

**MEMBERS OF THE BOARD**

**WENDY SIMS-MOTEN, PRES.  
GABE ESCOBEDO  
ROSE MUÑOZ  
WILLIAM BANNING  
SUNITA BEALL**



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**KIM HERNANDEZ**  
Assistant Superintendent of  
Business Services

**Approved Minutes  
Citizens' Bond Oversight Committee  
Monday, April 15, 2024 Regular Meeting**

**Regular Meeting 5:30 p.m.**

Santa Barbara Unified School District Office  
720 Santa Barbara St, Santa Barbara CA 93101  
Board Room

1. Call to Order (Frank Stevens, Chair) at **5:31 pm**

- Pledge of Allegiance
- Roll Call

**Citizens' Bond Oversight Committee (CBOC) members present:**

Frank Stevens, Chair  
Lang Sligh, Vice-Chair  
Mike Barnick  
Jennifer Lee  
Deanna Morinini

**CBOC members absent:**

none

**Santa Barbara Unified School District (SBUSD) staff present:**

Kim Hernandez, Assistant Superintendent of Business Services  
Allison Fore, Fiscal Administrative Assistant  
Hilda Maldonado, Superintendent  
Steve Venz, Chief Operations Officer

**Members of the Public present:**

none

2. Public Comment

Any member of the public may comment upon matters to this committee that are not on the agenda. The public will have an opportunity to comment on each agenda item as the item is presented. Normally comments are limited to three minutes each.

**No public comment requested**

3. Review and Approval of Dec. 11, 2023 and August 28, 2023 Citizens' Bond Oversight Committee (CBOC) Minutes (Kim Hernandez)

**Motion to approve minutes by Barnick, seconded by Lee  
Item approved, vote: 3 ayes, 2 abstention due to absence**

4. Armory Update (Hilda Maldonado)  
\$8M set aside for Armory + Tatum sale expected \$15M = \$23M  
SB Foundation will help with public engagement  
Stevens: Are past ideas for Armory still feasible (bringing the Armory up to usable standard)?  
Can the ideas still be done? Are other needs more pressing? Board needs to make these decisions
5. Overview of Current and Future Projects (Steve Venz)  
Eventual goal: to create new master plan for District  
*Presentation attached: "District Facilities Condition Assessment Board Report, Feb. 13, 2024"*
6. Fiscal Review (Kim Hernandez)  
*Documents attached: "Bonds Fiscal Summary 4 11 24 Actuals;" "Financial Plan Schedules and Status 040924"*
7. Fiscal Audit Report (Kim Hernandez)  
Audit Reports read and accepted by Committee  
*Documents attached: Santa Barbara Unified SD Msr J 2023 Audit Report I; Santa Barbara Unified SD Msr I 2023 Audit Report I*
8. Future Meeting Dates and Times  
June – site visit (Adams MPR? La Cumbre/SBCA Makerspace)  
September
9. Future Agenda Items  
Recruitment for open positions (tax payer org member, PTA member)
10. Adjournment (Frank Stevens, Chair)  
**Motion to adjourn by Stevens at 7:02 pm**

# SANTA BARBARA UNIFIED SCHOOL DISTRICT

## DISTRICT FACILITIES CONDITION ASSESSMENT BOARD REPORT

February 13, 2024



# PURPOSE & PROCESS



1 PURPOSE

2 ASSESSMENT OF EACH SCHOOL

3 FINDINGS

4 ANALYSIS

5 MASTER FACILITIES PLANNING

6 NEW MASTER FACILITIES PLAN



## **BUILDING ENVELOPE ASSESSMENT**

For example...

1. Walls
2. Doors
3. Windows
4. Roof

## **ELECTRICAL SYSTEM ASSESSMENT**

For example...

1. Wiring and Distribution
2. Power Utilization  
Equipment
3. Safety and Code  
Compliance

## **HVAC ASSESSMENT**

For example...

1. Furnace
2. Air Conditioner
3. Heat Pump
4. Thermostat

## **PLUMBING ASSESSMENT**

For example...

1. Water Supply and  
Distribution
2. Fixtures and Appliances
3. Maintenance and  
Inspections
4. Domestic Water System

# ANALYSIS



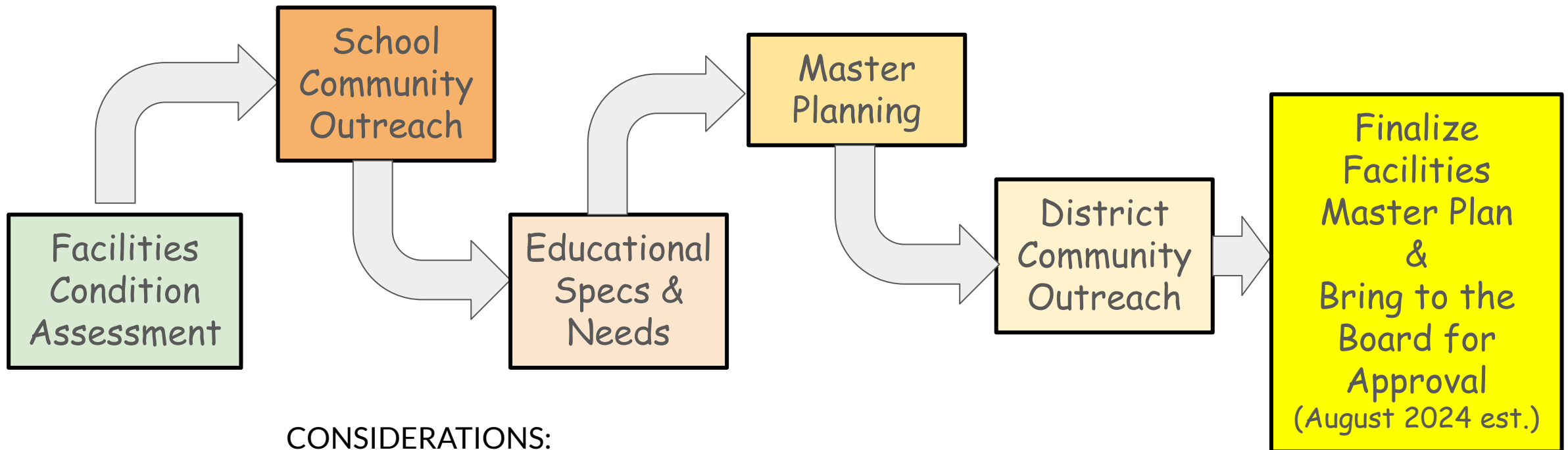
Priority	Definition
1	Urgent or Critical Fixes: Projects based on facility conditions that may lead to District liability or other risk factors
2	Potential Critical Issues: Systems needing attention to prevent foreseeable deterioration or potential downtime and associated costs if left unattended.
3	Necessary in 5 Years or more: Systems indicating that their expected useful life is expiring.
4	Necessary in 10 years or more: Systems or items approaching their 10-year lifespan, not currently concerning but requiring future attention.
TBD	Additional Recent Items: Priority Needs to be Determined



