

**GILROY UNIFIED SCHOOL DISTRICT  
2016 MEASURE E  
GENERAL OBLIGATION BOND  
BUILDING FUND**

**COUNTY OF SANTA CLARA  
GILROY, CALIFORNIA**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

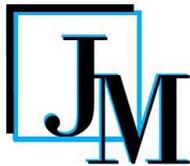
**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

**GILROY UNIFIED SCHOOL DISTRICT**  
**2016 MEASURE E GENERAL OBLIGATION BOND**  
**BUILDING FUND**

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**James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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## INDEPENDENT AUDITOR'S REPORT

Citizen's Oversight Committee  
and Governing Board  
Gilroy Unified School District  
Gilroy, California

### **Report on the Financial Statements**

We have audited the accompanying Statement of Net Position of Gilroy Unified School District (the District), 2016 Measure E General Obligation Bond Fund (the Fund), and the related statement of revenues, expenditures, and changes in fund balance as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements.

### **Managements Responsibility for the Financial Statements**

Management is responsible for the preparation and 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, 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 of 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**

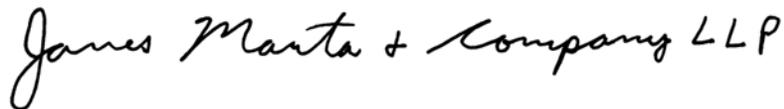
In our opinion, the fund financial statements referred to above present fairly, in all material respects, the financial position of the Gilroy Unified School District 2016 Measure E General Obligation Bond Fund (the Fund) as of June 30, 2021 and the results of its operations the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

As discussed in Note 1, the financial statements referred to above present only the individual 2016 Measure E General Obligation Bond Building Fund and are not intended to present fairly the financial position and results of operations of the District in conformity with generally accepted accounting principles generally accepted in the United States of America.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2021 on our consideration of the fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 entities internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 4, 2021

## **BASIC FINANCIAL STATEMENTS**

**GILROY UNIFIED SCHOOL DISTRICT**  
**2016 MEASURE E GENERAL OBLIGATION BOND**  
**BUILDING FUND**  
**BALANCE SHEET**  
**JUNE 30, 2021**

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**ASSETS**

Cash and Cash Equivalents	\$ 107,908,945
Accounts Receivable	<u>196,286</u>
Total Assets	<u><u>\$ 108,105,231</u></u>

**LIABILITIES AND FUND BALANCES**

Liabilities	
Accounts Payable	<u>\$ 82,300</u>
Total Liabilities	<u>82,300</u>
Fund Balance	
Restricted for Measure E Projects	<u>108,022,931</u>
Total Liabilities and Fund Balance	<u><u>\$ 108,105,231</u></u>

**GILROY UNIFIED SCHOOL DISTRICT**

**2016 MEASURE E GENERAL OBLIGATION BOND  
BUILDING FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**REVENUES**

Other Local Revenue	\$ 407,889
Total Revenues	<u>407,889</u>

**EXPENDITURES**

Classified Salaries	127,508
Employee Benefits	56,479
Books and Supplies	770,691
Service & Other Operating Expenditures	868,136
Capital Outlay	<u>7,104,688</u>
Total Expenditures	<u>8,927,502</u>
Deficiency of Revenues Over Expenditures	<u>(8,519,613)</u>

**OTHER FINANCING SOURCES AND USES**

Proceeds from Issuance of Bonds	<u>94,680,000</u>
Total Other Financing Sources and Uses	<u>94,680,000</u>
Net Change in Fund Balance	86,160,387
Beginning Fund Balance	<u>21,862,544</u>
Ending Fund Balance	<u><u>\$ 108,022,931</u></u>

**GILROY UNIFIED SCHOOL DISTRICT**

**2016 MEASURE E GENERAL OBLIGATION BOND  
BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The accounting policies of the 2016 Measure E General Obligation Bond Fund (the Fund) of the Gilroy Unified School District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

The Gilroy Unified School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a seven member Governing Board elected by registered voters of the District, which comprises an area in Santa Clara County. The District was established in 1966 and serves students in grades Transitional Kindergarten through twelve.

The Bonds were authorized at an election within the District held on June 7, 2016, at which at least fifty-five percent of the registered voters voting on the proposition voted to authorize the issuance of \$170,000,000 aggregate principal amount of general obligation bonds to improve the quality of local school facilities; renovate or replace leaky roofs; improve student access to computers and modern technology; renovate plumbing and sewer systems; make health, safety and security improvements; upgrade science labs and classrooms throughout the District; and construct a new elementary school. Because the Bond required only 55% of the vote in accordance with Proposition 39 (Article XIII of the California State Constitution), the District was required to establish a citizen's bond oversight committee and to conduct a financial and performance audit.

On January 19, 2017, the District issued Measure E Series 2017 General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$60,000,000 to finance specific construction, repair and improvement projects approved by the voters of the District and to pay certain costs of issuance associated therewith. The Series 2017 Bonds represent the first series of authorized bonds to be issued under the 2016 Authorization and will be issued to finance authorized projects.

