



***Independent Citizen's Bond Oversight Committee
Measure A***

***Wednesday, September 1, 2021
5:30 p.m.***

Via Zoom: <https://vusd-us.zoom.us/j/98745322533>

AGENDA

- A. Welcome:**
- B. Call to the Public:**
General public comment on any Bond Oversight Committee related topic or items on this agenda can be emailed to Erik Kehrer ekehrer@vusd.org by 4pm the day of the meeting to be included in the record of the meeting.
- C. Approval of Minutes**
- D. Independent Auditor Reports - Axel Kondoh, VUSD Internal Auditor**
- E. Annual Report to the Board - Erik Kehrer, VUSD Chief Operations Officer**
- F. Membership / BOC Positions - Erik Kehrer, VUSD Chief Operations Officer**
- G. Good of the Order/Next Meeting**
- H. Adjourn (Next Meeting – December 1, 2021 via zoom)**

Measure A Bond Oversight Committee
Minutes for May 6, 2020 Meeting
Meeting held on ZOOM

Meeting was called to order at 6:00 p.m. by Nick Mascia, Bond Oversight Committee Chair

BOAC Members Present:

Caren Anderson
Erik Anderson
Randall K. Evans
Bob Hamlin
Dr. Juan Lopez
Nick Mascia
Sarrah Peariso
Basil J. Perch
Tony Velasquez
Gerardo Verduzco
Darice Vieira

BOAC Members Absent:

Lupe Once Wong

VUSD Staff Present:

Tamara Ravalin, Superintendent
Robert Groeber Assistant Superintendent Administration Services
Nathan Hernandez, Administrator of Business Services
Gerry Lemus, Facilities Director
Axel Kondoh, Internal Auditor
Steve Pena Project Manager
Shellie Knight, Office Manager – Secretary

Call to the Public

No public Comment

Good of the order

Sarrah Peariso asked Dr. Ravalin to check with VUSD legal counsel what happens if a fifth high school is not built, Can the Bond money be used on other Measure A Projects?

Discussion of proposed Bylaws

Committee agreed to add the following to 4.1 Scope of Permissible Activities

(h) The Board reserves the right to ask the BOC Committee to review any document they fill is necessary.

Motion from Basil J. Perch seconded by Darice Vieira. Committee agreed to accept all other correction to the Bylaws as presented.

Vote: 10 in favor, 0 opposed

Resolved: Motion carried

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Future Agenda items or new items of interest

Term of Service on the committee

Architect Selection Process

Meeting Adjourned

6:59pm

DRAFT

Measure A Bond Oversight Committee
Minutes for April 1, 2020 Meeting
Meeting held on ZOOM

Meeting was called to order at 5:15 p.m. by Nick Mascia, Bond Oversight Committee Chair. This meeting started early for Members to discuss Bylaws without School Administration. School Administration Members will join meeting at 6:15.

BOAC Members Present:

Caren Anderson
Erik Anderson
Randall K. Evans
Bob Hamlin
Dr. Juan Lopez
Nick Mascia
Sarrah Peariso
Basil J. Perch
Tony Velasquez
Gerardo Verduzco
Darice Vieira

BOAC Members Absent:

Lupe Once Wong

VUSD Staff Present:

Tamara Ravalin, Interim Superintendent
Robert Groeber Assistant Superintendent Administration Services
Nathan Hernandez, Administrator of Business Services
Gerry Lemus, Facilities Director
Axel Kondoh, Internal Auditor
Steve Pena Project Manager
Shellie Knight, Office Manager – Secretary

Call to the Public/Good of the Order

President Nick Mascia welcomed everyone to the meeting. Mr. Mascia let the public know to call 559-931-8500 for questions or comments. No Public Comments.

Good of the Order

There were no question or comments.

Discussion of Proposed bylaws

The committee had the following amendments to the proposed bylaws

4.1 Scope of Permissible Activities

(e) was deleted by VUSD Legal Counsel. The committee would like the items to remain in the documents with the following collections.

(e) Review and report at the Boards request the following items

- (i) Contracts,
- (ii) Change orders,
- (iii) Expenditures of the bond funds.
- (iv) Project plans and schedules,
- (v) Seek Specific Expertise to assist the Committee in execution of their responsibilities

(f) As a Committee, or designees assigned by the Committee meet with District staff to provide feedback regarding efforts by the District to maximize bond proceeds as set forth in 4.1 (d).