# ANALYSIS



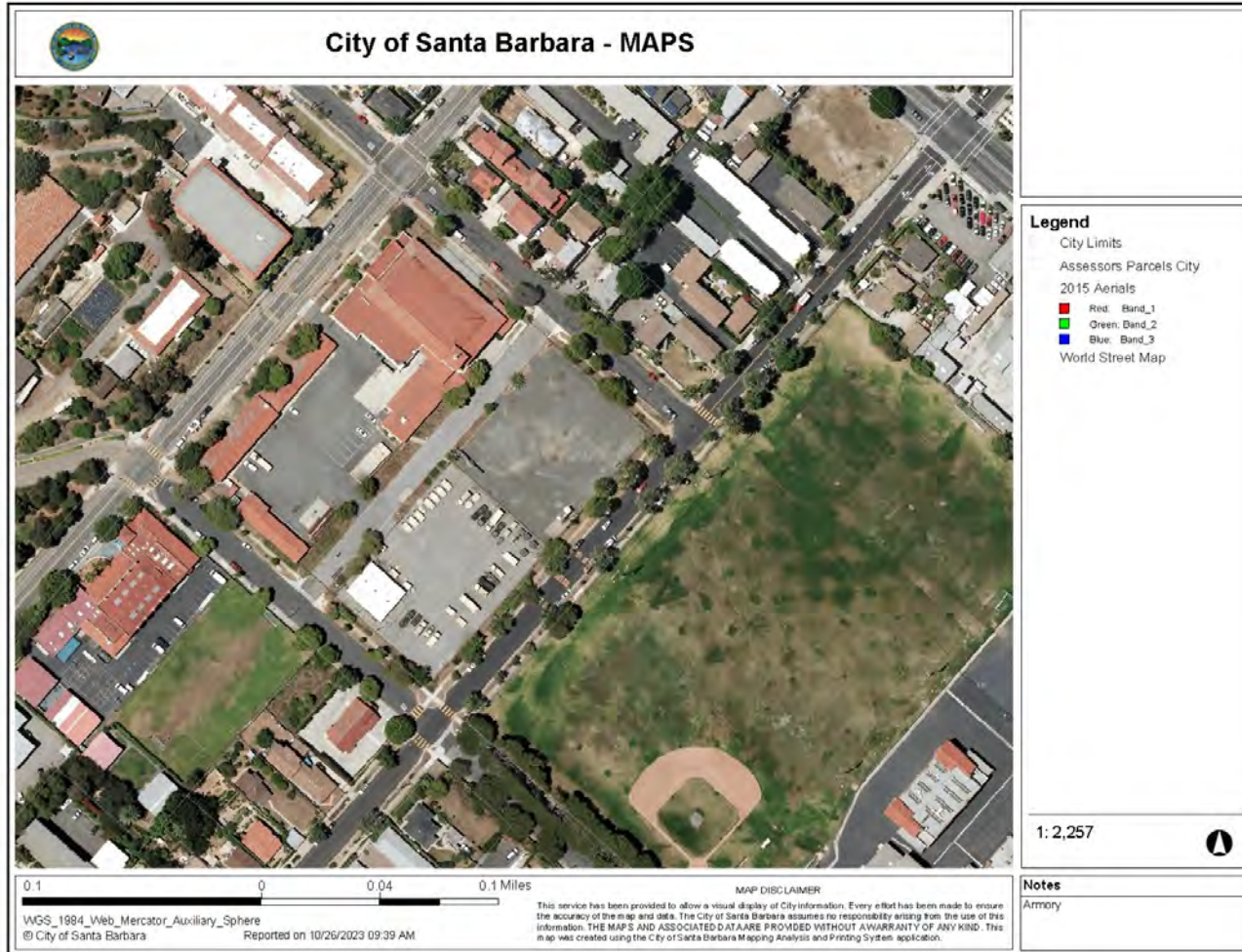
TYPE OF SCHOOL	SCHOOL	CATEGORY	SUB-SYSTEM	RATING 1 high priority to 4 low priority	SCOPE	COST (Approximate)
ES	Adams	Plumbing	Sewer Drain Lines	1	Replace sewer laterals from lower portables to main line. Replace sewer line that comes behind MPR to the City's connection. Replace Sewer line that comes off the Admin building to the main line.	\$150,000
ES	Adams	Plumbing	Sewer Drain Lines	1	Kinder Sewer lateral need to be replaced.	\$60,000
ES	Adams	Plumbing	Sewer and Lift Stations	1	Lower end portables are in need of a duplex grinder system. The duplex system that is located behind the portable Restrooms the Lid and framing needs to be replaced due to rust.	\$50,000
JHS	Goleta Valley	Plumbing	Sewer Drain Lines	1	The Admin. building sewer line will need to be replaced.	\$150,000
JHS	Goleta Valley	Plumbing	Sewer Drain Lines	1	Repair sewer lines coming out of the 300 wing	\$60,000
JHS	La Colina	Plumbing	Sewer Drain Lines	1	Replace sewage lines by the administration building	\$60,000
JHS	La Cumbre	Plumbing	Sewer Drain Lines	1	Replace main sewer line running from school to street	\$60,000
ES	Roosevelt	Electrical	Panels and Breakers	1	Upgrade battery backup	\$250,000
SHS	Santa Barbara	Plumbing	Sewer Drain Lines	1	Field house drain line needs replacing	\$90,000



## CONSIDERATIONS:

1. Wellbeing, safety, and equity of the school's students.
2. Effectiveness of the school's teaching environments
3. Affect the structural soundness of the school through maintenance
4. Forward-thinking environments and sustainability
5. Enrollment

# ARMORY UPDATE



- ❖ **Historical Status**
- ❖ **Funding:** Bond measure J + Tatum property sale
- ❖ **Potential Use:** Future Career Tech. Center



