

**MEASURES “Q” AND “P” GENERAL OBLIGATION
BOND BUILDING FUND OF
SANTA PAULA UNIFIED SCHOOL DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2020**

**NIGRO
& NIGRO^{PC}**

**MEASURES “Q” AND “P” GENERAL OBLIGATION BOND BUILDING FUND OF
SANTA PAULA UNIFIED SCHOOL DISTRICT**

For the Fiscal Year Ended June 30, 2020

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Introduction and Citizens’ Oversight Committee Member Listing	1
Independent Auditors’ Report	2
Financial Statements:	
Balance Sheet	4
Statement of Revenues, Expenditures, and Changes in Fund Balance	5
Notes to Financial Statements	6

OTHER INDEPENDENT AUDITORS’ REPORTS

Independent Auditors' 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	12
Independent Auditors’ Report on Performance	14

Financial Section

MEASURES “Q” AND “P” GENERAL OBLIGATION BOND BUILDING FUND OF SANTA PAULA UNIFIED SCHOOL DISTRICT

*Introduction and Citizens’ Oversight Committee Member Listing
June 30, 2020*

Santa Paula Unified School District (the District) consists of one comprehensive high school, one continuation high school, one middle school, and six elementary schools supported by a District Office and an operations center. The District serves approximately 4,890 students.

At an election held on November 4, 2008, the voters of the Santa Paula Union High School District approved by more than 55% Measure “Q”, authorizing the issuance and sale of \$39,000,000 of general obligation bonds. On December 3, 2009, the District issued Series A of the Election of 2008 General Obligation bonds in the amount of \$7,800,000. On May 16, 2012, the District issued Series B in the amount of \$6,999,546. On October 27, 2016, the District issued Series C in the amount of \$3,000,000. On August 20, 2019, the District issued Series D in the amount of \$10,000,000. The bonds were issued to finance the construction and modernization of school facilities and to pay costs of issuance of the bonds.

At an election held on June 7, 2016, the District was authorized at an election of the registered voters of the Santa Paula Union High School District to issue \$39,600,000 principal amount of Measure “P” general obligation bonds. The bonds were authorized for the purpose of financing the acquiring, constructing, improving, furnishing and equipping school facilities within the Improvement District. On October 27, 2016, the District issued \$10,000,000 of Series A bonds (2016A). On August 20, 2019, the District issued \$20,000,000 of Series B bonds (2016B).

The passage of Proposition 39 in November, 2000, amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects.

Upon passage of Proposition 39, an accompanying piece of legislation, AB1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond Proposition pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Citizens’ Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

The Citizens’ Bond Oversight Committee was comprised of the following members as of June 30, 2020:

<u>Name</u>	<u>Title</u>	<u>Representation</u>
Cathy Hicks	Chair	Community at Large
Rey Frutos	Vice Chair	Community at Large
Adriana Mota	Member	Parent/Guardian
Michelle LaMonte	Member	Local Business Owner
Tom Koff	Member	Senior Organization
Daniel Wreesman	Member	Parent/Guardian
Luella Wright	Member	Community at Large
Vacant	Member	Parent/Guardian Active in Parent-Teacher Organization
Vacant	Member	Taxpayers' Organization



INDEPENDENT AUDITORS' REPORT

The Governing Board and the
Citizens' Bond Oversight Committee
Santa Paula Unified School District
Santa Paula, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measures "Q" and "P" General Obligation Bond Building Fund of Santa Paula Unified School District, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial 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.

Auditors' 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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measures "Q" and "P" General Obligation Bond Building Fund of Santa Paula Unified School District, as of June 30, 2020, and the changes in financial position thereof for the fiscal 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 Measures “Q” and “P” General Obligation Bond Building Fund and do not purport to, and do not, present fairly the financial position of the Santa Paula Unified School District, as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows 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 March 3, 2021, on our consideration of the 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 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 internal control over financial reporting and compliance.