On May 14, 2019, the District issued Measure E Series 2019 General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$15,320,000 to finance specific construction, repair and improvement projects approved by the voters of the District and to pay certain costs of issuance associated therewith. The Series 2019 Bonds represent the second series of authorized bonds to be issued under the 2016 Authorization and will be issued to finance authorized projects.

On March 11, 2021, the District issued Measure E Series 2021 General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$94,680,000 to finance specific construction projects approved by the voters of the District and to pay certain costs of issuance associated therewith. The Series 2021 Bonds represent the third and final series of authorized bonds to be issued under the 2016 Authorization and will be issued to finance authorized projects.

**GILROY UNIFIED SCHOOL DISTRICT**

**2016 MEASURE E GENERAL OBLIGATION BOND  
BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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The Committee's oversight goals include ensuring expenditures are within the language of the ballot measure. The citizens' oversight committee must include, among others, representation of a bona fide taxpayers association, a business organization and a senior citizens organization. No district employees or vendors are allowed to serve on the citizens' oversight committee.

The fund financial statements presented are for the Measure E General Obligation Bond Building Fund. Since this is just one component of the District, these financial statements are not intended to be a complete presentation of the District's financial position or results of operations. Accordingly, these fund statements do not include a government wide financial statement, management discussion and analysis or related organizational disclosures. The audited financial statements of Gilroy Unified School District include the Measure E General Obligation Bond Building Fund activities, related debt and disclosures as well as management's discussion and analysis.

**B. FUND ACCOUNTING**

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The proceeds from the sale of general obligation bonds and the subsequent expenditure of the bond funds are accounted for in the Building fund of the District. Any premium received from the sale of the bonds is deposited in the Bond and Interest Redemption fund of the District. The Measure E Bond Building Fund forms part and not all of the net financial position in the District's Building Fund which contains other sources of funding.

**C. ACCOUNTING POLICIES**

The District prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the Department of Education's *California School Accounting Manual*.

**GILROY UNIFIED SCHOOL DISTRICT**  
**2016 MEASURE E GENERAL OBLIGATION BOND**  
**BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means 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. For the District, "available" means collectible within the current period or within 60 days after year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

**E. BUDGETS AND BUDGETARY ACCOUNTING**

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

**F. 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 at June 30.

**GILROY UNIFIED SCHOOL DISTRICT**  
**2016 MEASURE E GENERAL OBLIGATION BOND**  
**BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**G. DEPOSITS AND INVESTMENTS**

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 County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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.

Investments 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.

**H. CAPITAL AND LONG-TERM DEBT**

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the General Obligation Bond Building Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and liabilities are generally included on the balance sheet.

The reported fund balances is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure E General Obligation Bond Building Fund are accounted for in the basic financial statements of the District.

**I. FUND BALANCE – GOVERNMENTAL FUNDS**

As of June 30, 2021, fund balances of the 2016 Measure E General Obligation Bond Building Fund are classified as restricted. Restricted funds can only be spent 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.

**GILROY UNIFIED SCHOOL DISTRICT**

**2016 MEASURE E GENERAL OBLIGATION BOND  
BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2021 consist of cash in the county treasury in the amount of: \$107,908,945.

**A. Cash in County Treasury**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the 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.

Cash in County Treasury consists of District cash held by the Santa Clara County Treasury that is invested in the county investment pool. The Treasury permits negative cash balances so long as the District's total cash in county treasury has a positive balance.

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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 weighted average maturity of the pool is 615 days. The pool is rated AAA by Standard and Poor's.

**B. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury that purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the Fund's investments to market interest rate fluctuations is provided by the schedule below, which also shows the distinction of the Fund's investments by maturity:

	<u>Reported Amount</u>	<u>Fair Value</u>	<u>Maturity</u>
Cash in county treasury	<u>\$ 107,908,945</u>	<u>\$ 107,478,187</u>	615 Days
Total Cash and Cash Equivalents	<u><u>\$ 107,908,945</u></u>	<u><u>\$ 107,478,187</u></u>	

**GILROY UNIFIED SCHOOL DISTRICT**  
**2016 MEASURE E GENERAL OBLIGATION BOND**  
**BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**3. 2016 MEASURE E GENERAL OBLIGATION BONDS**

On June 7, 2016 the District was approved to issue debt of \$170,000,000 for repairs and renovations of the assets of the District. On January 19, 2017, the District issued Measure E Series 2017 General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$60,000,000. The 2017 Series were the first series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. See table below of how the proceeds of the bonds were applied.

