



Financial Audit
Building Fund (Measure LL)
June 30, 2021
Vista Unified School District



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Vista Unified School District's (the District), Building Fund (Measure LL), as of and for the year ended June 30, 2021, 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 from 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 fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measure LL) of Vista Unified School District as of June 30, 2021, and the change 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 LL are intended to present the financial position and the change in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of Vista Unified School District as of June 30, 2021, and the change in 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 April 1, 2022, on our consideration of Vista Unified School District's Building Fund (Measure LL) 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 Vista Unified School District's Building Fund (Measure LL) 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 Vista Unified School District's Building Fund (Measure LL) internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eric Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
April 1, 2022

Vista Unified School District
Building Fund (Measure LL)
Balance Sheet
June 30, 2021

Assets	
Investments	\$ 37,315,407
Receivables	<u>132,291</u>
Total assets	<u>\$ 37,447,698</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 850,754
Due to other funds	<u>3,092</u>
Total liabilities	<u>853,846</u>
Fund Balance	
Restricted for capital projects	<u>36,593,852</u>
Total liabilities and fund balance	<u>\$ 37,447,698</u>

Vista Unified School District
Building Fund (Measure LL)
Statement of Revenues, Expenditures, and Change in Fund Balance
Year Ended June 30, 2021

Revenues	
Interest income	\$ 483,045
Other local revenue	<u>6,163</u>
Total revenues	<u>489,208</u>
Expenditures	
Salaries and benefits	309,106
Services	10,750
Capital outlay	
Land improvements	6,369,657
Buildings and improvements to buildings	4,645,773
Equipment	<u>1,110</u>
Total expenditures	<u>11,336,396</u>
Deficiency of Revenues over Expenditures	<u>(10,847,188)</u>
Net Change in Fund Balance	(10,847,188)
Fund Balance - Beginning	<u>47,441,040</u>
Fund Balance - Ending	<u><u>\$ 36,593,852</u></u>

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Vista Unified School District's (the District) Building Fund (Measure LL) 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 Vista Unified School District Building Fund 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 Vista Unified School District used to account for Measure LL projects. This Fund was established to account for the expenditures of general obligation bonds issued under Measure LL. These financial statements are not intended to present fairly the financial position and results of operations of the Vista Unified School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund 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 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 change 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 LL)

As of June 30, 2021, the fund balance 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 accordance 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 - 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 manages its exposure to interest rate risk by investing in the San Diego County Treasury Investment Pool. The District maintains a Building Fund (Measure LL) investment of \$37,315,407 with the San Diego County Treasury Investment Pool, with an average maturity of 613 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 investment in the San Diego County Treasury Investment Pool have been rated AAAs by Standard and Poor's Investors Service as of June 30, 2021.

Note 3 - Interfund Transactions

Interfund Receivable/Payable (Due to/Due From)

	Due To	Due From Building Fund
General Fund		\$ 2,510
Internal Service Fund		582
Total		<u>\$ 3,092</u>

A balance of \$2,510 due to the General Fund from the Building Fund resulted from other postemployment benefit allocation charged.

A balance of \$582 due to the Self Insurance Fund from the Building Fund resulted from worker's compensation and other postemployment benefit charges.

Note 4 - Receivables

Receivables at June 30, 2021, consisted of the following:

Interest	<u>\$ 132,291</u>
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Note 5 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

Salaries and benefits	\$ 4,905
Capital outlay	<u>845,849</u>
Total	<u>\$ 850,754</u>

Note 6 - Commitments and Contingencies

As of June 30, 2021, the Building Fund (Measure LL) had the following commitments with respect to unfinished projects:

Measure LL Projects	Remaining Construction Commitment	Expected Date of Completion
Beaumont Elementary School - Replace/Demo Relocatable Classrooms	\$ 762,077	December 1, 2023
Bobier Elementary School - Replace/Demo Relocatable Classrooms	1,655,414	January 1, 2025
Rancho Buena Vista High School - CTE Classrooms	338,650	August 1, 2023
Rancho Minerva Middle School - R.Minerva Shade Improvements	2,239	August 1, 2022
Vista High School - New Classrooms	1,502,805	August 1, 2023
Vista High School - Vista High School Sports Complex	593,115	July 1, 2021
Vista Magnet Middle School - Facade Improvement	<u>199,789</u>	January 1, 2023
Total	<u>\$ 5,054,089</u>	

Litigation

The District is not currently a party to any legal proceedings related to the Building Fund (Measure LL) as of June 30, 2021.



Independent Auditor's Report
June 30, 2021

Vista Unified School District



**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
Vista Unified School District
Vista, 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 Vista Unified School District (the District) Building Fund (Measure LL) as of and for the year ended June 30, 2021, and the related notes of the financial statements, and have issued our report thereon dated April 1, 2022.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Building Fund specific to Measure LL are intended to present the financial position and the change in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of Vista Unified School District as of June 30, 2021, and the change in 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 Vista 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 Vista Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Vista 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 LL) 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 Vista Unified School District's Building Fund (Measure LL) 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 LL) 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 LL) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eric Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
April 1, 2022

None reported.

There were no audit findings reported in the prior year's Schedule of Financial Statement Findings.