# Questions

## Summary of Bond Expenditures As of April 11, 2024

### Measure I (FUND 28)

**Bond Amount** \$135,000,000

	Cumulative As of 4/11/24	Spent Each Year:							
		2024	2023	2022	2021	2020	2019	2018	2017
Total Expenditures	<b>111,143,962</b>	8,648,631	4,656,600	12,144,070	21,256,600	25,786,858	33,752,110	4,247,986	651,106
Armory	\$8,000,000								

### Measure J (FUND 29)

**Bond Amount** \$58,000,000

	Cumulative As of 4/11/24	Spent Each Year:							
		2024	2023	2022	2021	2020	2019	2018	2017
Total Expenditures	<b>49,373,136.8</b>	6,891,548	15,820,826	8,245,476	4,419,197	5,321,132	5,399,135	2,910,418	365,405

## Santa Barbara Unified School District Bond Projects

Project Schedules

Status by Project as of 04/09/24

Projects	Prior FY 19-20	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	After FY 23-24	Total Budget	Total Commitments	Total Expenditures	% Budget Spent
	<-Act   Plan-->										
E-5900 Prgm - MGMT (1) (2) (3) (4) Total	665,758	225,446	222,555	179,188	276,368	189,574		1,754,888	1,441,493	1,372,689	78.2%
DW-5524 Solar RenEnergy (2) Total		262,646	557,971	302,836	152,946	1,187,509		2,463,908	1,449,972	1,310,691	53.2%
E-5048 SB Charter New Classrooms Project (1) (3) Total									309,080	215,587	0.0%
E-5211-1 Peabody Roof Replacement (FP) Total				67,044	1,131,330			1,198,374	99,865	53,336	4.5%
E-5213-1 Harding Roofing Project (FP) Total					1,736,054			1,736,054	169,708	97,364	5.6%
E-5676 Las Flores PS Bldg Repl. Total	1,007,513	143,996						1,151,509	1,151,507	1,151,507	100.0%
E-5677 McKinley ES Fire Alarm Rplc. Total	452,684							452,684	452,683	452,683	100.0%
E-5901 Cleveland ES Access Pathway Total	1,091,781							1,091,781	1,091,780	1,091,780	100.0%
E-5902 Washington ES Utility Rplcmnt. (3) Total	483,193							1,173,620	1,173,617	483,192	41.2%
E-5903 McKinley ES Boliler Rplcmnt. (2) Total	1,784,892	334,239			2			2,119,132	2,119,130	2,119,130	100.0%
E-5904 McKinley ES Hillside Stablztn Total	110,490	42,864						153,354	153,354	153,354	100.0%
E-5906 Peabody Boiler Rplcmnt. Total	780,437	1,010,500	6					1,790,943	1,790,943	1,790,943	100.0%
E-5908 Washington ES MPR Project Total	233,899	603,445	3,696					841,040	841,040	841,040	100.0%
E-5909 Monroe ES 21st Century Class Room (2) (3) (4) Total	199,271	186,351	73,202	3,289,421	963,744	85,182		4,220,627	4,715,138	4,715,138	111.7%
E-5910 Cleveland ES MPR Project Total	257,497	619,294	1,386					878,178	878,177	878,177	100.0%
E-5911 Roosevelt ES MPR Project Total	1,220,633	(20,627)						1,200,005	1,200,005	1,200,005	100.0%
E-5912 Harding ES MPR Project Total	975,269	(658)						974,612	974,611	974,611	100.0%
E-5913 McKinley ES Portable Rplcmnt. (2) Total	49,383	33,399	1,991,138	584,093	21,844			2,679,858	2,847,397	2,658,013	99.2%
E-5914 Franklin ES Furniture Upgrade Total	89,380		72,690	51,930				214,000	162,070	162,070	75.7%
E-5915 DO Prototype Portable Rplcmnt. Total	18,694	69,880	2,200	2,776				93,550	91,944	90,774	97.0%
E-5916 Adams ES Furniture Upgrade. (2) Total	13,761		19,646		183,080	20,313		236,800	226,105	226,105	95.5%
E-5917 Cleveland ES Furniture Upgrade Total	17,338		21,611			97,451		136,400	135,948	135,948	99.7%
E-5918 Harding ES Furniture Upgrade Total	17,460		12,472		94	22,883	101,892	154,800	153,864	132,277	85.5%
E-5919 McKinley Furniture Upgrade Total	14,023			10,000	21,433	21,433	78,711	145,600	14,023	14,023	9.6%
E-5920 Monroe ES Furniture Upgrade (2) Total	19,072		13,605		70,020	22,947	31,156	156,800	102,697	102,697	65.5%
E-5921 Roosevelt ES Furniture Upgrade Total	21,518		19,273		39,533	39,533	117,343	237,200	40,790	40,790	17.2%
E-5922 Washington ES Furniture Upgrade Total	15,884	30,151	79,356		117,809			243,200	125,391	125,391	51.6%
E-5923 SBCA Furniture Upgrade Total	14,830	23,094	34,882			11,594		84,400	82,596	82,596	97.9%
E-5924 Hidden Valley Conceptual Planning Total	32,755	21,528	1,800					56,083	56,083	56,083	100.0%
E-5925 Adams Playground Renovation Total	80,142	997,767						1,077,909	1,077,907	1,077,907	100.0%
E-5927 Tatum Property Project Total	19,300							19,300	19,300	19,300	100.0%
E-5928-McKinley ES Window Rplcmnt. Total	1,699	6,796	3,938	-	4,557			16,990	17,530	12,433	73.2%
E-5929 Adams ES Kindegarten Classroom-Ph1 Total	17,039	95,412						112,451	112,451	112,451	100.0%
E-5930 Adams ES Library Ph2 Complex Total	22,401	111,207	(0)					133,608	133,608	133,608	100.0%
E-5931 Adelante-Parma Preschool Project Total	28,407		19,040		2,148,457			2,195,904	47,447	47,447	2.2%
E-5932 Cleveland ES Portable Project (7) (2) Total	21,921	66,138	169,221	38,680	3,026,206	191,806		3,513,971	4,789,504	4,594,497	130.7%
E-5933 Harding UPS Portable Rplcmnt (3) (1) (2) (3) (4) Total	3,968	28,520	84,042	25,189	2,254,082	27,231		1,476,185	2,512,480	2,512,480	170.2%
E-5934 DW Storm Drain Total	866	4,110		7,025				12,000	5,975	4,975	41.5%
E-5935 Las Flores Furniture Upgrade Total		13,652		2,848				16,500	13,652	13,652	82.7%
E-5936 McKinley Fence & Gate Project Total		216,641						216,641	216,640	216,640	100.0%
E-5937 Washington Roofing, Skylight (2) Total		3,310	183,276	46,143	1,318,492	1,067,497		2,618,717	3,508,043	3,507,880	134.0%
E-5938 Adams E-Rate Total		7,823						7,823	7,822	7,822	100.0%