4.2 Conduct of Permissible Activities – Add the following at end of item Feedback of the committee as a standalone document, can be included in such report to the board. The committee will comply with this timeframe “with any item to be considered so long as the Committee is provided said documents a week prior.

6.1 Regular Meeting

Meeting will be the first Wednesday of the months of March, June, September and December.

6.3 Procedures

All meetings shall be open to the public. All meetings of the Committee shall be called, noticed, held and conducted subject to the provisions of the Brown Act

Mr. Mascia asked for any public comments and gave the number to call again. There were no calls.

Motion from Randall Evans to approve as amendment. Basil Perch 2nd.

Vote: All in favor, 0 opposed

Resolved: Motion carried

School Administration joined zoom meeting at 6:15pm.

President Nick Mascia welcomed School Administration to the meeting

Call to the Public

Mr. Mascia asked public to call 559-931-8500 for questions or comments. He said he would wait a couple of minutes. There was no Public Questions or Comments.

Robert Groeber informed the committee that all members of the committee have been added to the list that receives all board agenda early to inform them of the upcoming items going to the board.

Presentation on process and process of 5th High School

Gerry Lemus presentation a roadmap on the fifth High School from Educational Specifications to where we are now.

In February the architectures presented 3 options master plan conceptual design for 1800 students.

Option 1 Did not include for future classrooms, a new theater, mini gym, swimming pool facilities, student parking for 1289 stalls, the athletic stadium without the seating and CTE Classroom. Construction Cost Estimate were \$94,500,000, soft cost estimate (12%) \$13,800,000 with Total Project Estimate \$108,300,000

Option 2 Did not include the theater, the mini Gym, Swimming Pool Facilities, seating in the Stadium and the future classrooms. Construction Cost Estimate \$132,000,000, soft cost estimate (12%) \$18,000,000 with Total Project Estimate \$150,000,000

Option 3 Did not include the future Classrooms. Construction Cost Estimate \$168,000,000, soft cost estimate (11%) \$21,500,000 with Total Project Estimate \$189,500,000.

Administration asked the architects to do a 4th Option with equity of a facilities and needs versus wants considered as part of cutting estimates down.

Option 4 Did not include the future Classrooms, the new theater, the mini gym, resizing the hallways along with rearrange classrooms, taking out lecture classroom other High School do not have. Construction Cost Estimate \$132,000,000, soft cost estimate (12%) \$18,000,000 with Total Project Estimate \$150,000,000.

Motion from Randall Evans seconded by Darice Vieira. The committee cannot make a recommendation to the board without additional information on Option 4.

Vote: 10 in favor, 1 opposed

Resolved: Motion carried

Additional Information required: What would be the timeline for each future project to be completed and what would be the additional cost for the project at the time completed?

Call to the Public

One caller stated with the high cost of the fifth high school, the fifth High School needs to be tabled, the funds would be better spent towards technology for the students.

Future Agenda items or new items of interest

Additional information requested on option 4.

Follow-up on Bylaws

Good of the Order

No Comments

DRAFT

Measure A Bond Oversight Committee
Minutes for November 6, 2019 Meeting
Meeting held at District Office

BOAC Members Present:

Caren Anderson
Erik Anderson
Randall K. Evans
Bob Hamlin
Nick Mascia
Sarrah Peariso
Basil J. Perch
Tony Velasquez
Gerardo Verduzco
Darice Vieira

BOAC Members Absent:

Kim Colburn
Mark Fulmer
Dr. Juan Lopez
Lupe Once Wong

VUSD Staff Present:

Tamara Ravalin, Interim Superintendent
Robert Groeber Assistant Superintendent Administration Services
Nathan Hernandez, Administrator of Business Services
Gerry Lemus, Facilities Director
Axel Kondoh, Internal Auditor
Jamon Peariso, Director CTE
Steve Pena Project Manager
Shellie Knight, Office Manager – Secretary

Call to the Public/Good of the Order

There was no For Public Comment or Good of the Order

Mission and Bylaws

The committee wanted to establish a mission statement and associated bylaws. A Draft of the mission statement was reviewed and committee decided at this time not to have a mission statement.

Committee members were given a rough draft with samples of Bylaws from other communities for their consideration and possible presentation to the Board on November 12, 2019. Members asked how to get an item on the Board Agenda. They need to contact either the Superintendent's office on Admin Services Facilities so a Placeholder will be added to the upcoming Board Meeting. After discussion on duties a committee member felt they needed classification on several areas they felt they should be informing the community on, however not being included at the planning stage but were reviewing documents after the district had completed a stage of work.