**Series 2017**

The proceeds of the bonds were applied as follows:

Sources of Funds:

Principal Amount of Series 2017 Bonds	\$ 60,000,000
Plus Net Original Issue Premium	<u>1,515,870</u>
Total Sources of Funds	<u><u>\$ 61,515,870</u></u>

Uses of Funds:

Deposit to Building Fund	\$ 60,000,000
Deposit to Interest and Sinking Fund	1,000,870
Costs of Issuance	275,000
Underwriter's Discount	<u>240,000</u>
Total Uses of Funds	<u><u>\$ 61,515,870</u></u>

**GILROY UNIFIED SCHOOL DISTRICT**  
**2016 MEASURE E GENERAL OBLIGATION BOND**  
**BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**3. 2016 MEASURE E GENERAL OBLIGATION BONDS (Continued)**

**Series 2019**

On May 14, 2019, the District issued Series 2019 in the amount of 15,320,000. The 2019 Series were the second series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. The sources and uses of funds are detailed below.

The proceeds of the Bonds were applied as follows:

*Sources of Funds*

Principal Amount of Bonds	\$ 15,320,000
Original Issuance Premium	969,941
Total Sources	<u>\$ 16,289,941</u>

*Uses of Funds*

Deposited to Building Fund	\$ 15,320,000
Deposited to Bond Interest and Redemption Fund	818,661
Cost of Issuance	90,000
Underwriters Discount	61,280
	<u>\$ 16,289,941</u>

**Series 2021**

On March 11, 2021, the District issued Series 2021 in the amount of 94,680,000. The 2021 Series were the third and final series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. The sources and uses of funds are detailed below.

The proceeds of the Bonds were applied as follows:

*Sources of Funds*

Principal Amount of Bonds	\$ 94,680,000
Original Issuance Premium	11,193,104
Total Sources	<u>\$ 105,873,104</u>

*Uses of Funds*

Deposited to Building Fund	\$ 94,680,000
Deposited to Bond Interest and Redemption Fund	10,566,800
Cost of Issuance	626,304
	<u>\$ 105,873,104</u>

**GILROY UNIFIED SCHOOL DISTRICT**

**2016 MEASURE E GENERAL OBLIGATION BOND  
BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**3. 2016 MEASURE E GENERAL OBLIGATION BONDS (Continued)**

The Series 2017, Series 2019 and Series 2021 Bonds are payable 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 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 Series 2017, Series 2019, and Series 2021 Bonds.

**4. COMMITMENT AND CONTINGENCIES**

As of June 30, 2021, the Building Fund had the following commitments with respect to unfinished capital projects:

<b>Project</b>	<b>Initial Committed Balance</b>	<b>Expenditures to date</b>	<b>Committed Balances as of June 30, 2021</b>
South Valley MS Modernization - 9979**	\$ 89,500,000	\$ 4,132,420	\$ 85,367,580
Brownell Middle School Modernization - 9980	42,411,544	37,765,716	4,645,828
GHS Plaza Project - 9996	1,000,000	118,598	881,402
GHS Pool Renovation - 9993	5,000,000	4,516,376	483,624
IT Infrastructure - 9987	12,500,000	11,929,225	570,775
Total	<u>\$ 150,411,544</u>	<u>\$ 58,462,335</u>	<u>\$ 91,949,209</u>

\*\*South Valley MS Modernization - 2019 Series B Draw = \$2,500,000

\*\*South Valley MS Modernization - Series 2021 Draw = \$87,000,000

**5. SUBSEQUENT EVENTS**

The District's management evaluated its June 30, 2021 financial statements for subsequent events through November 4, 2021, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

## **SUPPLEMENTARY INFORMATION**

**GILROY UNIFIED SCHOOL DISTRICT**

**2016 MEASURE E GENERAL OBLIGATION BOND  
BUILDING FUND**

**FULL TEXT OF BOND MEASURE**

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This Proposition may be known and referred to as the "Gilroy Unified School District School Upgrade, Renovation and Improvement Measure" or as "Measure E".

**BOND AUTHORIZATION**

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the Gilroy Unified School District (the "District") shall be authorized to issue and sell bonds of up to \$170,000,000 in aggregate principal amount to provide financing for the specific school facilities projects listed under the heading entitled "BOND PROJECT LIST" below (the "Bond Project List"), subject to all of the accountability safeguards specified below.

**ACCOUNTABILITY SAFEGUARDS**

The provisions in this section are specifically included in this proposition in order that the voters and taxpayers of the District may be assured that their money will be spent to address specific facilities needs of the District, all in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Sections 15264 and following of the California Education Code (the "Education Code")).

Evaluation of Needs. The Board of Education of the District (the "Board") has prepared an updated master facilities plan and needs assessment in order to evaluate and address all of the facilities needs of the District at each campus and facility, and to determine which projects to finance from a local bond at this time. The Board hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List.