E-5941 Harding E-Rate Total	11,984							11,984	11,983	11,983	100.0%
E-5940 Franklin E-Rate Total	11,614							11,614	11,613	11,613	100.0%
E-5939 Cleveland E-Rate Total	16,295							16,295	16,295	16,295	100.0%
E-5942 McKinley E-Rate Total	5,528							5,528	5,528	5,528	100.0%
E-5943 Monroe E-Rate Total	6,115							6,115	6,114	6,114	100.0%
E-5944 Roosevelt E-Rate Total	5,178							5,178	5,177	5,177	100.0%
E-5945 Washington E-Rate Total	5,052							5,052	5,052	5,052	100.0%
E-5946 Adams MPR (2) Total	7,800	85,984	25,639	25,642	1,622,279			1,767,345	2,295,037	1,672,371	94.6%
E-5947 Adams Technology Total	30,250	78,615	2,368	3,597				114,830	111,322	111,232	96.9%
E-5948 Cleveland Technology Total	30,250	73,528	2,345	1,258				107,381	107,359	106,123	98.8%
E-5949 Franklin Technology Total	26,414	90,862	2,286	947				120,509	120,510	119,561	99.2%
E-5950 Harding Technology Total	33,009	79,063	1,248	1,319				114,639	114,628	113,320	98.8%
E-5951 McKinley Technology Total	30,250	75,659	5,598	3,042				114,549	114,532	111,507	97.3%
E-5952 Monroe Technology Total	30,250	78,668	2,396	2,412				113,726	113,714	111,314	97.9%
E-5953 Roosevelt Technology Total	30,250	74,824	2,339	2,500				109,913	109,903	107,413	97.7%
E-5954 Washington Technology Total	29,129	76,827	1,219	1,321				108,496	108,488	107,175	98.8%
E-5955 Adams Portable Project (2) (3) (4) Total	134,596	469,761	4,515,038	2,568,723	489,569			8,172,300	8,353,002	8,136,445	99.6%
E-5956 Las Flores Technology Total	2,901	87,742	(0)					90,643	90,643	90,643	100.0%
E-5957 Peabody Portable Replacement (8) (1) (2) (4) Total		265,720	790,386	4,512,011	50,482			5,618,598	6,443,315	6,331,101	112.7%
E-5958 Franklin Replace Covered Walkways (2) Total			489,405	190,040	1,139,836			1,819,281	679,445	679,445	37.3%
E-5959 SBCA Classroom Upgrade (2) Total		95,358	38,323	12,889	934,820			1,081,390	1,963,328	871,318	80.6%
E-59AT-Adelante Furniture Total			116,000					116,000			0.0%
E-59CD-1 Child Dev. Total				941,995				941,995			0.0%
E-59ES-1 Elementary FF& E (FP) Total			19,120	19,120	19,120	21,740		79,100			0.0%
E-59ES-2 Technology (FP) Total			645,242	645,242	645,241			1,935,725			0.0%
E-59OA-1 OAS Portable Replacement (FP) Total			375,292	535,252				910,544			0.0%
E-59PE-3-Peabody Furniture Upgrades (FP) Total			75,000	75,000	150,000			300,000			0.0%
E-59RO-1 Roosevelt New Playfield Turf (FP) Total			306,874	645,744				952,618			0.0%
E-59SC-1 SBCEs Furniture Upgrades (FP) Total			28,700	28,700	28,700	28,700		114,800			0.0%
E-59SC-1 SBCEs Portable Replacement (FP) Total			172,000	2,645,700				2,817,700			0.0%
F14 5519-DPHS Woodshop (3) Total	135,848	134,341						270,769	270,189	270,189	99.8%
F14 5520 SBHS Replace 1600A Switchboard Total		31,200						31,200	31,200	31,200	100.0%
S-5005- SBJHS Restroom Upgrades (FP) (2) Total				140,977	1,114,222			1,255,199	299,164	225,939	18.0%
S-5007 DPHS Electrical Service (FP) Total				460,746	1,180,652	2,096,521		3,737,919	2,247,370	821,618	22.0%
S-5210-2 DPHS Roofing Upgrades (FP) Total				1,292,198	2,719,369			4,011,567	319,000	623	0.0%
S-5212-2 SBJHS Roof Upgrades (FP) Total			355,114	746,733	708,275			1,810,122	162,390	92,050	5.1%
S-5399 SMHS (3) Total								183,800	182,800	182,800	99.5%
S-5738 SBHS Peabody Stadium Total	30,312,391	7,887,741	1,677,224	164,703	0	334,338		40,376,398	40,309,673	40,042,060	99.2%
S-5800 Prgm-MGMT (2) Total	1,076,355	336,299	350,328	250,055	376,121	253,368		2,642,526	2,325,436	2,183,828	82.6%
S-5801 LCuJHS Playground & Pavement Proj. Total	602,274							602,274	602,272	602,272	100.0%
S-5802 GVJHS Playground & Pavement Renovation (3) Total	759,576							1,257,098	759,576	759,576	60.4%
S-5802-1 GVJHS ADA Ramp Project Total	9,662	210			18,892			28,764	9,872	9,872	34.3%
S-5803 SMHS Pool Deck Replacement Total	842,781							842,781	842,781	842,781	100.0%
S-5804 SBHS Boiler/Heating Replacement Total	6,050,425	1,078,433	35,408	300				7,164,567	7,164,317	7,164,267	100.0%
S-5805 SMHS Baseball Backstop Upgrade (3) Total	244,702	1,481,535	132,945	-				1,843,352	1,896,488	1,920,184	104.2%
S-5806 SBJHS MP/LR/Boiler Replacement (1) (2) (3) (4) Total	2,292,576	11,324,121	8,832,736	1,547,245	95	273,488		23,567,599	24,273,105	23,996,773	101.8%
S-5808 SMHS ADA Restroom Upgrades (2) Total	1,447,724	37	215			5,399		1,453,374	1,448,489	1,448,489	99.7%
S-5809 DPHS Store Fronts Project Total	177,525	2,615,406	31,837		(0)			2,824,767	2,824,767	2,824,767	100.0%
S-5810 DPHS Furniture Upgrades (2) Total	215,982	34,902	50,151	62,522	291,317	98,852	40,674	794,400	723,363	694,424	87.4%
S-5811 SMHS Furniture Upgrades Total	209,392	67,036	75,851			105,377	358,744	816,400	391,966	391,966	48.0%
S-5812 SBHS Furniture Upgrades (2) Total	194,050	34,901	50,151	1,094	280,208	113,949	186,847	861,200	560,404	560,404	65.1%
S-5813 LCoJHS Furniture Upgrades (2) Total	144,152	23,268	33,434	77,160	43,034	43,034	718	364,800	278,014	278,014	76.2%
S-5814 GVJHS Furniture Upgrade Total	140,816	35,560	41,760		28,797	24,724	41,943	313,600	218,136	218,136	69.6%
S-5815 SBJHS Furniture Upgrades Total	144,487	23,268	33,434		36,783	16,862	73,566	328,400	201,188	201,188	61.3%
S-5816 LCuJHS Furniture Upgrades Total	153,501	23,268	33,434				2,997	213,200	210,202	210,202	98.6%
S-5817 LCHS Furniture Upgrades Total	39,953							39,953	39,952	39,952	100.0%
S-5818 DPHS O'Leary Track & Field Rplcmnt. Total	2,750,429	5,907			4			2,756,340	2,756,336	2,756,336	100.0%
S-5819 DW Wireless Upgrades Total	209,142							209,142	209,142	209,142	100.0%
S-5820 DPHS Portable Replacement Proj. (CTE) (1) (2) (3) (4) Total	986,134	343,175	3,530,544	7,343,707	3,063,353	488,070		15,949,127	16,718,578	16,392,029	102.8%
S-5821 DPHS Baseball Backstop Replacement Total	168,361	876,211	12,655		15,831			1,073,058	1,057,226	1,057,226	98.5%
S-5822 SBHS Window Replacement (2) Total	68,092	11,068	7,199	1,264	28,612	1,758,235		1,874,470	2,204,973	2,057,773	109.8%
S-5823 DPHS Student Parking Lot Upgrade Total	98,911	891,712						990,623	990,623	990,623	100.0%
S-5824 LCHS Shade Structure Project Total	89,963							89,963	89,963	89,963	100.0%
S-5825 SBHS Portable Replacement Project Total	3,751				1,431,131			1,434,882	4,308	3,751	0.3%
S-5826 Secondary Prototype Portable Rplcmnt. Total	31,419	3,920	2,300	400	17,111			55,150	39,990	38,039	69.0%