Gerry Lemus recommended that a meeting with our legal team Lozano Smith would help members understand more of the guideline what committee members' duties. VUSD will set up a meeting with the BOC President, BOC Vice President and VUSD staff.

Discussion Regarding November 5, 2019 Board Work Session

Members would like at least a week notice when there is a meeting they should attend with an agenda so they are prepared for meeting. There was only last minute notice and not all members could attend.

Future Meetings

The next meeting is scheduled November 20, 2019 was cancelled the BOC President felt they should meet with VUSD Legal team before the next meeting

Good of the Order

There was no Comment for Good of the Order.

Meeting Adjured at 7:15 p.m.

Measure A Bond Oversight Committee
Minutes for October 16, 2019 Meeting
Meeting held at District Office

Meeting was called to order at 6:06 p.m. by Nick Mascia, Bond Oversight Committee Chair

BOAC Members Present:

Caren Anderson
Randall K. Evans
Bob Hamlin
Dr. Juan Lopez
Nick Mascia
Sarrah Peariso
Basil J. Perch
Gerardo Verduzco
Darice Vieira

BOAC Members Absent:

Erik Anderson
Kim Colburn
Mark Fulmer
Tony Velasquez
Lupe Once Wong

VUSD Staff Present:

Tamara Ravalin, Interim Superintendent
Robert Groeber Assistant Superintendent Administration Services
Nathan Hernandez, Administrator of Business Services
Gerry Lemus, Facilities Director
Axel Kondoh, Internal Auditor
Steve Pena Project Manager
Shellie Knight, Office Manager – Secretary

Approval of Meetings Minutes

The minutes for Meeting October 2, 2019 will be presented on November 6, 2019 meeting for approval

Call to the Public/Good of the Order

There was no Public Comment

Planning, Project Priority, Budget, Timeline

Gerry Lemus shared with the Committee the process of how modernization and new construction projects are implemented. Gerry then went over the list of modernization projects currently slated for Measure A discussing priority based on eligibility, phasing and age of school. Gerry also discussed the science lab upgrades to all middle and high schools as well as the next level of security. Gerry finished his presentation with a discussion about how the district selected their pool of architects and subsequent questionnaire to select a high school architect.

Mission and by laws

Nick Mascia went over the draft of the Mission statement and associated bylaw for the committee that he had been working on. The committee felt he was on the right tract he will continue to work on both items until the meeting on 11-06-19.

Prioritization of Items to Consider' past meeting

Due to the late hour, Prioritization of items to Consider' from past meetings was tabled until the next meeting.

Future Agenda Items or new items of interest

There was no Future Agenda or new items of interest at this time.

Meeting Schedule through Holidays

Meetings for November were established on November 6, 2019 and November 20, 2019. At the November 20, 2019 the committee will decide if they need any meetings in December or to take a break until the New Year.

Adjourn

Meeting was adjourned at 7:40

Measure A Bond Oversight Committee
October 2, 2019 Minutes
Meeting held at District Office

Meeting was called to order at 6:06 p.m. by Nick Mascia, President Bond Oversight Committee

BOAC Members Present:

Caren Anderson
Kim Colburn
Bob Hamlim
Dr. Juan Lopez
Nick Mascia
Sarrah Peariso
Basil J. Perch
Gerardo Verduzco
Darice Vieira

BOAC Members Absent:

Erik Anderson
Randall K. Evans
Mark Fulmer
Tony Velasquez
Lupe Once Wong

VUSD Staff Present:

Tamara Ravalin, Interim Superintendent
Robert Groeber Assistant Superintendent Administration Services
Nathan Hernandez, Administrator of Business Services
Gerry Lemus, Facilities Director
Axel Kondoh, Internal Auditor
Steve Pena Project Manager
Shellie Knight, Office Manager – Secretary

Guests Present:

Amalia Coronado
Christopher Pope

Approval of Meetings Minutes

A Motion to approval minutes of September 18, 2019 was made by Basil J. Perch; Darice Vieira seconded the motion. Motion was approved.

Call to the Public/Good of the Order

There was no Public Comment

Study Session on BOC Education Code

The Committee went over the Education Code guide lines. There was discussion on the value of having an ad-hawk Committee sub-committee to help the both the committee and school district get the information out to the public

Committee Process

The Committee discussed how it would like to conduct itself and decided to select Nick Mascia as Chair and Darice Vieira as Vice Chair. It was agreed that the Chair, or in the event of the Chair's unavailability, the Chair would coordinate with the District staff on scheduling meetings and developing to meeting agenda. The committee discussed reviewing the Committee process in six months to evaluate how things are going.

