APPROVED FOR PROCESSING
BY SUPERINTENDENT'S OFFICE
2/16/21
Date Signature

TITLE: **RECEIVE MEASURE X BOND PERFORMANCE AUDIT**

Business and Facilities
Information #1

February 16, 2021

Prepared by: Ron Todo, Associate Superintendent
Business & Facilities

Background

The Measure X Bond was passed by the citizens of Simi Valley on November 8, 2016. A requirement of the passing of the bond on a 55% vote is that a performance audit be conducted on an annual basis. Senate Bill 581 requires concurrent submission of the performance audit to both the Board of Education and the Independent Citizens' Oversight Committee.

Article 13A of the California Constitution, Section 1(b)(3)(c) states "A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed."

The auditor's stated objectives were to:

- Document the expenditures charged to the 2016 General Obligation Measure X Bond Fund.
- Determine whether expenditures charged to the 2016 General Obligation Measure X Bond Fund have been made in accordance with the bond project list approved by the voters.
- Determine compliance with California Education Code related to oversight of bond expenditures.
- Note any incongruities, system weaknesses, or non-compliance with California Education Code related to bond oversight and provide recommendations for improvement.
- Provide the Board of Education and the Independent Citizens' Oversight Committee with a performance audit as required under the California Constitution and Proposition 39.

The performance audit reflects expenditures and transfers for the 2019/20 fiscal year.
The conclusion portion of the audit indicates that, in all significant respects, the Simi Valley Unified School District has properly accounted for the expenditures associated with the Measure X bond funds, and such expenditures were made on authorized bond projects.

Recommendation

This presentation is for information only.

EideBailly

CPAs & BUSINESS ADVISORS

January 29, 2021

To the Governing Board and
Citizens' Oversight Committee
Simi Valley Unified School District
Simi Valley, California

We have audited the financial statements of Simi Valley Unified School District's (the District) Building Fund (Measure X) as of and for the year ended June 30, 2020, and have issued our report thereon dated January 29, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our letter dated April 6, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the the year ended June 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's Building Fund (Measure X) financial statements relate to:

The Summary of significant accounting policies in Note 1 and the disclosures of Commitments in Note 7.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Building Fund (Measure X)	
Understatement of Cash in County Treasury	$363,085
Understatement of Revenues	$363,085

The effect of these uncorrected misstatements as of and for the year ended June 30, 2020, is an understatement of net income of $363,085and understatement of net assets of $363,085.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's Building Fund (Measure X) financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated January 29, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the Governing Board and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Rancho Cucamonga, California

EideBailly

CPAs & BUSINESS ADVISORS

January 29, 2021

To the Governing Board and
Citizens' Oversight Committee
Simi Valley Unified School District
Simi Valley, California

We have conducted our performance audit and have issued our report thereon dated January 29, 2021. Professional standards require that we advise you of the following matters relating to our performance audit.

Our Responsibility in Relation to the Performance Audit

As communicated in our letter dated March 11, 2020, our responsibility, as described by professional standards, is to conduct a performance audit in accordance with *Government Auditing Standards*. Our performance audit does not relieve you or management of your respective responsibilities.

We are also responsible for communicating significant matters related to the objectives of the performance audit. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our performance audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Difficulties Encountered during the Performance Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Simi Valley Unified School District's financial statements or the auditor's report. No such disagreements arose during the course of the performance audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated January 29, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the Governing Board and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Rancho Cucamonga, California

Financial and Performance Audits
Building Fund (Measure X)
June 30, 2020

Simi Valley Unified School District

Simi Valley Unified School District
Building Fund (Measure X)
Table of Contents
June 30, 2020

FINANCIAL AUDIT

Independent Auditor's Report 1

Financial Statements

- Balance Sheet 3
- Statement of Revenues, Expenditures, and Changes in Fund Balance 4
- Notes to Financial Statements 5

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* 11

Schedule of Findings and Questioned Costs

- Financial Statement Findings 13
- Summary Schedule of Prior Audit Findings 14

PERFORMANCE AUDIT

Independent Auditor's Report on Performance 16

Authority for Issuance 17

Purpose of Issuance 17

Authority for the Audit 17

Objective of the Audit 18

Scope of the Audit 18

Methodology 18

Conclusion 19

Schedule of Findings and Questioned Costs

- Schedule of Findings and Questioned Costs 20
- Summary Schedule of Prior Audit Findings 21