S-5827 Armory Site Acquisition Total	12,007,737				1,073			12,008,810	12,007,737	12,007,737	100.0%
S-5828 DO HVAC & 2nd Floor Office Renovation (2) Total	199,943	2,173,014	277,242		79,755			2,729,954	2,691,613	2,650,199	97.1%
S-5829 DPHS Secondary Cooling System Study Total	14,800							14,800	14,800	14,800	100.0%
S-5830 SBJHS Window Replacement Total	5,534	13,282	4,866	2,767	1,848,022			1,874,470	27,832	26,448	1.4%
S-5831 SMHS I-Wing Roof Replacement Total	473,328	195,808						669,136	669,137	669,137	100.0%
S-5832 SBHS-VADA CTEFP (2) Total		137,846	218,377	38,329	1,342,506	1,901,568		3,638,626	7,535,134	4,558,337	125.3%
S-5833 GVJHS Intercom, Bell System Replacement (3) Total	23,147	317,900						236,024	236,024	236,024	100.0%
S-5834 DPHS Intercom, Bell System Replacement Total	23,147	317,900						341,047	341,047	341,047	100.0%
S-5835 SBHS Field House Concession Total	7,560	840						8,400	8,400	8,400	100.0%
S-5836 AVHS Furniture Upgrade Total	26,864				16,736			43,600	26,864	26,864	61.6%
S-5837-AVHQS- Furniture Upgrades Total				1,100	1,100	1,100	1,100	4,400			0.0%
S-5838 AVJHS-Furniture Upgrades Total	800							800			0.0%
S-5839 DO Electric Vehicle Charging Station Total	22,511							22,511	22,511	22,511	100.0%
S-5840 Armory Development Total	45,263	-	186	-	93	50,897	7,842,617	7,939,056	61,194	45,542	0.6%
S-5841 LuCJHS Window Replacement Total	6,918	11,068	4,312	4,151		1,714,431		1,740,880	27,832	25,065	1.4%
S-5842 DW Equipment Technology Purchases (2) Total	11,693					124,751		136,444	136,444	136,444	100.0%
S-5843 SBHS Restroom Upgrade Total	12,420	135,739	475,174	(50,887)				572,446	572,446	572,446	100.0%
S-5844 SMHS Restroom Upgrades Ph2 Total	10,465	54,953	570,400		224,183			860,000	679,020	635,818	73.9%
S-5845 GVJHS ADA Parking Ramp Total		58,650			4,161			62,811	62,811	58,650	93.4%
S-5846 DPHS Core Switch Replacement Total		5,112						5,112	5,111	5,111	100.0%
S-5847 SMHS Photovoltaic Panel System Total		690						690	690	690	100.0%
S-5848-LCoJHS E-Rate Total		9,782						9,782	9,781	9,781	100.0%
S-5849 LCuJHS E-Rate Project Total		15,486						15,486	15,485	15,485	100.0%
S-5850 SMHS E-Rate Project Total		25,886						25,886	25,885	25,885	100.0%
S-5851 SBHS E-Rate Project Total		28,364						28,364	28,363	28,363	100.0%
S-5852 SBJHS E-Rate Total		10,562						10,562	10,561	10,561	100.0%
S-5853 GVJHS E-Rate Total		10,669						10,669	10,669	10,669	100.0%
S-5854 DPHS E-Rate Total		25,328						25,328	25,327	25,327	100.0%
S-5855 DO E-Rate Total		53,242						53,242	53,241	53,241	100.0%
S-5856 DPHS Twin Palms Sand Volleyball Court Total		42,026	565,121					607,147	607,146	607,146	100.0%
S-5858 LCoJHS Technology Total		37,907	98,424	4,778	1,088			142,197	142,184	141,109	99.2%
S-5859 LCuJHS Technology Total		39,703	98,621	5,434	3,597			147,354	147,336	143,757	97.6%
S-5860 SMHS Technology Total		40,715	102,546	17,451	3,823			164,534	165,201	160,711	97.7%
S-5861 SBHS Technology Total		40,118	115,961	9,724	7,996			173,798	173,526	165,802	95.4%
S-5862 SBJHS Technology Total		38,391	93,655	3,742	2,124			137,912	137,899	135,788	98.5%
S-5863 GVJHS Technology Total		40,824	100,127	7,367	3,610			151,928	151,907	148,318	97.6%
S-5864 DPHS Technology Total		33,649	110,472	12,018	4,616			160,755	160,476	156,139	97.1%
S-5865 DO Technology Total		17,465	13,888	2,347	4,557			38,257	35,205	33,700	88.1%
S-5866 LCHS Technology Total		3,751						3,751	3,751	3,751	100.0%
S-5867 Colina Roofing (2) Total			1,714,373	1,761,823	169,113	1,696,798		5,342,106	3,656,419	3,645,309	68.2%
S-5868 GVJHS Roofing Upgrades (2) Total			1,659,543	1,442,471	225,557	646,320		3,973,891	3,357,402	3,327,571	83.7%
S-5869 SMHS Portables (2) Total			120,470	167,610	1,884	5,227,710		5,517,673	1,315,905	291,365	5.3%
S-5870 GVJHS Portables (2) Total			1,200	237,538	83,459	4,084,754		4,406,951	4,854,986	1,232,667	28.0%
S-5871 Colina Portable Replacement Total				131,971	80,488	2,648,086		2,860,545	529,309	415,659	14.5%
S-5872- LColina (2) Total					992,007	1,910,231		2,902,238	2,905,882	2,828,806	97.5%
S-5873 LCuJHS (2) Total				798	11,859			12,657	28,053	12,657	100.0%
S-5874 SBHS 60s 70s 80s HVAC (1) Total					171,906			171,906	412,080	234,034	136.1%
DW-5592 (1) Total									57,067		0.0%
E-5966 Adams (1) Total									45,535	40,420	0.0%
S-5004 SBHS (1) Total									225,500	63,563	0.0%
S-5542 SBHS (1) Total									35,548	15,338	0.0%
<b>Grand Total</b>	<b>72,275,663</b>	<b>36,783,977</b>	<b>26,496,181</b>	<b>25,828,087</b>	<b>39,885,753</b>	<b>37,309,858</b>	<b>11,025,268</b>	<b>248,814,967</b>	<b>214,417,889</b>	<b>199,352,468</b>	<b>80.1%</b>