Murrieta, California

March 3, 2021

**MEASURES "Q" AND "P" GENERAL OBLIGATION BOND BUILDING FUND OF
SANTA PAULA UNIFIED SCHOOL DISTRICT**

Balance Sheet

June 30, 2020

	<u>Measure "Q"</u>	<u>Measure "P"</u>
ASSETS		
Deposits and investments	\$ 11,772,859	\$ 21,805,435
Accounts receivable	<u>71,361</u>	<u>133,637</u>
Total Assets	<u>\$ 11,844,220</u>	<u>\$ 21,939,072</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 28,290	\$ 134,536
Fund Balances		
Restricted for capital projects	<u>11,815,930</u>	<u>21,804,536</u>
Total Liabilities and Fund Balances	<u>\$ 11,844,220</u>	<u>\$ 21,939,072</u>

**MEASURES “Q” AND “P” GENERAL OBLIGATION BOND BUILDING FUND OF
SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2020*

	<u>Measure "Q"</u>	<u>Measure "P"</u>
REVENUES		
Interest earnings	\$ 205,956	\$ 389,193
Total Revenues	<u>205,956</u>	<u>389,193</u>
EXPENDITURES		
Current:		
Materials and supplies	-	29,193
Services and other operating expenditures	55,236	78,032
Capital outlay	541,916	2,417,630
Debt service:		
Debt issuance costs	<u>129,523</u>	<u>164,974</u>
Total Expenditures	<u>726,675</u>	<u>2,689,829</u>
OTHER FINANCING SOURCES (USES)		
Issuance of debt - general obligation bonds	<u>10,000,000</u>	<u>20,000,000</u>
Total Other Financing Sources (Uses)	<u>10,000,000</u>	<u>20,000,000</u>
Net Change in Fund Balances	9,479,281	17,699,364
Fund Balances, July 1, 2019	<u>2,336,649</u>	<u>4,105,172</u>
Fund Balances, June 30, 2020	<u>\$ 11,815,930</u>	<u>\$ 21,804,536</u>

MEASURES “Q” AND “P” GENERAL OBLIGATION BOND BUILDING FUND OF SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On November 4, 2008 the District voters authorized \$39,000,000 in General Obligation Bonds (Measure “Q”) for the purpose of financing the modernization and construction of school facilities within the District. On June 7, 2016, the District voters authorized \$39,600,000 in General Obligation Bonds (Measure “P”) for the purpose of financing, constructing, improving, furnishing, and equipping school facilities within the District. Both measures required a minimum 55% vote for passage. In response, an advisory committee to the District’s Governing Board and Superintendent, the Citizens’ Bond Oversight Committee, was established. The Committee’s oversight goals include ensuring compliance with conditions of Measures “Q” and “P”.

The Bond proceeds are accounted for in the District’s Building Fund, where they are expended for the approved projects. The District uses separate subfunds within the fund to account for the measures separately. Measure “Q” is accounted for in subfund 214, and Measure “P” is accounted for in subfund 213. The statements presented are for the individual Measures “Q” and “P” General Obligation Bond Building Fund and are not intended to be a complete presentation of the District’s financial position or results of operations.

On November 6, 2012, the voters of the Santa Paula Area passed Measure “M” authorizing the unification of Santa Paula Elementary School and Santa Paula Union High School District. Unification became effective July 1, 2013. Upon unification, the former school districts ceased to exist as legally separate entities, and the assets and liabilities of the District became those of the newly formed Santa Paula Unified School District. The Measure “Q” General Obligation Bond was previously recognized by the Santa Paula Union High School District.

B. Accounting Policies

The Santa Paula Unified School 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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

The financial statements of the Measures “Q” and “P” General Obligation Bond Building Funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**MEASURES “Q” AND “P” GENERAL OBLIGATION BOND BUILDING FUND OF
SANTA PAULA UNIFIED SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

E. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

F. 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 the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

MEASURES “Q” AND “P” GENERAL OBLIGATION BOND BUILDING FUND OF SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS

Pooled Funds

In accordance with Education Code Section 41001, the District maintains all of its cash from the bond proceeds in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2020, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized – Investments in the Ventura County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

**MEASURES “Q” AND “P” GENERAL OBLIGATION BOND BUILDING FUND OF
SANTA PAULA UNIFIED SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

NOTE 3 – ACCOUNTS RECEIVABLE

The total accounts receivable at June 30, 2020, in the amount of \$204,998 represents amounts due from the Ventura County Treasurer for interest earnings for the quarter ended June 30, 2020.

NOTE 4 – MEASURES “Q” AND “P” GENERAL OBLIGATION BONDS

Measure “Q”

On November 4, 2008, the District was authorized at an election of the registered voters of Santa Paula Union High School District to issue \$39,000,000 in general obligation bonds. The bonds were authorized in order to finance the acquisition, construction, improvement, furnishing and equipping of school facilities for the District. On December 3, 2009, the District issued \$7,800,000 of Series A bonds. On May 16, 2012, the District issued \$6,999,546 of Series B bonds. On October 27, 2016, the District issued \$3,000,000 of Series C bonds. On August 20, 2019, the District issued \$10,000,000 of Series D bonds.

