



Performance Audit
Building Fund (Measure LL)
June 30, 2021

Vista Unified School District



Independent Auditor's Report on Performance

Governing Board and
Citizens Oversight Committee
Vista Unified School District
Vista, California

We were engaged to conduct a performance audit of the Vista Unified School District (the District) Building Fund (Measure LL) for the year ended June 30, 2021.

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 XIII A, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the *2020-2021 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 XIII A, 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 LL) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

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

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California
April 1, 2022

Authority for Issuance

The general obligation bonds associated with Measure LL 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 bonds are authorized to be issued by a resolution adopted by the Board of Education of the District on May 31, 2018.

The District received authorization from an election held on November 6, 2018, to issue bonds of the District in an aggregate principal amount not to exceed \$247,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55% of the votes cast by eligible voters within the District (the 2018 Authorization). The bonds represent the first and second series of the authorized bonds to be issued under the 2018 Authorization.

Purpose of Issuance

The general obligation bond funds of the District would be used to repair, upgrade, equip classrooms, science labs, local school facilities supporting college readiness, career preparation, math, science, engineering, technology, skilled trades; repair aging classrooms/schools including deteriorating roofs, plumbing, and electrical; improve student safety/school security.

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

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2020 to June 30, 2021. 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, 2021, 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, 2021, for the Building Fund (Measure LL). 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 XIII A, Section 1(b)(3)(C) of the California Constitution and Measure LL 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.
 - b. We considered all expenditures recorded in all projects that were funded from July 1, 2020 through June 30, 2021 from Measure LL bond proceeds.
 - c. We selected all expenditures that were individually significant expenditures based on our assessment of materiality.

- d. For all items below the individually significant threshold identified in item 2c, we judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes and projects for the period starting July 1, 2020 and ending June 30, 2021.
3. Our sample included transactions totaling \$9,098,061. This represents 80% of the total expenditures of \$11,336,396.
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 LL 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, Vista Unified School District has properly accounted for the expenditures held in the Building Fund (Measure LL) and that such expenditures were made for authorized Bond projects. Further, it was noted funds held in the Building Fund (Measure LL) and expended by the District were used for salaries only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued of November 9, 2004 by the State of California Attorney General.

None reported.

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