

PLEASANT VALLEY SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
FINANCIAL AND PERFORMANCE AUDIT REPORT
BOND BUILDING FUND (MEASURE C)

JUNE 30, 2021



PLEASANT VALLEY SCHOOL DISTRICT
 BOND BUILDING FUND (MEASURE C)
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FINANCIAL AUDIT OF BOND BUILDING FUND (MEASURE C)

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Measure C Citizens' Oversight Committee
Pleasant Valley School District
Camarillo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Pleasant Valley School District (the District), Bond Building Fund (Measure C), 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 this 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 and error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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 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 Bond Building Fund (Measure C) of Pleasant Valley School District at June 30, 2021, 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 present only the Bond Building Fund specific to Measure C, and are not intended to present fairly the financial position and changes in financial position of Pleasant Valley School District 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 11, 2022, on our consideration of the District's Bond Building Fund (Measure C) 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 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 Bond Building Fund (Measure C) internal control over financial reporting and compliance.

Harshmal & Company LLP

San Diego, California
January 11, 2022

**PLEASANT VALLEY SCHOOL DISTRICT
BOND BUILDING FUND (MEASURE C)
BALANCE SHEET
JUNE 30, 2021**

ASSETS

Deposits and investments	\$ 19,153,426
Accounts receivable	15,622
Due from other funds	<u>48,377</u>
Total assets	<u>19,217,425</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	<u>1,308,144</u>
Total liabilities	<u>1,308,144</u>

Fund Balance

Restricted for capital projects funds	<u>17,909,281</u>
Total fund balance	<u>17,909,281</u>
Total liabilities and fund balance	<u><u>\$ 19,217,425</u></u>

The accompanying notes are an integral part of these financial statements.

PLEASANT VALLEY SCHOOL DISTRICT
 BOND BUILDING FUND (MEASURE C)
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2021

REVENUES

Bond Issuance	
Interest income	\$ 129,574
Total revenues	129,574

EXPENDITURES

Current	
Salaries and benefits	182,367
Books and supplies	
Materials and supplies	1,093,618
Noncapitalized equipment	962,842
Services and other operating expenditures	
Travel and conferences	279
Rentals, leases, repairs, and noncapitalized improvements	171
Professional/Consulting services and operating expenditures	271,912
Capital outlay	
Sites and improvements of sites	3,161,249
Building and improvements to buildings	2,319,746
Equipment	136,609
Equipment replacement	75,154
Total expenditures	8,203,947
<i>Excess/ (deficiency) of revenue over expenditures</i>	<i>(8,074,373)</i>
Net change in fund balance	(8,074,373)
Fund balance - beginning of year	25,983,654
Fund balance - end of year	\$ 17,909,281

The accompanying notes are an integral part of these financial statements.

**PLEASANT VALLEY SCHOOL DISTRICT
BOND BUILDING FUND (MEASURE C)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Pleasant Valley School District (the District) Bond Building Fund (Measure C) 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. The Pleasant Valley School District's Bond 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 Bond Building Fund of Pleasant Valley School District used to account for Measure C projects. This Fund was established to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued. These financial statements are not intended to present fairly the financial position and results of operations of Pleasant Valley School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Bond 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 Bond 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 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 objects 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.

PLEASANT VALLEY SCHOOL DISTRICT
 BOND BUILDING FUND (MEASURE C)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Fund Balances - Governmental Funds

As of June 30, 2021 fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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.

	<u>Bond Building Fund</u>
Restricted	
Capital projects	17,909,281
Total	\$ 17,909,281

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 - INVESTMENTS

Investment in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Ventura County Treasury as part of the common investment pool. These pooled funds are carried at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2021 is measured at 100.41% of amortized cost. The District's deposits in the fund are considered to be highly liquid.

**PLEASANT VALLEY SCHOOL DISTRICT
BOND BUILDING FUND (MEASURE C)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 - INVESTMENTS - CONT'D

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635 and 53648. The county is restricted to invest 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 of reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasury follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized costs, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the Ventura County Board of Supervisors, County Government Center, 800 South Victoria Avenue, Ventura, CA 93009.

NOTE 3 - ACCOUNTS RECEIVABLE

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

Interest	<u>\$ 15,622</u>
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NOTE 4 - ACCOUNTS PAYABLE

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

Construction	<u>\$ 1,308,144</u>
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NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds are as follows:

The balance of \$48,377 is due from the General Fund to the Building Fund.