Limitations on Use of Bonds. Proceeds from the sale of bonds authorized by this proposition shall be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, including, to the extent permitted by law, the acquisition or lease of real property in connection with an existing or future financing of the specific school facilities projects listed in the Bond Project List, including the prepayment of existing or future interim lease, certificate of participation or lease revenue bond financings, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Independent Citizens' Oversight Committee. The Board shall establish an independent citizens' oversight committee (pursuant to Education Code Section 15278 and following), to ensure bond proceeds are expended only for the school facilities projects listed in the Bond Project List. The committee shall be established within 60 days of the date when the results of the election appear in the minutes of the Board. In accordance with Section 15282 of the Education Code, the citizens' oversight committee shall consist of at least seven members and shall include a member active in a business organization representing the business community located within the District, a member active in a senior citizens' organization, a member active in a bona fide taxpayers' organization, a member that is a parent or guardian of a child enrolled in the District, and a member that is both a parent or guardian of a child enrolled in the District and active in a parent-teacher organization. No employee or official of the District and no vendor, contractor or consultant of the District shall be appointed to the citizens' oversight committee.

**GILROY UNIFIED SCHOOL DISTRICT**

**2016 MEASURE E GENERAL OBLIGATION BOND  
BUILDING FUND**

**FULL TEXT OF BOND MEASURE**

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Annual Performance Audits. The Board shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the Bond Project List. These audits shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States for performance audits. The results of these audits shall be made publicly available and shall be submitted to the citizens' oversight committee in accordance with Section 15286 of the Education Code.

Annual Financial Audits. The Board shall conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed in the Bond Project List. These audits shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States for financial audits. The results of these audits shall be made publicly available and shall be submitted to the citizens' oversight committee in accordance with Section 15286 of the Education Code.

Special Bond Proceeds Account; Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board shall take actions necessary to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent of the District shall cause a report to be filed with the Board no later than January 1 of each year, commencing January 1, 2017, stating (a) the amount of bond proceeds received and expended in that year, and (b) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as the Superintendent of the District shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

**FURTHER SPECIFICATIONS**

Joint-Use Projects. The District may enter into agreements with other public agencies or nonprofit organizations for joint use of school facilities financed with the proceeds of the bonds in accordance with Education Code Section 17077.42 (or any successor provision). The District may seek State grant funds for eligible joint-use projects as permitted by law, and this proposition hereby specifies and acknowledges that bond funds will or may be used to fund all or a portion of the local share for any eligible joint-use projects identified in the Bond Project List or as otherwise permitted by California State regulations, as the Board shall determine.

Single Purpose. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Education Code Section 15100, and all the enumerated purposes shall constitute the specific single purpose of the bonds, and proceeds of the bonds shall be spent only for such purpose, pursuant to California Government Code Section 53410.

Bonds may be Issued in Excess of Statutory Bonding Limit. Issuance of all of the authorized bonds might require the outstanding debt of the District to exceed its statutory bonding limit of 2.50% of the total assessed valuation of taxable property in the District. In that event, the District intends to seek a waiver of its bonding limit from the State Board of Education, which has the power to waive certain requirements of the Education Code applicable to the District. By approval of this proposition, the voters have authorized the District to seek such a waiver, and to issue authorized bonds in excess of the 2.50% limit as the State Board of Education may approve. No such waiver has yet been sought or granted.

**GILROY UNIFIED SCHOOL DISTRICT**

**2016 MEASURE E GENERAL OBLIGATION BOND  
BUILDING FUND**

**FULL TEXT OF BOND MEASURE**

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Other Terms of the Bonds. When sold, the bonds shall bear interest at an annual rate not exceeding the statutory maximum, and that interest shall be made payable at the time or times permitted by law. The bonds may be issued and sold in several series, and no bond shall be made to mature more than the statutory maximum number of years from the date borne by that bond.

**BOND PROJECT LIST**

The Bond Project List below lists the specific projects the District proposes to finance with proceeds of the bonds. The Bond Project List shall be considered a part of the bond proposition and shall be reproduced in any official document required to contain the full statement of the bond proposition. Listed projects will be completed as needed at a particular school or facility site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority for funding or completion. Each project is assumed to include its share of costs of the election and bond issuance, construction-related costs, such as project and construction management, architectural, engineering, inspection and similar planning and testing costs, demolition and interim housing costs, legal, accounting and similar fees, costs related to the independent annual financial and performance audits, a contingency for unforeseen design and construction costs, and other costs incidental to and necessary for completion of the listed projects (whether the related work is performed by the District or third parties). The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. In addition, certain construction funds expected from non-bond sources have not yet been secured. Therefore, the Board cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Alternatively, if the District obtains unexpected funds from non-bond sources with respect to listed projects, such projects may be enhanced, supplemented or expanded to the extent of such funds. Some projects may be subject to further government approvals, including by State officials and boards and/or local environmental or agency approval. Inclusion of a project on the Bond Project List is not a guarantee that the project will be completed.