Financial Audit
Building Fund (Measure X)
June 30, 2020

Simi Valley Unified School District

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Governing Board and
Citizens Oversight Committee
Simi Valley Unified School District
Simi Valley, California

Report on the Financial Statements
We have audited the accompanying financial statements of the Simi Valley Unified School District's (the District), Building Fund (Measure X), 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 statement 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 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 financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the District's Building Fund (Measure X) 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 District's Building Fund (Measure X) 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 financial statement presentation.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measure X) of the Simi Valley Unified School District as of June 30, 2020, and the respective 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 of the Building Fund specific to Measure X are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of Simi Valley Unified School District as of June 30, 2020, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021, on our consideration of the District's Building Fund (Measure X) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's Building Fund (Measure X) internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Building Fund (Measure X) internal control over financial reporting and compliance.



Rancho Cucamonga, California
January 29, 2021

Simi Valley Unified School District
Building Fund (Measure X)
Balance Sheet
June 30, 2020

Assets	
Deposits and investments	$ 80,997,287
Accounts receivable	515,854
Total assets	$ 81,513,141
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 3,603,971
Due to other funds	115
Total liabilities	3,604,086
Fund Balance	
Restricted for capital projects	77,909,055
Total liabilities and fund balance	$ 81,513,141

Simi Valley Unified School District
Building Fund (Measure X)
Statement of Revenues, Expenditures, and Changes in Fund Balance
June 30, 2020

Revenues	
Interest income	$ 1,764,515
Other local revenue	10,147
Total revenues	1,774,662
Expenditures	
Current	
Salaries and benefits	1,511,112
Supplies	
Materials	3,574
Capital outlay	
Land improvements	3,255,222
Building and improvements to buildings	10,468,267
Equipment	899,727
Total expenditures	16,137,902
Net Change in Fund Balance	(14,363,240)
Fund Balance - Beginning	92,272,295
Fund Balance - Ending	$ 77,909,055

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Simi Valley Unified School District's (the District) Building Fund (Measure X) 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 (AICPA). The Simi Valley Unified School District Building Fund (Measure X) accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

The financial statements include only the Building Fund of the Simi Valley Unified School District used to account for Measure X projects. This Fund was established to account for the expenditures of general obligation bonds issued under Measure X. These financial statements are not intended to present fairly the financial position and results of operations of the Simi Valley Unified School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund (Measure X) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Building Fund (Measure X) is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

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. The District's governing board adopts an operating 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. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid, and all outstanding encumbrances lapse at June 30.

Fund Balance - Building Fund (Measure X)

As of June 30, 2020, fund balance of the Building Fund is classified as follows:

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

Spending Order Policy

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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/expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State: U.S. Treasury instrument; 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 agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

Investment in County Treasury

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Ventura County Treasury Investment Pool. The District maintains a Building Fund (Measure X) investment of $80,997,287 with the Ventura County Treasury Investment Pool with an average maturity of 249 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Ventura County Treasury Investment Pool is rated Aaa-mf by Moody's Investor Service Ratings.

Note 3 - Accounts Receivable

Accounts receivable at June 30, 2020, consisted of the following:

Local Government	
Interest	$ 515,854

Note 4 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

Capital outlay	$ 3,603,971

Note 5 - Commitments and Contingencies

As of June 30, 2020, the Building Fund (Measure X) had the following commitments with respect to unfinished projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization, Health & Safety, Technology, Building and Land Improvement projects at various sites:		
Elementary Schools:		
Arroyo Elementary School	$ 4,630	September 30, 2021
Berylwood Elementary School	1,677	September 30, 2021
Crestview Elementary School	372,846	January 31, 2021
Garden Grove Elementary School	460	Auguust 31, 2021
Katherine Elementary School	195,781	January 31, 2021
Knolls Elementary School	50,841	September 30, 2021
Madera Elementary School	108,197	January 31, 2021
Mountain View Elementary School	755	December 31, 2020
Park View Elementary School	189,529	December 31, 2020
Santa Susana Elementary School	7,186	October 31, 2020
Sycamore Elementary School	211,488	October 31, 2020
Township Elementary School	7,932	October 31, 2020
White Oak Elementary School	191,958	September 30, 2020
Wood Ranch Elementary School	19,820	December 31, 2020
Middle Schools:		
Hillside Middle School	205,054	December 31, 2022
Sinaloa Middle School	18,118	December 31, 2020
Valley View Middle School	7,212	December 31, 2020
High Schools:		
Royal High School	10,439,949	August 31, 2021
Santa Susana High School	355,077	December 31, 2023
Simi Valley High School	7,846,616	December 31, 2020
Apollo Continuation School	20,269	December 31, 2020
Others:		
Adult Education	203,097	December 31, 2020
Monte Vista Independent Study	187	October 31, 2020
	$ 20,458,679	