Committee Communication

It was agreed that to serve the statutory requirement that "all citizens' oversight committee proceedings shall be open to the public", all discussions would be held at Committee Meetings, and that the District would send e-mail notice to all Committee members at the same time when meeting materials are available on the Committee's web page. It was also discussed that the Committee should review the web page and Provide input to District staff so that it can serve to inform the public.

Frequency of Committee Meetings

It was agreed to meet twice a month on the first and third Wednesday, with the next meeting to be at 6:00 to 8:00 pm on Wednesday, October 2, 2019 at the District Office.

Meeting was adjourned at 7:55 pm.

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS
June 30, 2020

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Visalia Unified School District
Visalia, California

Report on the Financial Statements

We have audited the accompanying financial statements of Visalia Unified School District (the "District") Measure A General Obligation Bonds activity included in the Building Fund of the District (the "Building Fund"), as of and for the year ended June 30, 2020, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk 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 the 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 principles 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.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Visalia Unified School District Measure A General Obligation Bonds activity as of June 30, 2020, and the changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present the financial activity and balances of the Measure A General Obligation Bonds activity only, and do not purport to, and do not, present fairly the financial position of Visalia Unified School District, as of June 30, 2020, the changes in its financial position, or where applicable, its cash flows 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 March 2, 2021 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 for Measure A General Obligation Bonds activity. 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 for Measure A General Obligation Bonds activity. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control financial reporting and compliance for the Measure A General Obligation Bonds activity.


Crowe LLP

Sacramento, California
March 2, 2021

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2020

ASSETS

Total assets \$ _____ -

LIABILITIES AND FUND BALANCE

Total liabilities and fund balance \$ _____ -

See accompanying notes to financial statements.

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
For the Year Ended June 30, 2020

Revenues:	
Other local sources	\$ <u>1,154</u>
Expenditures:	
Capital outlay	\$ <u>1,049,555</u>
Deficiency of revenues under expenditures	(1,048,401)
Other financing sources	
Transfers in	<u>1,048,165</u>
Change in fund balance	<u>(236)</u>
Fund balance, July 1, 2019	<u>236</u>
Fund balance, June 30, 2020	<u>\$ -</u>

See accompanying notes to financial statements.

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Visalia Unified School District (the “District”) conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with policies and procedures of the California Department of Education’s *California School Accounting Manual*. The activities of Measure A Bonds are recorded in the District’s Building Fund. The accounting policies of the Building Fund conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

Financial Reporting Entity: The financial statements include the activity and balances of the Measure A General Obligation Bonds, only. The activities of the Measure A General Obligation Bonds are recorded in the District’s Building Fund (Fund 21). These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses 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 basic financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year-end, as a result of such transactions, are shown as due to and due from other funds.

Accounting Estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions 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.

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.

(Continued)

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 – INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Transfers In: The District transferred \$1,048,165 into the Measure A Bond fund from the General Fund to advance funds for initial expenditures of the Measure A program.

NOTE 3– PURPOSE OF BOND ISSUANCE

Bond Authorization: The Visalia Unified School District, Tulare County, California Election of 2018 General Obligation Bonds, Measure A were authorized at an election of the registered voters of the Visalia Unified School District held on November 6, 2018 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$105,300,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the constructing, modernizing, renovating, installing, updating, replacing and repairing school facilities, infrastructure and grounds of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes.

Purpose of Bonds: The proceeds of the Bond may be used:

"To protect quality education with funding that cannot be taken by the State, shall Visalia Unified School District: upgrade classrooms, labs and computer systems to support science, technology, English, arts and math; prevent school/classroom overcrowding; and improve school safety/security; by issuing \$105,300,000 in bonds at legal rates, repaying an annual average of \$7,560,000 for 30 years, at approximately \$36 per \$100,000 of assessed value, with independent oversight, no money for administrators, and all funds staying local?"

Bond Project List: The Bond Project List, which is an integral part of the proposition, lists the specific projects the District proposes to finance with proceeds of the bonds. Listed repairs, rehabilitation projects and upgrades will be completed as needed at individual campuses. Each project is assumed to include its share of costs of the election and bond issuance, architectural, engineering and similar planning costs, construction management and customary contingency for unforeseen design and construction costs. 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, including State grant funds for eligible projects, have not yet been secured. Therefore, the Board of Education cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects.

