, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated January 5, 2022, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
January 5, 2022

MEASURES "L" AND "U" GENERAL OBLIGATION BOND BUILDING FUND OF BERRYESSA UNION SCHOOL DISTRICT

Balance Sheet
June 30, 2021

		Measures "L" and "U"
ASSETS		
Deposits and investments	$	44,035,068
Accounts receivable		80,979
Total Assets	$	44,116,047
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$	965,989
Due to other funds		274,751
Total Liabilities		1,240,740
Fund Balance		
Restricted for capital projects		42,875,307
Total Liabilities and Fund Balance	$	44,116,047

MEASURES "L" AND "U" GENERAL OBLIGATION BOND BUILDING FUND OF BERRYESSA UNION SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2021

	Measures "L" and "U"
REVENUES	
Interest earnings	$ 224,011
Total Revenues	224,011
EXPENDITURES	
Current:	
Plant Services:	
Classified salaries	72,216
Benefits	23,728
Materials and supplies	389,039
Services and other operating expenditures	338,696
Capital Outlay	4,623,316
Debt Service:	
Principal - Energy Conservation Assistance Loan	47,119
Bond issuance costs	200,000
Total Expenditures	5,694,114
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,470,103)
OTHER FINANCING SOURCES (USES)	
Issuance of debt - general obligation bonds	40,000,000
Total Other Financing Sources (Uses)	40,000,000
Net Change in Fund Balance	34,529,897
Fund Balance, July 1, 2020	8,345,410
Fund Balance, June 30, 2021	$ 42,875,307

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On November 4, 2014, the District voters authorized $77.0 million in General Obligation Bonds (Measure "L") for the purpose of financing the modernization and construction of school facilities within the District. The measure required a minimum 55% vote for passage. On March 3, 2020, the voters of the District approved Measure "U" by more than a 55% vote, authorizing the District to issue up to $98 million of general obligation bonds. In response, an advisory committee to the District's Governing Board and Superintendent, the Citizens' Bond Oversight Committee, was established. The Committee's oversight goals include ensuring compliance with conditions of Measures "L" and "U".

The Bond proceeds are accounted for in the District's Building Fund (210), where they are expended for the approved projects. The statements presented are for the individual Measure "L" and "U" General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

B. Basis of Accounting

The Measures "L" and "U" General Obligation Bond Building Fund is a governmental fund reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

C. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Pooled Funds

In accordance with Education Code Section 41001, the District maintains all of its cash from the bond proceeds in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2021, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

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 date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized – Investments in the Santa Clara 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.

NOTE 3 – ACCOUNTS RECEIVABLE

The total accounts receivable at June 30, 2021, in the amount of $80,979 represents amounts due from the Santa Clara County Treasurer for interest earnings for the quarter ended June 30, 2021.

NOTE 4 –GENERAL OBLIGATION BONDS

General Obligation Bonds

The District has issued general obligation bonds under different voter-approved measures, as described below. Bonds are payable solely from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other state law. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds.

Election of 2014 - Measure "L"

On November 4, 2014, the voters of the Berryessa Union School District approved by more than 55% Measure "L", authorizing the issuance and sale of $77.0 million of general obligation bonds. The bonds were authorized to repair, upgrade, acquire, construct, and equip certain District property and facilities and to pay costs of issuance of the bonds.

Election of 2020 - Measure "U"

Series A

On March 3, 2020, the voters of the District approved Measure U by more than a 55% vote, authorizing the District to issue up to $98 million of general obligation bonds. On January 12, 2021 the District issued Series A, current interest bonds in the amount of $40,000,000. The bonds are being issued to repair/update local elementary/middle schools, including science, arts and math classrooms/labs for 21st-century learning; make essential safety and security improvements; replace aging fire alarms; and repair, construct, or acquire classrooms and equipment.

The outstanding general obligation bonds of Measures "L" and "U" are as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021
Measure L								
2014A	3/12/2015	8/1/2044	3.125%-5.0%	$ 40,000,000	$ 37,650,000	$ -	$ -	$ 37,650,000
2014B	5/1/2017	8/1/2044	4.0%-5.0%	37,000,000	34,045,000	-	335,000	33,710,000
Measure U								
Series A	1/12/2021	8/1/2050	2.0%-5.0%	40,000,000	-	40,000,000	-	40,000,000
					$ 71,695,000	$ 40,000,000	$ 335,000	$ 111,360,000

NOTE 4 – GENERAL OBLIGATION BONDS (continued)

The requirements to amortize outstanding general obligation bonds are as follows:

Fiscal Year	Principal	Interest	Total
2021-2022	$ 1,085,000	$ 3,607,957	$ 4,692,957
2022-2023	955,000	3,756,125	4,711,125
2023-2024	890,000	3,710,000	4,600,000
2024-2025	1,085,000	3,660,625	4,745,625
2025-2026	1,300,000	3,601,000	4,901,000
2026-2031	9,980,000	16,711,050	26,691,050
2031-2036	19,715,000	13,755,500	33,470,500
2036-2041	28,630,000	9,452,094	38,082,094
2041-2046	32,920,000	3,830,288	36,750,288
2046-2051	14,800,000	813,344	15,613,344
Total	$ 111,360,000	$ 62,897,983	$ 174,257,983

NOTE 5 – ENERGY CONSERVATION ASSISTANCE LOAN

In May 2017 the District was approved for an Energy Conservation Assistance Act zero percent interest loan, which is considered a direct borrowing. The loan was approved for a maximum of $911,000 to be disbursed on a reimbursement basis based on invoices submitted by the District to the Energy Resources Conservation and Development Commission. The District incurred $848,134 of reimbursable expenses and received a disbursement for this amount on December 26, 2018. In the event of default, the Energy Commission may declare the loan immediately due and payable.

