

## **INDEPENDENT AUDITOR'S REPORT**

**Governing Board Members  
Vista Unified School District  
Vista, California**

### **Report on Financial Statements**

We have audited the accompanying financial statements of the Proposition O Building Fund of Vista Unified School District, which comprise the balance sheet as of June 30, 2020, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements.

### **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 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 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 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 policies 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**

As discussed in Note B, the financial statements present only the Proposition O Building Fund which is specific to Proposition 39 and is not intended to fairly present the financial position and results of Vista Unified School District operations as a whole in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Proposition O Building Fund of Vista Unified School District as of June 30, 2020, and the result of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

The Management's Discussion and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as required by the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2021 on our consideration of Vista Unified School 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. 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 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 internal control over financial reporting and compliance.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated May 31, 2021 on our consideration of the District's compliance with the requirements of Proposition 39 with regards to the Proposition O Building Fund. That report is an integral part of our audit of the District's Proposition O Building Fund for the fiscal year ended June 30, 2020 and should be considered in assessing the results of our financial audit.

*Wilkinson Hobbly King & Co., LLP*

El Cajon, California  
May 31, 2021

**Vista Unified School District  
General Obligation Bonds  
Proposition O Building Fund  
Management's Discussion and Analysis  
June 30, 2020  
(Unaudited)**

This section of Vista Unified School District's (District) annual financial report presents management's discussion and analysis of the District's Proposition O bond performance during the year ending June 30, 2020. The management's discussion and analysis is required as a new element of the reporting model established by the Governmental Accounting Standards Board (GASB) in Statement Number 34. The District's financial statements follow this section.

### **Financial Highlights**

- In March 2002, local voters approved up to \$140 million in general obligation bonds to provide funds to renovate and modernize facilities and build new schools in the District. 67% of the voters voted yes for Proposition O.
- The Citizen's Bond Oversight Committee (CBOC) issued its final closeout report as of June 2018. In the report, the CBOC indicated that all projects had been completed with the one outstanding item for mitigation work at Rancho Minerva Middle School. The remaining portion of the bond fund is considered encumbered and obligated.
- The encumbered fund balance has been used exclusively for mitigation work and has been reduced from \$52,710 to \$28,174 for the 2019-20 fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the VUSD's basic financial statements. The basic financial statements comprise three components: 1) management discussion and analysis, 2) the financial statements, and 3) the performance audit required by state law.

### **Financial Analysis of Proposition O Fund**

The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The District's Proposition O cash in county as of June 30, 2020 was \$28,021. This represents the cash held at the San Diego County Treasury for purposes associated only with the bond authorization approved by the voters. The funds are to be used for mitigation work already encumbered through 2020. Comparison of Proposition O Building Fund Financial Data for 2018-19 and 2019-20 is as follows:

**Vista Unified School District  
General Obligation Bonds  
Proposition O Building Fund  
Management's Discussion and Analysis  
June 30, 2020  
(Unaudited)**

| <b>Balance Sheet</b>      | <b>2018-2019</b> | <b>2019-2020</b> | <b>% Change</b> |
|---------------------------|------------------|------------------|-----------------|
| Cash in County Treasury   | 52,103           | 28,021           | -42.2%          |
| Accounts Receivable       | 607              | 153              | -78.8%          |
| <b>Total Assets</b>       | <b>52,710</b>    | <b>28,174</b>    | <b>-46.5%</b>   |
| <b>Total Liabilities</b>  | <b>-0-</b>       | <b>-0-</b>       |                 |
| <b>Total Fund Balance</b> | <b>52,710</b>    | <b>28,174</b>    | <b>-46.5%</b>   |

| <b>Statement of Revenues, Expenditures and Changes in Fund Balance</b> | <b>2018-2019</b> | <b>2019-2020</b> | <b>% Change</b> |
|------------------------------------------------------------------------|------------------|------------------|-----------------|
| <b>Revenues:</b>                                                       |                  |                  |                 |
| Interest Income                                                        | 1,293            | 979              | 24.3%           |
| <b>Total Revenues</b>                                                  | <b>1,293</b>     | <b>979</b>       | <b>24.3%</b>    |
| <b>Expenditures:</b>                                                   |                  |                  |                 |
| Biological Services & Permit Conditions                                | 11,702           | 25,515           | -118.0%         |
| <b>Total Expenditures</b>                                              | <b>11,702</b>    | <b>25,515</b>    | <b>-118.0%</b>  |
| <b>Net Change in Fund Balance</b>                                      | <b>(10,409)</b>  | <b>(24,536)</b>  | <b>135.7%</b>   |
| <b>Fund Balance, Beginning of Year</b>                                 | <b>63,119</b>    | <b>52,710</b>    | <b>-16.5%</b>   |
| <b>Fund Balance, End of Year</b>                                       | <b>52,710</b>    | <b>28,174</b>    | <b>-46.5%</b>   |

The interest income reported represents funds earned on the cash held by the San Diego Treasurer. The total expenditures of \$11,702 for 2018-19 and \$25,515 in 2019-20 represent Proposition O bond authorized expenditures.

#### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of the existing circumstances that could affect its financial health in the future:

- Inflation increases in building costs during construction
- COVID-19 delays in construction projects

**Vista Unified School District  
General Obligation Bonds  
Proposition O Building Fund  
Management's Discussion and Analysis  
June 30, 2020  
(Unaudited)**

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to determine the District's accountability for the money it receives. Additional financial information can be obtained by contacting the following:

Ami Shackelford, Assistant Superintendent-Business Services  
Vista Unified School District  
1234 Arcadia Avenue  
Vista, CA 92084

## **FINANCIAL STATEMENTS**

**VISTA UNIFIED SCHOOL DISTRICT  
PROPOSITION O BUILDING FUND  
GENERAL OBLIGATION BONDS  
BALANCE SHEET  
JUNE 30, 2020**

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**ASSETS**

**Current Assets**

|                             |                      |
|-----------------------------|----------------------|
| Cash and Cash Equivalents   | \$ 28,021            |
| Accounts Receivable         | <u>153</u>           |
| <b>Total Current Assets</b> | <u><u>28,174</u></u> |

**TOTAL ASSETS**

\$ 28,174

**LIABILITIES AND FUND BALANCE**

**Current Liabilities**

|                                  |             |
|----------------------------------|-------------|
| Accounts Payable                 | <u>\$ -</u> |
| <b>Total Current Liabilities</b> | <u>-</u>    |

**Total Liabilities**

-

**Fund Balance**

|                                             |               |
|---------------------------------------------|---------------|
| Restricted for Mitigation/Permit Conditions | <u>28,174</u> |
|---------------------------------------------|---------------|

**TOTAL LIABILITIES AND FUND BALANCE**

\$ 28,174

The accompanying notes to the financial statements are an integral part of this statement.

**VISTA UNIFIED SCHOOL DISTRICT  
PROPOSITION O BUILDING FUND  
GENERAL OBLIGATION BONDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2020**

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**REVENUES**

|                       |            |
|-----------------------|------------|
| Interest Income       | \$ 979     |
| <b>TOTAL REVENUES</b> | <u>979</u> |

**EXPENDITURES**

|                                           |               |
|-------------------------------------------|---------------|
| Biological Services and Permit Conditions | 25,515        |
| <b>TOTAL EXPENDITURES</b>                 | <u>25,515</u> |

|                                             |                 |
|---------------------------------------------|-----------------|
| <b>EXCESS OF EXPENDITURES OVER REVENUES</b> | <u>(24,536)</u> |
|---------------------------------------------|-----------------|

|                                   |                 |
|-----------------------------------|-----------------|
| <b>NET CHANGE IN FUND BALANCE</b> | <u>(24,536)</u> |
|-----------------------------------|-----------------|

|                                        |               |
|----------------------------------------|---------------|
| <b>FUND BALANCE, BEGINNING OF YEAR</b> | <u>52,710</u> |
|----------------------------------------|---------------|

|                                  |                         |
|----------------------------------|-------------------------|
| <b>FUND BALANCE, END OF YEAR</b> | <u><u>\$ 28,174</u></u> |
|----------------------------------|-------------------------|

The accompanying notes to the financial statements are an integral part of this statement.

**VISTA UNIFIED SCHOOL DISTRICT  
PROPOSITION O BUILDING FUND  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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**A. Definition of the Fund**

The Proposition O Building Fund, one of the Building Funds of the Vista Unified School District (the District), was activated to account for expenditures of General Obligation Bond proceeds issued under the General Obligation Bond Election of 2002, for addressing critical facilities needs and for school modernization.

**B. Summary of Significant Accounting Policies**

*Basis of Presentation*

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to the 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)

*Fund Structure*

The accompanying financial statements are used to account for the transactions of the Proposition O Building Fund specific to Proposition O as defined in Note A and are not intended to fairly present the financial position and results of operations of the Vista Unified School District as a whole in conformity 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 Proposition O Building Fund is maintained on the modified accrual basis of accounting. Its revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received, or services rendered).

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.

**VISTA UNIFIED SCHOOL DISTRICT  
PROPOSITION O BUILDING FUND  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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*Budgets and Budgetary Accounting*

The Board of Trustees adopts an operating budget no later than July 1 in accordance with state law. This budget is revised by the Board of Trustees 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 at June 30 since they do not constitute expenditures or liabilities.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

*Cash in County Treasury*

In accordance with Education Code §41001, the District maintains a substantial amount of its cash in the San Diego County Treasury. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et.seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury was not available.

**VISTA UNIFIED SCHOOL DISTRICT  
PROPOSITION O BUILDING FUND  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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*Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables. Accounts receivable are recorded net of estimated uncollectible amounts. There were no significant receivables that are not scheduled for collection within one year of year-end.

*Fund Balances – Governmental Funds*

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District’s governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund’s primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose 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.