(Continued)

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 – GENERAL OBLIGATION BOND ISSUANCES

The bonds are general obligations of the District and the Tulare County Board of Supervisors are obligated to levy *ad valorem* taxes for the payment, without limitation as to amount, upon all property within the county subject to taxation by the District for the payment of principal of and interest on the Bonds when due. The bonds are included in the audited financial statements of the District as the Building Fund. As of June 30, 2020 the District had not issued Measure A bonds.

NOTE 5 – COVID-19 IMPACT

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020, the Governor of California issued Executive Order N-26 – 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be adversely affected in the future including a reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed

NOTE 6 – SUBSEQUENT EVENT

In July 2020, the District issued Election of 2018 General Obligation Bonds, Series 2020 in the amount of \$35,170,000. The bonds mature through August 1, 2044 with interest rates ranging from 2.0% to 5.0% percent.

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

Board of Education
Visalia Unified School District
Visalia, 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 Visalia Unified School District (the "District") Measure A General Obligation Bonds activity included in the Building Fund of the District (the "Building Fund") as of and for the year ended June 30, 2020, and the related notes to the financial statements and have issued our report thereon dated March 2, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over Measure A General Obligation Bond activity financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over Building Fund financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting for the Building Fund.

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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



Crowe LLP

Sacramento, California
March 2, 2021

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

No matters were reported.

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

No matters were reported.

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2020

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Visalia Unified School District
Visalia, California

We have conducted a performance audit of the Visalia Unified School District (the "District"), Measure A General Obligation Bond funds for the year ended June 30, 2020.

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

Our audit was limited to the objectives listed on page 3 of this report which included determining that the District expended Measure A General Obligation Bond funds for the year ended June 30, 2020 only for the purposes approved by the voters, in accordance with the requirements of the published election materials specifying the intended use of Measure A General Obligation Bond proceeds. Management is responsible for Visalia Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Visalia Unified School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, Visalia Unified School District expended Measure A General Obligation Bond funds for the year ended June 30, 2020 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of the published election materials specifying the intended use of Measure A General Obligation Bond proceeds.


Crowe LLP

Sacramento, California
March 2, 2021

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "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", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

VISALIA UNIFIED SCHOOL DISTRICT SCHOOL MEASURE A GENERAL OBLIGATION BONDS

On November 6, 2018, the electorate of Visalia Unified School District approved the \$105.3 million Measure A General Obligation Bonds, with greater than 55% or more of the votes in favor. The summarized text of the ballot language was as follows:

"To protect quality education with funding that cannot be taken by the State, shall Visalia Unified School District: upgrade classrooms, labs and computer systems to support science, technology, English, arts and math; prevent school/classroom overcrowding; and improve school safety/security; by issuing \$105,300,000 in bonds at legal rates, repaying an annual average of \$7,560,000 for 30 years, at approximately \$36 per \$100,000 of assessed value, with independent oversight, no money for administrators, and all funds staying local?"

At June 30, 2020 the District had not issued any bonds under the Measure A bonding authority.

In July 2020, the District issued Series 2020 Measure A bonds in the amount of \$35,170,000. The bonds mature through August 1, 2044 and bear interest ranging from 2.0% to 5.0%.

The financial activity related to the Measure A General Obligation Bonds is recorded in the District's Financial Activity Report for Fund 21 (Building Fund) in the District's audited financial statements for the year ended June 30, 2020.

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure A General Obligation Bond funds for the year ended June 30, 2020 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Education, in accordance with the requirements of the published election materials specifying the intended use of Measure A General Obligation Bond proceeds.

SCOPE

The District provided to us a list of all Measure A General Obligation Bond project expenditures for the year ended June 30, 2020 (the "List"). An approximate total of 16 transactions were identified, representing \$1,049,555 in expenditures from July 1, 2019 through June 30, 2020.

METHODOLOGY

We performed the following procedures to the List of Measure A General Obligation Bond project expenditures for the year ended June 30, 2020:

- Verified the mathematical accuracy of the List.
- Reconciled the List to total bond expenditures as reported by the District in the District's audited Measure A General Obligation Bonds financial statements for the year ended June 30, 2020.
- Selected a sample of expenditures totaling \$475,000. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented approximately 45% of the total expenditure value. Verified that the expenditures were for the approved projects and were to repair/replace roofs, make schools accessible for disabled students, provide up-to-date science labs, repair/update/equip worn-out schools, construct/equip new school facilities as per bond language.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Visalia Unified School District expended Measure A General Obligation Bond funds for the year ended June 30, 2020 only for the specific projects developed by the District's Board of Education and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Visalia Unified School District Bond Oversight Advisory Committee

Annual Report on Measure A for the Year Ending June 30, 2020

The Visalia Unified School District (District) Bond Oversight Advisory Committee (BOAC) is pleased to present the following annual report on Measure A for the year ending June 30, 2020.