**PLEASANT VALLEY SCHOOL DISTRICT
BOND BUILDING FUND (MEASURE C)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 - CONSTRUCTION COMMITMENTS

Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

<u>CAPITAL PROJECTS</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Security door system installation at PVSEA EEC office	\$ 12,680	December 2021
Kitchen renovation at Tierra Linda School	240,150	August 2021
Kitchen renovation at La Mariposa School	224,084	August 2021
Gym Roof replacement at PVSEA	161,733	October 2021
Utility Replacement at PVSEA	1,832,819	August 2021
Building Exterior Renovations at Camarillo Heights	370,440	August 2021
Building Exterior Renovations at Los Primeros School	206,655	August 2021
Building Exterior Renovations at Valle Lindo Campus	226,380	August 2021
Roof Replacement at Tierra Linda School, section 1	77,375	August 2021
Roof Replacement at Tierra Linda School, section 2	143,475	August 2021
Playground asphalt renovations, Las Colinas School	143,589	August 2021
Playground asphalt renovations, University Prep	154,422	August 2021
Playground asphalt renovations, Monte Vista School	251,000	August 2021
Playground asphalt renovation, Los Primeros School	160,375	August 2021
Building exterior renovations at Monte Vista School	283,000	August 2021
Exterior Renovations of Gym at Monte Vista School	160,000	August 2021
Covered walkway renovations at Los Primeros School	191,838	August 2021
Outdoor classroom, Los Primeros School	299,950	November 2021
HVAC installation Camarillo Heights	630,126	August 2021
MPR window replacement at Camarillo Heights	65,576	August 2021
Classroom thermostat installation	9,510	July 2021
	<u>\$ 5,845,177</u>	

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, 2021.

**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***

To the Board of Trustees
Measure C Citizens' Oversight Committee
Pleasant Valley School District
Camarillo, 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 accompanying financial statements of Pleasant Valley School District (the District) Bond Building Fund (Measure C), 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 January 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pleasant Valley School District's internal control over financial reporting (internal control) as a basis for designing our auditing 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 an opinion on the effectiveness of Pleasant Valley School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pleasant Valley 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pleasant Valley School District's Bond Building Fund (Measure C) financial statements are free of 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 statement. 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harshmal & Company LLP

San Diego, California
January 11, 2022

PLEASANT VALLEY SCHOOL DISTRICT
BOND BUILDING FUND (MEASURE C)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

None Reported.

**PLEASANT VALLEY SCHOOL DISTRICT
BOND BUILDING FUND (MEASURE C)
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2021**

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

PERFORMANCE AUDIT OF BOND BUILDING FUND (MEASURE C)

INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

To the Board of Trustees
Measure C Citizens' Oversight Committee
Pleasant Valley School District
Camarillo, California

We have conducted a performance audit of the Pleasant Valley School District (the District) Measure C bond funds for the year ended June 30, 2021, in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 Measure C bond funds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution. 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 as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion 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.

The results of our tests indicated that, in all significant respects, the District expended Measure C bond funds for the fiscal year ended June 30, 2021, only for the specific projects developed by the District's Board of Trustees, and approved by the voters, in accordance with the requirements of Proposition 39 as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Harshwal & Company LLP

San Diego, California
January 11, 2022

**PLEASANT VALLEY SCHOOL DISTRICT
BOND BUILDING FUND (MEASURE C)
JUNE 30, 2021**

BACKGROUND INFORMATION

In November 2000 the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges, under certain circumstances and subject to certain conditions. In June 2018, a general obligation bond proposition (Measure C) of the District was approved by the voters of the District. Measure C authorizes the District to issue up to \$119 million of general obligation bonds to finance various capital projects, and related costs, as specified in the bond measure provisions of Measure C.

Pursuant to the requirements of Proposition 39, and related state legislation, the Governing Board of the District established a Citizens' Bond Oversight Committee and appointed its initial members. The principal purpose of the Citizens' Bond Oversight Committee, as set out in state law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Measure C bond authorization. The Citizens' Bond Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Measure C bond fund have been expended only for the authorized bond projects.

**PLEASANT VALLEY SCHOOL DISTRICT
BOND BUILDING FUND (MEASURE C)
JUNE 30, 2021**

OBJECTIVES OF THE AUDIT

1. Determine the expenditures charged to the Measure C Bond Building Fund.
2. Determine whether expenditures charged to the Measure C Bond Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure C in June 2018.
3. Determine that amounts expended on salaries and benefits were only to the extent employees perform work associated with the Measure C projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 01, 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 our audit. Expenditures incurred subsequent to June 30, 2021, were not reviewed, or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

- We identified the expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
- We selected a judgmental sample of expenditures for supplies, services and capital outlay considering all projects for the year ended June 30, 2021. Our sample included 30 transactions totaling \$2,389,945.
 - We reviewed the actual invoices and supporting documentation to determine that expenditures charged to projects were:
 - Supported by invoices with evidence of proper approval and documentation of receipts of goods or services;
 - Supported by proper bid documentation, as applicable;
 - Were properly expended on the authorized bond projects as listed on the voter- approved bond project list.
- We selected the complete population of salaries and benefits for the year ended June 30, 2021. Our sample of expenditures for salaries and benefits included \$40,850 in payroll expenses.
 - We reviewed the payroll register and job description to determine that the amounts expended on salaries and benefits were only to the extent employees perform work associated with the Measure C bond projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the funds held in the Measure C Bond Building Fund and that such expenditures were made on authorized bond projects. Further, it was noted that the funds held in the Measure C Bond Building Fund and expended by the District, were used for salaries and benefits only to the extent allowable.

PLEASANT VALLEY SCHOOL DISTRICT
BOND BUILDING FUND (MEASURE C)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

None reported.

**PLEASANT VALLEY SCHOOL DISTRICT
BOND BUILDING FUND (MEASURE C)
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2021**

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