Measure “P”

On June 7, 2016, the District was authorized at an election of the registered voters of the Improvement District to issue \$39,600,000 principal amount of general obligation bonds. The bonds were authorized for the purpose of financing the acquiring, constructing, improving, furnishing and equipping school facilities within the Improvement District. On October 27, 2016, the District issued \$10,000,000 of Series A bonds (2016A). On August 20, 2019, the District issued \$20,000,000 of Series B bonds (2016B).

The Bonds were issued for the purpose of acquiring, constructing, improving, furnishing and equipping sites in the District and to pay for cost of issuance.

The summary of outstanding general obligation bonds that have been issued under Measures “Q” and “P” to date is as follows:

Bond	Interest Rate	Date of Issue	Maturity Date	Amount of Original Issue	Outstanding, July 1, 2019	Additions	Deductions	Outstanding, June 30, 2020
Measure Q (2008)								
Series A	4.0%-6.0%	12/3/2009	8/1/2034	\$ 7,800,000	\$ 260,000	\$ -	\$ 260,000	\$ -
Series B	2.5%-3.25%	5/16/2012	8/1/2041	6,999,546	6,750,648	-	71,230	6,679,418
Series C	3.25%-5.0%	10/27/2016	8/1/2044	3,000,000	3,000,000	-	-	3,000,000
Series D	3.0%-4.0%	8/20/2019	8/1/2049	10,000,000	-	10,000,000	-	10,000,000
					<u>\$ 10,010,648</u>	<u>\$ 10,000,000</u>	<u>\$ 331,230</u>	<u>\$ 19,679,418</u>
Measure P (2016)								
Series A	2.0%-4.0%	10/27/2016	8/1/2046	\$ 10,000,000	\$ 9,245,000	\$ -	\$ 805,000	\$ 8,440,000
Series B	3.0%-5.0%	8/20/2019	8/1/2049	20,000,000	-	20,000,000	-	20,000,000
					<u>\$ 9,245,000</u>	<u>\$ 20,000,000</u>	<u>\$ 805,000</u>	<u>\$ 28,440,000</u>

**MEASURES “Q” AND “P” GENERAL OBLIGATION BOND BUILDING FUND OF
SANTA PAULA UNIFIED SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

NOTE 4 – MEASURES “Q” AND “P” GENERAL OBLIGATION BONDS (continued)

The requirements to amortize all Measures ”Q” and “P” general obligation bonds payable outstanding as of June 30, 2020, were as follows:

Measure "Q"

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020-2021	\$ 201,562	\$ 523,107	\$ 724,669
2021-2022	270,000	461,681	731,681
2022-2023	215,000	552,206	767,206
2023-2024	85,000	646,094	731,094
2024-2025	115,000	643,450	758,450
2025-2030	595,000	3,948,159	4,543,159
2030-2035	858,572	4,666,375	5,524,947
2035-2040	3,065,004	6,630,603	9,695,607
2040-2045	4,864,280	3,974,750	8,839,030
2045-2050	9,410,000	746,100	10,156,100
	<u>\$ 19,679,418</u>	<u>\$ 22,792,525</u>	<u>\$ 42,471,943</u>

Measure "P"

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020-2021	\$ 900,000	\$ 1,056,880	\$ 1,956,880
2021-2022	915,000	1,045,388	1,960,388
2022-2023	100,000	1,025,088	1,125,088
2023-2024	-	1,023,088	1,023,088
2024-2025	-	1,023,088	1,023,088
2025-2030	200,000	5,110,438	5,310,438
2030-2035	2,225,000	4,884,088	7,109,088
2035-2040	4,740,000	4,289,100	9,029,100
2040-2045	7,740,000	3,204,600	10,944,600
2045-2050	11,620,000	1,267,500	12,887,500
	<u>\$ 28,440,000</u>	<u>\$ 23,929,258</u>	<u>\$ 52,369,258</u>

General obligation bond payments are made from the District’s Bond Interest and Redemption Fund maintained by the County.

**MEASURES “Q” AND “P” GENERAL OBLIGATION BOND BUILDING FUND OF
SANTA PAULA UNIFIED SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

NOTE 5 – COMMITMENTS AND CONTINGENCIES

A. Construction Commitments

At June 30, 2020, the District had commitments with respect to unfinished capital projects of approximately \$0.4 million to be paid from local funds.