Financial and Performance Audits  
Building Fund (Measure I)  
June 30, 2023

Santa Barbara Unified School District

**FINANCIAL AUDIT**

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Financial Audit  
Building Fund (Measure I)  
June 30, 2023

# Santa Barbara Unified School District



## Independent Auditor's Report

Governing Board and  
Citizens Oversight Committee  
Santa Barbara Unified School District  
Santa Barbara, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Building Fund (Measure I) of the Santa Barbara Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measure I) of the Santa Barbara Unified School District, as of June 30, 2023, and the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter*

As discussed in Note 1, the financial statements present only Building Fund (Measure I), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2023, the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024 on our consideration of the Building Fund (Measure I) 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 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 Building Fund (Measure I) 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 Building Fund (Measure I) of the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Esde Sully LLP".

Rancho Cucamonga, California  
January 18, 2024

Santa Barbara Unified School District  
Building Fund (Measure I)  
Balance Sheet  
June 30, 2023

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Assets	
Investments	\$ 46,606,205
Receivables	<u>258,892</u>
Total assets	<u>\$ 46,865,097</u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	<u>\$ 2,094,045</u>
Fund Balances	
Restricted for capital projects	<u>44,771,052</u>
Total liabilities and fund balances	<u>\$ 46,865,097</u>

Santa Barbara Unified School District  
 Building Fund (Measure I)  
 Statement of Revenues, Expenditures, and Change in Fund Balance  
 Year Ended June 30, 2023

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Revenues	
Local income	
Interest income	\$ 656,182
Change in fair market valuations of investments	(1,101,331)
All other local revenue	<u>1,892,758</u>
Total revenues	<u>1,447,609</u>
Expenditures	
Current	
Salaries and benefits	279,074
Supplies	
Materials and supplies	950
Noncapitalized equipment	30,658
Professional services	290,617
Capital outlay	
Building and improvements of buildings	<u>4,157,300</u>
Total expenditures	<u>4,758,599</u>
Deficiency of Revenues over Expenditures	<u>(3,310,990)</u>
Other Financing Sources	
Other sources - proceeds from general obligation bonds	<u>35,000,000</u>
Net Change in Fund Balance	31,689,010
Fund Balance - Beginning	<u>13,082,042</u>
Fund Balance - Ending	<u><u>\$ 44,771,052</u></u>

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Santa Barbara Unified School District Building Fund (Measure I) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The District Building Fund accounts for financial transactions in accordance with the policies and procedures of the *California School Accounting Manual*.

**Financial Reporting Entity**

The financial statements include only the Building Fund of the District used to account for Measure I projects. This Fund was established to account for the expenditures of general obligation bonds issued under Measure I. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

**Fund Accounting**

The operations of the Building Fund (Measure I) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**Basis of Accounting**

The Building Fund (Measure I) is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and change in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

**Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

### **Encumbrances**

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

### **Fund Balance – Building Fund (Measure I)**

As of June 30, 2023, the fund balance is classified as follows:

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

### **Spending Order Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

### **Use of Estimates**

The preparation of financial statements in 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, 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, and those differences could be material.

## **Note 2 - Investments**

### **Policies and Practices**

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State: U.S. Treasury instrument; registered State warrants or treasury notes: securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

**Investment in County Treasury**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**General Authorizations**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Santa Barbara County Treasury Investment Pool. The District maintains a Building Fund (Measure I) investment of \$46,606,205 with the Santa Barbara County Treasury Investment Pool, with an average maturity of 643 days.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Santa Barbara County Investment Pool is not required to be rated, nor has been rated as of June 30, 2023.

**Note 3 - 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 data 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.

As of June 30, 2023, the District's investments of \$46,606,205 in the Santa Barbara County Treasury Investment Pool are uncategorized.