The specific projects authorized to be financed with proceeds of the bonds under this proposition are as follows:

**ELEMENTARY SCHOOL RENOVATION, CONSTRUCTION AND UPGRADE PROJECTS**

- Antonio del Buono Elementary School  
(First Built 2000)
- El Roble Elementary School  
(First Built 1960)
- Eliot Elementary  
(First Built 2005)
- Gilroy Prep Charter School  
(First Built 2008)
- Glen View Elementary School  
(First Built 1953)
- Las Animas Elementary School  
(First Built 2002)
- Luigi Aprea Elementary School  
(First Built 2002)
- New Elementary School  
(Construction Date to be Determined)
- Rod Kelley Elementary School  
(First Built 1987)
- Rucker Elementary School  
(First Built 1962)

## **GILROY UNIFIED SCHOOL DISTRICT**

### **2016 MEASURE E GENERAL OBLIGATION BOND BUILDING FUND**

#### **FULL TEXT OF BOND MEASURE**

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The following renovation, construction and upgrade projects are authorized to be financed at the District's elementary schools:

- Renovate or replace deteriorating plumbing, gas, sewer and drainage systems.
- Replace or renovate roofs.
- Make health, safety and security improvements by upgrading and/or acquiring and installing exterior lighting, fire detection and suppression, security, clock, data, voice and audio-visual communication (including telephone and public address) systems, networks, fixtures, equipment and controls. These systems, networks, fixtures, equipment and controls may be installed at all District support facilities (in addition to the school sites listed above).
- Upgrade electrical systems including wiring and related infrastructure for modern technology.
- Improve student access to computers and modern technology and upgrade technology infrastructure by acquiring and installing technology equipment, fixtures and infrastructure, including computers, software, interactive educational technology, digital projectors and cameras, monitors, audio systems, video systems, network equipment (including servers, network interface devices, network switches and routers, wireless network equipment, firewalls, network security equipment, racking, power and cooling equipment, wiring and uninterruptible power supplies), etc; rehabilitating and replacing such equipment, fixtures and infrastructure as needed in the future. Technology equipment, fixtures and infrastructure includes existing technology equipment, fixtures and infrastructure as well as technology equipment, fixtures and infrastructure developed in the future.
- Replace portable buildings with permanent new construction, portable or modular buildings, and furnish and equip such buildings.
- Update/modernize science labs and vocational education classrooms, including modernizing, renovating, rehabilitating, reconfiguring, expanding, upgrading and/or constructing labs and classrooms, including science, computer, math, engineering, shop, art and design, and furnish and equip such classrooms.
- Improve student safety at drop-off and pick-up areas, including reconfiguring, renovating, repairing, resurfacing, improving and/or expanding roads, sidewalks, bicycle/scooter/skateboard storage facilities and parking and related areas to improve ingress/egress and safety and increase capacity to meet site usage.
- Replace or provide heating, ventilation and air-conditioning systems.
- Upgrade, renovate, expand, and modernize classrooms, restrooms and student support facilities, including library, media/technology centers, performing and visual arts, dance, band/ orchestra, gymnasium, multipurpose room, food storage, preparation and service and office/staff/administration support facilities, including interior and exterior (as applicable) doors, windows, door and window hardware, roofs, rain gutters and downspouts, walls, ceilings and floors and finishes, paint, siding, insulation, casework, cabinets, carpets, drapes, window coverings, lighting, sinks, drinking fountains, fixtures, signage, fencing, furniture and equipment.
- Renovate, repair, replace, upgrade, expand and/or install and improve fencing.

**GILROY UNIFIED SCHOOL DISTRICT**

**2016 MEASURE E GENERAL OBLIGATION BOND  
BUILDING FUND**

**FULL TEXT OF BOND MEASURE**

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- Provide energy efficiency/management monitoring systems, networks, fixtures, equipment and controls.
- Renovate, improve and upgrade playfields and play surfaces for school and community use, and related infrastructure.
- Construct a new elementary school and related facilities, including: (i) acquisition of land and any rights-of-way and easements made necessary by construction of such facilities; (ii) planning, designing, and constructing the school and related facilities, including costs related to construction services, architectural design, engineering, site inspection and testing services and plan review fees; (iii) associated onsite and offsite development, demolition of existing structures, and other improvements made necessary for construction of such facilities; construction of such school and related facilities and grounds, including necessary supporting infrastructure; and acquisition and installation of furnishings and equipment related to the constructed facilities.

All or portions of these projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).

**MIDDLE SCHOOL RENOVATION, CONSTRUCTION AND UPGRADE PROJECTS**

- Ascencion Solorsano Middle School  
(First Built 2005)
- Brownell Middle School  
(First Built 1949)
- South Valley Middle School  
(First Built 1956)

The following renovation, construction and upgrade projects are authorized to be financed at the District's middle schools.