**VISTA UNIFIED SCHOOL DISTRICT  
PROPOSITION O BUILDING FUND  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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*Deferred Inflows and Deferred Outflows of Resources*

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65. At June 30, 2020 the District's Proposition O Building Fund did not have any deferred inflows or deferred outflows of resources.

*Fair Value Measurements*

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

**C. Fair Value Measurements**

The District's investments attributed to Proposition O at June 30, 2020, categorized within the fair value hierarchy established by generally accepted accounting principles were as follows:

|                                                  |           | Fair Value Measurement Using |             |              |
|--------------------------------------------------|-----------|------------------------------|-------------|--------------|
|                                                  |           | Quoted Prices in             | Significant | Significant  |
|                                                  |           | Active Markets               | Other       | Unobservable |
|                                                  |           | for Identical                | Observable  | Inputs       |
|                                                  |           | Assets (Level 1)             | Inputs      | Inputs       |
|                                                  | Amount    | (Level 2)                    | (Level 3)   | (Level 3)    |
| External investment pools measured at fair value |           |                              |             |              |
| San Diego County Treasury                        | \$ 28,021 | \$ -                         | \$ 28,021   | \$ -         |
| Total investments by fair value level            | \$ 28,021 | \$ -                         | \$ 28,021   | \$ -         |

**VISTA UNIFIED SCHOOL DISTRICT  
PROPOSITION O BUILDING FUND  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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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 investments in the pool is reported in the accounting financial statements as amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the 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.

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise; or an academic background in public finance. In addition, the County Treasury is audited annually by an independent auditor.

**D. Cash and Investments**

*1. Cash in County Treasury*

The District maintains significantly all of its cash in the San Diego County Treasury as part of the common investment pool. As of June 30, 2020, the portion of cash in county treasury attributed to Proposition O Building Fund was \$28,021. The fair value of Proposition O Building Fund's portion of this pool as of that date, as provided by the pool sponsor, was \$28,021. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

*2. Analysis of Specific Deposit and Investment Risks*

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

*a. Credit Risk*

Credit risk is the risk that an issuer or their counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end the District's investments in the county treasurer's investment pool were not exposed to credit risk.

**VISTA UNIFIED SCHOOL DISTRICT  
PROPOSITION O BUILDING FUND  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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*b. Custodial Credit Risk*

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held either by the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District's Proposition O Building Fund was not exposed to custodial credit risk.

*c. Concentration of Credit Risk*

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District's Proposition O Building Fund was not exposed to concentration of credit risk.

*d. Interest Rate Risk*

This is the risk that changes in 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 to changes in market interest rates. The District's Proposition O Building Fund manages its exposure to interest rate risk by investing in the county pool.

*e. Foreign Currency Risk*

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District's Proposition O Building Fund was not exposed to foreign currency risk.

*f. Investment Accounting Policy*

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts using a cost-based measure; however, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value.

**VISTA UNIFIED SCHOOL DISTRICT  
PROPOSITION O BUILDING FUND  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposits are examples of nonparticipating interest-earning investment contracts.

The District’s investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless, has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940.

*Investments Authorized by the California Government Code and the District’s Investment Policy*

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code of the District’s investment policy.

| Authorized Investment Type              | Maximum<br>Remaining<br>Maturity | Maximum<br>Percentage of<br>Portfolio | Maximum<br>Investment in<br>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 Funds           | N/A                              | None                                  | None                                   |
| Joint Powers Authority Pools            | N/A                              | None                                  | None                                   |

**VISTA UNIFIED SCHOOL DISTRICT  
PROPOSITION O BUILDING FUND  
GENERAL OBLIGATION BONDS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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**E. Accounts Receivable**

As of June 30, 2020 accounts receivable consisted of:

|                           | <u>Accounts<br/>Receivable</u> |
|---------------------------|--------------------------------|
| Interest Receivable       | <u>\$ 153</u>                  |
| Total Accounts Receivable | <u><u>\$ 153</u></u>           |

**F. Commitments and Contingencies**

As of June 30, 2020, the District's Proposition O Building Fund had the following commitments with respect to unfinished projects:

| <u>Proposition O Projects</u>                             | <u>Remaining<br/>Commitment</u> | <u>* Expected<br/>Date of Final<br/>Completion</u> |
|-----------------------------------------------------------|---------------------------------|----------------------------------------------------|
| Rancho Minerva Middle School Mitigation/Permit Conditions | <u><u>\$ 28,174</u></u>         | May 2021                                           |

\* Expected date of final completion is subject to change.

## **OTHER INDEPENDENT AUDITORS' REPORTS**

**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 Members  
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 Proposition O Building Fund of Vista Unified School District, which comprise the balance sheet as of June 30, 2020, and the related statements of revenues, expenditures, and change in fund balance for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 31, 2021.

**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) to determine the 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 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 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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Vista Unified School District's 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 determination of financial statement amounts. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wilkinson Halley King & Co., LLP*

El Cajon, California  
May 31, 2021