

VISALIA UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2022

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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, 2022.

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 the compliance with the performance requirements for the Proposition 39 Measure A General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. 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 procedures indicated that, in all significant respects, Visalia Unified School District expended Measure A General Obligation Bond funds for the year ended June 30, 2022 only for the specific projects developed by the District's Governing Board 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.



Crowe LLP

Sacramento, California
December 14, 2022

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?"

On July 9, 2020 the District issued General Obligation Bonds, Series 2020, under the Measure A authorization, totaling \$35,170,000. The Bonds mature through August 1, 2044 with interest rates 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, 2022.

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, 2022 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, 2022 (the "List"). An approximate total of 108 transactions were identified, representing \$5,606,199 in expenditures from July 1, 2021 through June 30, 2022.

METHODOLOGY

We performed the following procedures to the List of Measure A General Obligation Bond project expenditures for the year ended June 30, 2022:

- 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, 2022.
- Selected a sample of 11 expenditures totaling \$4,833,264. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented approximately 87% 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, 2022 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.