B. Impact of COVID-19

On March 13, 2020, a presidential emergency was declared due to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. The declaration made federal disaster assistance available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to the State of California to supplement the local recovery efforts by the K-12 education community. On that same date, Governor Newsom issued Executive Order N-26-20, guaranteeing continued State funding, holding LEAs harmless from several regulations, and providing guidelines for LEAs to operate under a “distance learning” environment.

In response, the District announced the closing of all schools in mid-March. Nearly all districts in California shut down to stem the spread of COVID-19. As events unfold and changes are made on a daily basis, the future impacts of COVID-19 on the District’s operations are not fully known at this time.

NOTE 6 – CITIZENS' OVERSIGHT COMMITTEE

Education Code Section 15282(a) states that the Citizens' Oversight Committee must consist of at least seven members and must be comprised of the following members: one member shall be active in a business organization representing the business community located within the district, one member shall be active in a senior citizens' organization, one member shall be active in a bona fide taxpayers' organization, one member shall be the parent or guardian of a child enrolled in the district, and one member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization, such as the Parent Teacher Association or school site council. The Committee lacks representation from a member of a taxpayer advocacy organization and a member who is a parent or guardian of a child enrolled in the District who is active in a parent-teacher organization. As a result, the committee does not have all of the required representation.

Other Independent Auditors' Reports



INDEPENDENT AUDITORS' 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*

The Governing Board and the
Citizens' Bond Oversight Committee
Santa Paula Unified School District
Santa Paula, 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 Measures "Q" and "P" General Obligation Bond Building Fund of Santa Paula Unified School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santa Paula Unified School District's internal control over financial reporting (internal control) as a basis for designing the 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 an opinion on the effectiveness of the Santa Paula Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Santa Paula 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 District'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 Santa Paula Unified School District's 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 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 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.



Murrieta, California
March 3, 2021



INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

The Governing Board and the
Citizens' Bond Oversight Committee
Santa Paula Unified School District
Santa Paula, California

We have examined the Santa Paula Unified School District's (the District) compliance with the performance requirements for the Proposition 39 Measures "Q" and "P" General Obligation Bond for the fiscal year ended June 30, 2020, under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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.

Objectives

The objectives of the examination of compliance applicable to the District are to determine with reasonable assurance that:

- The expenditures charged to the Santa Paula Unified School District Building Fund (214 and 213) are documented.
- Expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measures "Q" and "P".
- Any discrepancies or weaknesses in internal controls are noted and recommendations for improvement are provided.
- The District Board and the Citizens' Bond Oversight Committee are provided with a performance audit report as required under the requirements of the California Constitution and Proposition 39.

Scope of the Audit

The scope of our performance audit covered the fiscal year from July 1, 2019 to June 30, 2020. The expenditures tested included all object and project codes associated with the bond projects. Expenditures incurred subsequent to June 30, 2020, were not reviewed or included within the scope of our audit or in this report.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Procedures Performed

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2020, for the Measures “Q” and “P” General Obligation Building Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measures “Q” and “P” with regards to the approved bond projects list. We performed the following procedures:


To meet our objectives, audit tests were performed and included, but were not limited to the following:

- We verified that bond funds were deposited in the District’s name and invested in accordance with applicable legal requirements.
- We tested approximately \$2.5 million (79.2%) in bond fund invoices paid, which is a combination of 2019-20 expenditures and payments on liabilities accrued as of June 30, 2020 and paid in 2020-21. This includes testing payments for validity, allowability, and accuracy. Expenditures sampled in our test included payments made to subcontractors and other vendors.
- We reviewed the approved project listing as set out in the Measures “Q” and “P” election documents.
- We selected a sample of expenditures for the fiscal year ended June 30, 2020 and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- We verified that funds from the Building Fund (214 and 213) were expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects, and we verified that funds held in the Building Fund (214 and 213) were not used for salaries of school administrators or other operating expenses of the District.
- We reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 20111.
- We verified that the District did not exceed change order limitations in excess of 10% pursuant to Public Contract Code.

Our audit of compliance made for the purpose set forth in the preceding paragraph would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied with the compliance requirements for the Measures “Q” and “P” General Obligation Bond proceeds listed and tested above.

This report is intended for the information of the Governing Board, management, and the Citizens’ Bond Oversight Committee; however, this report is a matter of public record.



Murrieta, California
March 3, 2021