**Note 4 - Receivables**

Receivables at June 30, 2023, consisted of the following:

Interest	\$ 258,892
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**Note 5 - Accounts Payable**

Accounts payable at June 30, 2023, consisted of the following:

Vendor payables	<u><u>\$ 2,094,045</u></u>
-----------------	----------------------------

**Note 6 - Commitments and Contingencies**

As of June 30, 2023, the Building Fund (Measure I) had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Santa Barbara Junior High Restroom Upgrades	\$ 1,467	08/20/23
La Colina Junior High 500/600 Building Roofing	937,780	09/01/23
Dos Pueblos High Portable Replacement (CTE)	663,549	09/30/23
La Colina Junior High New Classrooms (Demo Portables Only)	181,500	11/01/23
Santa Barbara High Portable Replacement (VADA)	3,701,795	01/12/24
District Wide Renewable Energy Infrastructure	499,260	01/31/24
Santa Barbara High School Window Replacement	2,027,340	06/01/24
Dos Pueblos High Donor Plaza Improvement	10,846	06/22/24
Dos Pueblos High Electrical Service Upgrade	1,967,846	08/15/24
Goleta Valley Jr High Portable Replacement	155,746	08/31/24
San Marcos High Portable Replacement	206,035	08/31/24
Santa Barbara High 50/60s Wing HVAC Upgrade	118,875	08/31/24
Santa Barbara High Science Lab Upgrades	173,750	08/31/24
Santa Barbara Junior High Window Replacement	1,384	10/30/24
La Cumbre Jr High Window Replacement	473	Summer 2024
Total	<u><u>\$ 10,647,646</u></u>	

**Litigation**

The District is not currently a party to any legal proceedings related to the Building Fund (Measure I) as of June 30, 2023.



Independent Auditor's Report  
June 30, 2023

**Santa Barbara Unified School District**



**Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Governing Board and  
Citizens Oversight Committee  
Santa Barbara Unified School District  
Santa Barbara, 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 (*Government Auditing Standards*), the financial statements of the Building Fund (Measure I) of the Santa Barbara Unified School District (the District) as of and for the year ended June 30, 2023, and the related notes of the financial statements, and have issued our report thereon dated January 18, 2024.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only Building Fund (Measure I), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2023, the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Building Fund (Measure I) 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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Building Fund (Measure I) of the 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 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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
January 18, 2024

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

**2022-001      30000**

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all financial activity used in the preparation of the District's financial statements for the Building Fund (Measure I).

Condition

During the course of our engagement, we identified a significant misstatement of balances presented within the District's Building Fund, as reported on the 2021-2022 unaudited financial statements. The misstatement was caused by expenditures that occurred in the subsequent period that were inadvertently recorded by the District as current year activity.

An audit adjustment due to the error resulted in a \$60,756 increase in the fund balance of the District's Building Fund (Measure I), as reported on the 2021-2022 financial statements.

Questioned Costs

There are no questioned costs associated with the condition identified.

Context

The condition was confirmed through inquiry with District personnel and identified during our review of accrual balances set up as part of year end closing.

Effect

Due to the effect of the identified condition, the fund balance of the District's Building Fund (Measure I) was understated by \$60,756. The effect of this error resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process.

Cause

The cause of the identified condition appears to be the result of misclassification of the cut-off period for specific invoices related to work performed during the yearend financial closing procedures.

Recommendation

The District's closing process should include a secondary review of the year end closing process specific to construction activity due to the complexity of progress billings from vendors to ensure expenditures are recorded in the appropriate fiscal period.

Current Status

Implemented.



Performance Audit  
Building Fund (Measure I)  
June 30, 2023

# Santa Barbara Unified School District



## Independent Auditor's Report on Performance

Governing Board and  
Citizens Oversight Committee  
Santa Barbara Unified School District  
Santa Barbara, California

We were engaged to conduct a performance audit of the Building Fund (Measure I) of the Santa Barbara Unified School District (the District) for the year ended June 30, 2023.

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.

### **Audit Authority/Purpose**

The Measure I Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County on January 24, 2017 (the Resolution), pursuant to a request of the District made by a resolution adopted by the Board of Education of the District in January 2017.

The District received authorization at an election held on November 8, 2016, to issue bonds of the District in an aggregate principal amount not to exceed \$135,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55% of the votes cast by eligible voters within the District (the 2016 Authorization). The Bonds represent the first and second of the series of the authorized bonds to be issued under the 2016 Authorization.

### **Purpose**

To repair/upgrade junior and high schools and prepare students for college/careers by repairing deteriorating classrooms, vocational/career education facilities, restrooms, plumbing, leaky roofs, asbestos/lead paint, upgrading school safety, heating/air conditioning, updating technology, wiring, science labs, ensuring safe drinking water, repairing constructing and acquiring classrooms, sites, facilities/equipment, shall Santa Barbara Unified School District issue \$135,000,000 in bonds at legal rates, requiring audits, citizens' oversight, all funds for District schools.

## Authority

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by the District, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities," upon approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The District must list the specific school facilities projects to be funded in the ballot measure and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the District to appoint a citizens' oversight committee.
4. Requires the District to conduct an annual independent financial audit and performance audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the District to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

## Objectives of the Audit

Our audit was limited to the objectives listed below which includes determining the compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel. Management is responsible for the District compliance with those requirements.

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure I.
2. Determine whether salary transactions, charged to the Building Fund were in support of Measure I and not for District general administration or operations.

## Scope of the Audit

The scope of our performance audit covered the period of July 1, 2022 to June 30, 2023. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2023, were not reviewed, or included within the scope of our audit or in this report.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the *California Constitution*, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

## Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2023, for the Building Fund (Measure I). Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure I as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
  - a) We considered all expenditures recorded in all object codes.
  - b) We considered all expenditures recorded in all projects that were funded from July 1, 2022 through June 30, 2023 from Measure I bond proceeds.
  - c) We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified based on our assessment of materiality.
  - d) For all items below the individually significant threshold identified in item 2c, judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes and projects for period starting July 1, 2022 and ending June 30, 2023. The results can be projected to the intended population.
3. Our sample included transactions totaling \$3,250,217. This represents 68% of the total expenditures of \$4,758,599.
4. We reviewed the actual invoices and other supporting documentation to determine that:
  - a) Expenditures were supported by invoices with evidence of proper approval and documentation of receiving goods or services.
  - b) Expenditures were supported by proper bid documentation, as applicable.

- c) Expenditures were expended in accordance with voter-approved bond project list.
  - d) Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.
5. We determined that the District has met the compliance requirement of Measure I if the following conditions were met:
- a) Supporting documents for expenditures were aligned with the voter-approved bond project list.
  - b) Supporting documents for expenditures provided evidence that funds were not used for salaries of school administrators or other operating expenses of the District.

The results of our tests indicated that the District expended Building Fund (Measure I) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

### **Audit Results**

The results of our tests indicated that, in all significant respects, the Santa Barbara Unified School District has properly accounted for the expenditures held in the Building Fund (Measure I) and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the Building Fund (Measure I), and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General.