KEY FINDINGS

Article XIII A, Section 1(b)(3)(C) Statement

The BOAC affirms the accountability requirements of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 – 15288 of the California Education Code, specifically that:

A. *Proceeds from the sale of the bonds will be used only for facilities improvement and real property purchases, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.*

B. *A list of the specific school facilities projects to be funded and certification that the school district board evaluated safety, class size reduction, and information technology needs in developing that list.*

C. *A requirement that the school district board conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.*

D. *A requirement that the school district board conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.*

Background

Measure A was passed in 2018 with over a 55% vote and authorized up to \$105.3 million in bond spending. .

The BOAC is composed of community members who are committed to improving the school facilities in which our children learn and overseeing the District’s fiscal oversight duty to the voters. Committee members serve two-year terms.

The BOAC currently includes the following individuals:

Name	List Association/Title
Caren Anderson	Parent of child enrolled in District
Erik Anderson	Representative of Business Community
Randall Evans	Parent of child enrolled in District
Bob Hamlin	At Large
Dr. Juan Lopez	Active in PTA & ELAC
Nick Mascia	Chairperson, Representative of Business Community
Sarrah Peariso	Parent of Child Enrolled in District
Basil Perch	Representative of Business Community
Tony Velasquez	Parent of Child Enrolled in District and Active in FASA

Visalia Unified School District Bond Oversight Advisory Committee

Annual Report on Measure A for the Year Ending June 30, 2020

Gerardo Verduzco Parent of Child Enrolled in District
Darice Vieira Vice-Chair and Taxpayers Representative
Lupe Ponce Wong Parent of Child Enrolled in District

BOAC Duties

The BOAC oversees the District's expenditure of bond proceeds by reviewing expenditure reports produced by the District to ensure bond proceeds are expended only for the purpose set forth in the ballot measure and that no bond proceeds are used for any teacher or administrative salaries or other operating expenses.

The BOAC will present to the VUSD Board of Education in public session an annual written report containing the following:

- A statement whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and
- A summary of the Committee's proceedings and activities for the preceding year.

The committee works with an independent auditor, conducts research and will conduct site visits to guarantee these duties are fulfilled.

Bond Sales

In July 2020, the District issued Measure A bonds in the amount of \$35,170,000.

During 2019-20 BOAC has reviewed projects with bond expenditures as of June 30, 2020 totaling \$1,046,065.

Annual Financial Audit

According to the official ballot statement, this is the purpose of Measure A:

"To protect quality education with funding that cannot be taken by the State, shall Visalia Unified School District: upgrade classrooms, labs and computer systems to support science, technology, English, arts and math; prevent school/classroom overcrowding; and improve school safety/security; by issuing \$105,300,000 in bonds at legal rates, repaying an annual average of \$7,560,000 for 30 years, at approximately \$36 per \$100 of assessed value, with independent oversight, no money for administrators, and all funds staying local?"

On March 2, 2021, the BOAC committee reviewed the Measure A Financial Statements and Performance Audit. The District's Internal Auditor presented the performance & financial audits.

Visalia Unified School District Bond Oversight Advisory Committee

Annual Report on Measure A for the Year Ending June 30, 2020

Crowe LLC had no findings or questioned costs related to the financial audit for the fiscal year ending June 30, 2020. A total of \$1,046,065 in expenditures was identified.

Crowe LLC had no findings related to the performance audit for the fiscal year ending June 30, 2020.

Summary of the BOAC's Proceedings and Activities

The BOAC is required to make an annual report to the VUSD Board of Education. The annual report contains summaries of achievements, planning priorities and recommendations for improvement and success.

Recommendations

Recommendations made by Crowe LLC:

1. There were no recommendations from Crowe LLC regarding the financial audit.
2. There were no recommendations from Crowe LLC regarding the performance audit.

BOAC Conclusion

(Additional comments/suggestions from BOAC members)

The BOAC, based on its review of the annual financial and performance audit reports, information received at its meetings, and the response actions noted above by the District, is pleased to report that the District is in full compliance with the requirements of Article XIII A, Section 1 (b) (3) of the California Constitution.

Respectfully submitted on behalf of the BOAC,

Nicholas Mascia
BOAC Chair

Darice Vieira
BOAC Vice-Chair