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

Independent Auditor's Report
June 30, 2020

Simi Valley Unified School District

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board and
Citizens Oversight Committee
Simi Valley Unified School District
Simi Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Simi Valley Unified School District (the District) Building Fund (Measure X) as of and for the year ended June 30, 2020, and the related notes of the financial statements, and have issued our report thereon dated January 29, 2021.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Building Fund specific to Measure X are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of Simi Valley Unified School District as of June 30, 2020, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Simi Valley Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Simi Valley Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Simi Valley Unified School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's Building Fund (Measure X) 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 Building Fund (Measure X) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 29, 2021

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Performance Audit
Building Fund (Measure X)
June 30, 2020

Simi Valley Unified School District

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Performance

Governing Board and
Citizens Oversight Committee
Simi Valley Unified School District
Simi Valley, California

We were engaged to conduct a performance audit of the Simi Valley Unified School District (the District) Building Fund (Measure X) for the year ended June 30, 2020.

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

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the 2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting issued by the California Education Audit Appeals Panel. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District expended Building Fund (Measure X) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution.

This report is intended solely for the information and use of the District, and is not intended to be and should not be used by anyone other than this specified party.

Eide Bailly LLP

Rancho Cucamonga, California
January 29, 2021

Authority for Issuance

The General Obligation Bonds, Election 2016 (Measure X) were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law.

The District received authorization at an election held on November 8, 2016, to issue bonds of the District in an aggregate principal amount not to exceed $239,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2016 Authorization). The Bond represents the first series of the authorized bonds to be issued under the 2016 Authorization. Following this issuance of the Series A and Series B Bonds, the principal amount remaining under the 2016 Authorization will be $169,000,000.

Purpose of Issuance

"To improve the quality of education; modernize and upgrade outdate classrooms, science labs, restrooms and school facilities; repair and replace leaky roofs; upgrade or renovate inadequate electrical and deteriorating plumbing and sewer systems; improve student access to computers/modern technology; and make health, safety and handicapped accessibility improvements, shall Simi Valley Unified School District issue $239,000,000 of bonds at legal interest rates, include an independent citizens' oversight committee, no money for administrative salaries or be taken by the state."

Authority for the Audit

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, community college districts, or county offices of education, “for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities”, upon approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIIIA, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.

3. Requires the school district to appoint a Citizen’s Oversight Committee.

4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.

5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Objectives of the Audit

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure X.

2. Determine whether salary transactions, charged to the Building Fund were in support of Measure X and not for District general administration or operations.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2019 to June 30, 2020. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2020, were not reviewed, or included within the scope of our audit or in this report.

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2020, for the Building Fund (Measure X). Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIIIA, Section 1(b)(3)(C) of the California Constitution and Measure X as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.

2. We selected a sample of expenditures using the following criteria:

    a. We considered all expenditures recorded in all object codes, including transfers out.
    b. We considered all expenditures recorded in all projects that were funded from July 1, 2019 through June 30, 2020 from Measure X bond proceeds.

c. We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified as individual transactions (expenditures) that exceeded approximately two percent of the total expenditures incurred.
d. For all items below the individually significant threshold identified in item 2c, judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes, including transfers out, and projects for period starting July 1, 2019 and ending June 30, 2020.

3. Our sample included transactions totaling $11,914,452. This represents 74% of the total expenditures of $16,137,902, including transfers out.

4. We reviewed the actual invoices and other supporting documentation to determine that:

   a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
   b. Expenditures were supported by proper bid documentation, as applicable.
   c. Expenditures were expended in accordance with voter-approved bond project list.
   d. Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.

5. We determined that the District has met the compliance requirement of Measure X if the following conditions were met:

   a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
   b. Supporting documents for expenditures were not used for salaries of school administrators or other operating expenses of the Districts.

Conclusion

The results of our tests indicated that, in all significant respects, the Simi Valley Unified School District has properly accounted for the expenditures held in the Building Fund (Measure X) and that such expenditures were made for authorized Bond projects.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.