The outstanding loan amount is as follows:

	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021
Energy Conservation Assistance Loan	$ 801,016	$ -	$ 47,118	$ 753,898

NOTE 5 – ENERGY CONSERVATION ASSISTANCE LOAN (continued)

Future yearly payments on this loan are as follows:

Fiscal Year		Principal
2021-2022	$	47,119
2022-2023		47,119
2023-2024		47,119
2024-2025		47,119
2025-2026		47,119
2026-2031		235,593
2031-2036		235,593
2036-2037		47,117
Total	$	753,898

NOTE 6 – INTERFUND TRANSACTIONS

Balances Due To/From Other Funds
Balances due to/from other funds at June 30, 2021, consisted of the following:

Building Fund due to General Fund for expenditure reimbursements	$	274,751

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Construction Commitments
At June 30, 2021, the District had commitments with respect to unfinished capital projects of approximately $3.3 million to be paid from local funds.

NOTE 8 – OVERSIGHT COMMITTEE

Education Code Section 15282(a) states that the Citizens' Oversight Committee must consist of at least seven members and must be comprised of the following members: one member shall be active in a business organization representing the business community located within the district, one member shall be active in a senior citizens' organization, one member shall be active in a bona fide taxpayers' organization, one member shall be the parent or guardian of a child enrolled in the District, and one member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization, such as the Parent Teacher Association or school site council. The Citizens' Oversight Committee currently has no one who is both a parent/guardian of a child enrolled in the District and active in a parent-teacher organization, nor does it have a taxpayer organization representative.

In addition, five of the seven members have exceeded the maximum of three consecutive terms of two years each allowable for committee members. These members are continuing to serve until the District can recruit additional members.

Other Independent Auditors' Reports

INDEPENDENT AUDITORS' 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*

The Board of Trustees and the
Citizens' Bond Oversight Committee
Berryessa Union School District
San Jose, 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 Measures "L" and "U" General Obligation Bond Building Fund of Berryessa Union School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Berryessa Union School District's internal control over financial reporting (internal control) as a basis for designing 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 the Berryessa Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Berryessa Union 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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Berryessa Union School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Nigro & Nigro, PC

Murrieta, California
January 5, 2022

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INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

The Board of Trustees and the
Citizens' Bond Oversight Committee
Berryessa Union School District
San Jose, California

We have examined the Berryessa Union School District's (the "District") compliance with the performance requirements for the Proposition 39 Measures "L" and "U" General Obligation Bond for the fiscal year ended June 30, 2021, under the applicable provisions of Section 1(b)(3)(C) of Article XIIIA of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Objectives

The objectives of the examination of compliance applicable to the District are to determine with reasonable assurance that:

- The expenditures charged to the Berryessa Union School District Building Fund (210) are documented.
- Expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measures "L" and "U".
- Any discrepancies or weaknesses in internal controls are noted and recommendations for improvement are provided.
- The District Board and the Citizens' Bond Oversight Committee are provided with a performance audit report as required under the requirements of the California Constitution and Proposition 39.

Scope of the Audit

The scope of our performance audit covered the fiscal period from July 1, 2020 to June 30, 2021. The expenditures tested included all object and project codes associated with the bond projects. Expenditures incurred subsequent to June 30, 2021, were not reviewed or included within the scope of our audit or in this report.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Procedures Performed
We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2021, for the Measures "L" and "U" General Obligation Building Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measures "L" and "U" with regards to the approved bond projects list. We performed the following procedures:

To meet our objectives, audit tests were performed and included, but were not limited to the following:

- We verified that bond funds were deposited in the District's name and invested in accordance with applicable legal requirements.
- We tested approximately $2.9 million (51%) in bond fund invoices paid, which is a combination of 2020-21 expenditures and payments on liabilities accrued as of June 30, 2021 and paid in 2021-22. This includes testing payments for validity, allowability, and accuracy. Expenditures sampled in our test included payments made to subcontractors and other vendors.
- We reviewed the approved project listing as set out in the Measure "L" and "U" election documents.
- We selected a sample of expenditures for the fiscal year ended June 30, 2021 and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- We visited construction sites at Brooktree Elementary, Northwood Elementary and Morrill Middle Schools to ensure that expenditures made corresponded with the actual work performed at the site.
- We verified that funds from the Building Fund (210) were expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects, and we verified that funds held in the Building Fund (210) were not used for salaries of school administrators or other operating expenses of the District.
- We reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 20111.
- We verified that the District did not exceed change order limitations in excess of 10% pursuant to Public Contract Code.

Our audit of compliance made for the purpose set forth in the preceding paragraph would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied with the compliance requirements for the Measures "L" and "U" General Obligation Bond proceeds listed and tested above.

This report is intended for the information of the Board of Trustees, management and the Citizens' Bond Oversight Committee; however, this report is a matter of public record.

Nigro & Nigro, PC

Murrieta, California
January 5, 2022