- Renovate or replace deteriorating plumbing, gas, sewer and drainage systems.
- Replace or renovate roofs.
- Make health, safety and security improvements by upgrading and/or acquiring and installing exterior lighting, fire detection and suppression, security, clock, data, voice and audio-visual communication (including telephone and public address) systems, networks, fixtures, equipment and controls. These systems, networks, fixtures, equipment and controls may be installed at all District support facilities (in addition to the school sites listed above).
- Upgrade electrical systems including wiring and related infrastructure for modern technology.
- Improve student access to computers and modern technology and upgrade technology infrastructure by acquiring and installing technology equipment, fixtures and infrastructure, including computers, software, interactive educational technology, digital projectors and cameras, monitors, audio systems, video systems, network equipment (including servers, network interface devices, network switches and routers, wireless network equipment, firewalls, network security equipment, racking, power and

**GILROY UNIFIED SCHOOL DISTRICT**

**2016 MEASURE E GENERAL OBLIGATION BOND  
BUILDING FUND**

**FULL TEXT OF BOND MEASURE**

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cooling equipment, wiring and uninterruptible power supplies), etc; rehabilitating and replacing such equipment, fixtures and infrastructure as needed in the future. Technology equipment, fixtures and infrastructure includes existing technology equipment, fixtures and infrastructure as well as technology equipment, fixtures and infrastructure developed in the future.

- Replace portable buildings with permanent new construction, portable or modular buildings, and furnish and equip such buildings.
- Update/modernize science labs and vocational education classrooms, including modernizing, renovating, rehabilitating, re- configuring, expanding, upgrading and/or constructing labs and classrooms, including science, computer, math, engineering, shop, art and design, and furnish and equip such classrooms.
- Improve student safety at drop-off and pick-up areas, including reconfiguring, renovating, repairing, resurfacing, improving and/or expanding roads, sidewalks, bicycle/scooter/skateboard storage facilities and parking and related areas to improve ingress/egress and safety and increase capacity to meet site usage.
- Replace or provide heating, ventilation and air-conditioning systems.
- Upgrade, renovate, expand, and modernize classrooms, restrooms and student support facilities, including library, media/technology centers, performing and visual arts, dance, band/ orchestra, gymnasium, multipurpose room, food storage, preparation and service and office/staff/administration support facilities, including interior and exterior (as applicable) doors, windows, door and window hardware, roofs, rain gutters and downspouts, walls, ceilings and floors and finishes, paint, siding, insulation, casework, cabinets, carpets, drapes, window coverings, lighting, sinks, drinking fountains, fixtures, signage, fencing, furniture and equipment.
- Renovate, repair, replace, upgrade, expand and/or install and improve fencing.
- Provide energy efficiency/management monitoring systems, networks, fixtures, equipment and controls.
- Renovate, improve and upgrade playfields and play surfaces for school and community use, and related infrastructure.

All or portions of these projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).

**HIGH SCHOOL RENOVATION, CONSTRUCTION AND UPGRADE PROJECTS**

- |  |  |
|--|--|
| • Christopher High School<br>(First Built 2009)                        | • Gilroy High School<br>(First Built 1978)                   |
| • Dr. T.J. Owens Gilroy Early College<br>Academy<br>(First Built 2006) | • Mt. Madonna Continuation High School<br>(First Built 1996) |

## **GILROY UNIFIED SCHOOL DISTRICT**

### **2016 MEASURE E GENERAL OBLIGATION BOND BUILDING FUND**

#### **FULL TEXT OF BOND MEASURE**

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The following renovation, construction and upgrade projects are authorized to be financed at the District's high schools.

- Renovate or replace deteriorating plumbing, gas, sewer and drainage systems.
- Replace or renovate roofs.
- Make health, safety and security improvements by upgrading and/or acquiring and installing exterior lighting, fire detection and suppression, security, clock, data, voice and audio-visual communication (including telephone and public address) systems, networks, fixtures, equipment and controls. These systems, networks, fixtures, equipment and controls may be installed at all District support facilities (in addition to the school sites listed above).
- Upgrade electrical systems including wiring and related infrastructure for modern technology.
- Improve student access to computers and modern technology and upgrade technology infrastructure by acquiring and installing technology equipment, fixtures and infrastructure, including computers, software, interactive educational technology, digital projectors and cameras, monitors, audio systems, video systems, network equipment (including servers, network interface devices, network switches and routers, wireless network equipment, firewalls, network security equipment, racking, power and cooling equipment, wiring and uninterruptible power supplies), etc; rehabilitating and replacing such equipment, fixtures and infrastructure as needed in the future. Technology equipment, fixtures and infrastructure includes existing technology equipment, fixtures and infrastructure as well as technology equipment, fixtures and infrastructure developed in the future.
- Replace portable buildings with permanent new construction, portable or modular buildings, and furnish and equip such buildings.
- Update/modernize science labs and vocational education classrooms, including modernizing, renovating, rehabilitating, reconfiguring, expanding, upgrading and/or constructing labs and classrooms, including science, computer, math, engineering, shop, art and design, and furnish and equip such classrooms.
- Improve student safety at drop-off and pick-up areas, including reconfiguring, renovating, repairing, resurfacing, improving and/or expanding roads, sidewalks, bicycle/scooter/skateboard storage facilities and parking and related areas to improve ingress/egress and safety and increase capacity to meet site usage.
- Replace or provide heating, ventilation and air-conditioning systems.
- Upgrade, renovate, expand, and modernize classrooms, restrooms and student support facilities, including library, media/technology centers, performing and visual arts, dance, band/ orchestra, gymnasium, multipurpose room, food storage, preparation and service and office/staff/administration support facilities, including interior and exterior (as applicable) doors, windows, door and window hardware, roofs, rain gutters and downspouts, walls, ceilings and floors and finishes, paint, siding, insulation, casework, cabinets, carpets, drapes, window coverings, lighting, sinks, drinking fountains, fixtures, signage, fencing, furniture and equipment.
- Renovate, repair, replace, upgrade, expand and/or install and improve fencing.

## **GILROY UNIFIED SCHOOL DISTRICT**

### **2016 MEASURE E GENERAL OBLIGATION BOND BUILDING FUND**

#### **FULL TEXT OF BOND MEASURE**

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- Provide energy efficiency/management monitoring systems, networks, fixtures, equipment and controls
- Renovate, improve and upgrade athletic facilities, fields, turf and tracks for school and community use, and related infrastructure.

All or portions of these projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).

#### **OTHER GUSD FACILITIES**

- Maintenance Yard
- Transportation Yard
- District Office

The following renovation, construction and upgrade projects are authorized to be financed at the District's other facilities.

- Renovate or replace deteriorating plumbing, gas, sewer and drainage systems.
- Replace or renovate roofs.
- Make health, safety and security improvements by upgrading and/or acquiring and installing exterior lighting, fire detection and suppression, security, clock, data, voice and audio-visual communication (including telephone and public address) systems, networks, fixtures, equipment and controls.
- Upgrade electrical systems including wiring and related infrastructure for modern technology.
- Upgrade technology infrastructure by acquiring and installing technology equipment, fixtures and infrastructure, including computers, software, interactive educational technology, digital projectors and cameras, monitors, audio systems, video systems, network equipment (including servers, network interface devices, network switches and routers, wireless network equipment, firewalls, network security equipment, racking, power and cooling equipment, wiring and uninterruptible power supplies), etc; rehabilitating and replacing such equipment, fixtures and infrastructure as needed in the future. Technology equipment, fixtures and infrastructure includes existing technology equipment, fixtures and infrastructure as well as technology equipment, fixtures and infrastructure developed in the future.
- Reconfigure, renovate, repair, resurface, improve and/or expand roads, sidewalks, storage facilities, parking and related areas to improve ingress/egress and safety and increase capacity to meet site usage.
- Replace or provide heating, ventilation and air-conditioning systems.
- Upgrade, renovate, expand, and modernize office/staff/administration support facilities including interior and exterior (as applicable) doors, windows, door and window hardware, roofs, rain gutters and downspouts, walls, ceilings and floors and finishes, paint, siding, insulation, casework, cabinets,

## **GILROY UNIFIED SCHOOL DISTRICT**

### **2016 MEASURE E GENERAL OBLIGATION BOND BUILDING FUND**

#### **FULL TEXT OF BOND MEASURE**

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carpets, drapes, window coverings, lighting, sinks, drinking fountains, fixtures, signage, fencing, furniture and equipment.

- Renovate, repair, replace, upgrade, expand and/or install and improve fencing.
- Provide energy efficiency/management monitoring systems, networks, fixtures, equipment and controls.

All or portions of these projects may be used as joint-use projects within the meaning of Section 17077.42(c) of the Education Code (or any successor provision).

- All other costs and work necessary and incidental to the listed bond projects.
- Acquisition of all or a portion of any school site or facility, or an interest therein, or make lease payments with respect to any school site or facility, encumbered in order to finance or refinance listed bond projects or other prior capital improvement projects pursuant to a lease, certificate of participation or lease revenue bond financing.

#### **MISCELLANEOUS**

All listed bond projects include the following as needed:

- Planning, designing and providing temporary housing necessary for listed bond projects.
- The inspection, sampling and analysis of grounds, buildings and building materials to determine the presence of hazardous materials or substances, including asbestos, lead, etc., and the encapsulation, removal, disposal and other remediation or control of such hazardous materials and substances.
- Improve, correct, restore or renovate grounds, buildings and structures or portions thereof to eliminate or mitigate health and safety risks to students, faculty, staff, parents and the public or comply with local, state and federal building, health, safety, access and other related requirements, including seismic safety requirements, Field Act requirements and access requirements of the Americans with Disabilities Act (ADA).
- Necessary onsite and offsite preparation or restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable buildings, including demolition of structures; removing, replacing, or installing irrigation, drainage, utility lines (gas, water, sewer, electrical, data and voice, etc.), trees and landscaping; relocating fire access roads; and acquiring any necessary easements, licenses, land or rights of way made necessary by listed bond projects.
- Address other unforeseen conditions revealed by construction, renovation or modernization (including plumbing or gas line breaks, dry rot, seismic and structural deficiencies, etc.).
- Demolition of existing facilities and reconstruction of facilities scheduled for modernization, if the Board of Education of the District determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses.
- Acquire or construct storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including relocatables) for

**GILROY UNIFIED SCHOOL DISTRICT**

**2016 MEASURE E GENERAL OBLIGATION BOND  
BUILDING FUND**

**FULL TEXT OF BOND MEASURE**

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students and school functions or other storage for classroom materials displaced during construction.

- Furnishing and equipping of classrooms and other school facilities; furnishing and equipping shall include initial purchases, and scheduled and necessary replacements, upgrades and updating of technology.
- All other costs and work necessary and incidental to the listed bond projects.
- Acquisition of all or a portion of any school site or facility, or an interest therein, or make lease payments with respect to any school site or facility, encumbered in order to finance or refinance listed bond projects or other prior capital improvement projects pursuant to a lease, certificate of participation or lease revenue bond financing.

**OTHER INDEPENDENT AUDITOR'S REPORTS**



**James Marta & Company**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**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***

**INDEPENDENT AUDITOR'S REPORT**

Citizen's Oversight Committee  
and Governing Board  
Gilroy Unified School District  
Gilroy, 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 fund financial statements of the 2016 Measure E General Obligation Bond Building Fund of Gilroy Unified School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the 2016 Measure E General Obligation Bond Building Fund's fund financial statements, and have issued our report thereon dated November 4, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the 2016 Measure E General Obligation Bond Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of 2016 Measure E General Obligation Bond Building Fund's internal control.

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

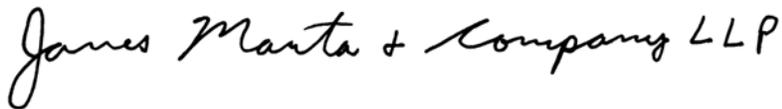
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 2016 Measure E General Obligation Bond Building Fund's fund 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 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*.

## **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. This report is intended solely for the information and use of management, and the Citizen's Oversight Committee and Governing Board of Gilroy Unified School District, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 4, 2021



**James Marta & Company**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**INDEPENDENT AUDITOR'S REPORT  
ON MEASURE E BOND PERFORMANCE**

Citizen's Oversight Committee  
and Governing Board  
Gilroy Unified School District  
Gilroy, California

We have audited the financial statements of the 2016 Measure E General Obligation Bond Building Fund of the Gilroy Unified School District (the "District") as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated November 4, 2021. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

**Management's Responsibility**

The design, implementation and maintenance of internal controls relevant to the financial process and compliance with the requirements of state laws and regulations is the responsibility of management.

Our responsibility is to determine that the District complied with the 2016 Measure E General Obligation Bonds in accordance with Appendix A of the 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

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 Appendix A of the 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. 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 objects. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The results of the procedures performed indicate that the District complied with the requirements identified in Appendix A of the K-12 Local Education Agencies and State Compliance Reporting for the 2016 Measure E General Obligation Bond funds for the year ended June 30, 2021.

**Objectives**

The objectives of our performance audit was to determine that the District expended the 2016 Measure E General Obligation Bond funds for the year ended June 30, 2021 only for purposes approved by voters and only for specific projects adopted by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C.

## **Scope of the Audit**

The scope of our performance audit covered the fiscal year ended June 30, 2021. The expenditures included all account and project codes associated with the bond projects. Expenditures before July 1, 2020 and after June 30, 2021 were not reviewed as they were not within the scope of our audit.

## **Methodology**

1. We obtained the general ledger for the fiscal year ended June 30, 2021.
2. We selected expenditures to ensure compliance with Proposition 39 and 2016 Measure E General Obligation Bond funding.
3. We verified the mathematical accuracy of the expenditures included in the 2016 Measure E General Obligation Bond Fund detailed general ledger for the fiscal year ended June 30, 2021.
4. We verified that the funds were generally expended for the construction, renovation, furnishing and equipping of school facilities constituting authorized bond projects.
5. Solely to assist us in planning and completing our performance audit, we obtained an understanding of the internal controls of the District.
6. We selected a sample of bond expenditures and performed the following:
  - a. Reviewed the invoices, contracts, warrant copies and other supporting documents to verify the funds were spent in accordance with list of projects defined in the full Measure E bond text.
  - b. For any expenditures that were subject to the bid process, we reviewed supporting documentation to verify that all applicable bid process requirements were satisfied.
  - c. We verified that any change orders for the selected projects were approved by the Board of Trustees.

## **Conclusion**

Based on the procedures performed, we found that the Gilroy Unified School District has properly accounted for the expenditures of 2016 Measure E General Obligation Bond Fund. Further, it was noted that the funds were not used for salaries of school administrators or other operating expenditures. Our audit does not provide a legal determination on the District's compliance with specific requirements.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our performance audit and the results of that testing. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's compliance. This report is intended solely for the information and use of management and Governing Board of Gilroy Unified School District, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

*James Marta & Company LLP*

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 4, 2021