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



Rancho Cucamonga, California  
January 18, 2024

None reported.



Financial and Performance Audits  
Building Fund (Measure J)  
June 30, 2023

Santa Barbara Unified School District

**FINANCIAL AUDIT**

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Financial Audit  
Building Fund (Measure J)  
June 30, 2023

# Santa Barbara Unified School District



## Independent Auditor's Report

Governing Board and  
Citizens Oversight Committee  
Santa Barbara Unified School District  
Santa Barbara, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Building Fund (Measure J) of the Santa Barbara Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measure J) of the Santa Barbara Unified School District, as of June 30, 2023, and the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter*

As discussed in Note 1, the financial statements present only Building Fund (Measure J), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2023, the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024 on our consideration of the Building Fund (Measure J) 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 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 Building Fund (Measure J) 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 Building Fund (Measure J) of the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Esde Sully LLP".

Rancho Cucamonga, California  
January 18, 2024

Santa Barbara Unified School District  
Building Fund (Measure J)  
Balance Sheet  
June 30, 2023

---

Assets	
Investments	\$ 19,021,262
Receivables	<u>112,009</u>
Total assets	<u>\$ 19,133,271</u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	<u>\$ 2,781,955</u>
Fund Balances	
Restricted for capital projects	<u>16,351,316</u>
Total liabilities and fund balances	<u>\$ 19,133,271</u>

Santa Barbara Unified School District  
 Building Fund (Measure J)  
 Statement of Revenues, Expenditures, and Change in Fund Balance  
 Year Ended June 30, 2023

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Revenues	
Interest income	\$ 347,649
Change in fair market valuations of investments	<u>(109,755)</u>
Total revenues	<u>237,894</u>
Expenditures	
Current	
Salaries and benefits	216,640
Professional services	194,260
Capital outlay	
Building and improvements of buildings	<u>15,462,382</u>
Total expenditures	<u>15,873,283</u>
Deficiency of Revenues over Expenditures	<u>(15,635,389)</u>
Other Financing Sources	
Other sources - proceeds from general obligation bonds	<u>18,000,000</u>
Net financing sources	<u>18,000,000</u>
Net Change in Fund Balance	2,364,612
Fund Balance - Beginning	<u>13,986,704</u>
Fund Balance - Ending	<u><u>\$ 16,351,316</u></u>

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Santa Barbara Unified School District Building Fund (Measure J) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The District Building Fund accounts for financial transactions in accordance with the policies and procedures of the *California School Accounting Manual*.

**Financial Reporting Entity**

The financial statements include only the Building Fund of the District used to account for Measure J projects. This Fund was established to account for the expenditures of general obligation bonds issued under Measure J. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

**Fund Accounting**

The operations of the Building Fund (Measure J) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**Basis of Accounting**

The Building Fund (Measure J) is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and change in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

**Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

### **Encumbrances**

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

### **Fund Balance – Building Fund (Measure J)**

As of June 30, 2023, the fund balance is classified as follows:

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

### **Spending Order Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

### **Use of Estimates**

The preparation of financial statements in 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, 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, and those differences could be material.

## **Note 2 - Investments**

### **Policies and Practices**

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State: U.S. Treasury instrument; registered State warrants or treasury notes: securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

**Investment in County Treasury**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**General Authorizations**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Santa Barbara County Treasury Investment Pool. The District maintains a Building Fund (Measure J) investment of \$19,021,262 with the Santa Barbara County Treasury Investment Pool, with an average maturity of 643 days.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Santa Barbara County Investment Pool is not required to be rated, nor has been rated as of June 30, 2023.

**Note 3 - 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 data 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.

As of June 30, 2023, the District's investments of \$19,021,262 in the Santa Barbara County Treasury Investment Pool are uncategorized.

**Note 4 - Receivables**

Receivables at June 30, 2023, consisted of the following:

Interest	\$ 112,009
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**Note 5 - Accounts Payable**

Accounts payable at June 30, 2023, consisted of the following:

Vendor payables	<u>\$ 2,781,955</u>
-----------------	---------------------

**Note 6 - Commitments and Contingencies**

As of June 30, 2023, the Building Fund (Measure J) had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Harding University Partnership New Classroom Project	\$ 19,767	08/08/23
Washington Elementary Roofing and Skylight	794,291	08/18/23
Adams Portable Classroom	8,115	08/21/23
Adams Elementary Portable Replacement	560,328	08/22/23
Peabody Charter Portable Replacement	1,420,262	09/21/23
Harding University Partnership Portable Replacement	103,798	09/26/23
Cleveland Elementary Portable Project	774,994	10/13/23
District Wide Renewable Energy Infrastructure	499,260	01/31/24
La Cumbre Jr High/SBCS Maker Space	1,686,576	03/29/24
Santa Barbara Charter New Classroom with Restroom	113,770	08/30/24
Adams Elementary Multi Purpose Room	<u>1,754,916</u>	09/06/24
Total	<u>\$ 7,736,077</u>	

**Litigation**

The District not currently a party to any legal proceedings related to the Building Fund (Measure J) as of June 30, 2023.



Independent Auditor's Report  
June 30, 2023

**Santa Barbara Unified School District**



**Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Governing Board and  
Citizens Oversight Committee  
Santa Barbara Unified School District  
Santa Barbara, 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 (*Government Auditing Standards*), the financial statements of the Building Fund (Measure J) of the Santa Barbara Unified School District (the District) as of and for the year ended June 30, 2023, and the related notes of the financial statements, and have issued our report thereon dated January 18, 2024.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only Building Fund (Measure J), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2023, the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Building Fund (Measure J) 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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Building Fund (Measure J) of the 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 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name and address of the firm.

Rancho Cucamonga, California  
January 18, 2024

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

**2022-001      30000**

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all financial activity used in the preparation of the District's financial statements for the Building Fund (Measure J).

Condition

During the course of our engagement, we identified a significant misstatement of balances presented within the District's Building Fund, as reported on the 2021-2022 unaudited financial statements. The misstatement was caused by expenditures that occurred in the subsequent period that were inadvertently recorded by the District as current year activity.

An audit adjustment due to the error resulted in a \$246,860 increase in the fund balance of the District's Building Fund (Measure J), as reported on the 2021-2022 financial statements.

Questioned Costs

There are no questioned costs associated with the condition identified.

Context

The condition was confirmed through inquiry with District personnel and identified during our review of accrual balances set up as part of year end closing.

Effect

Due to the effect of the identified condition, the fund balance of the District's Building Fund (Measure J) was understated by \$246,860. The effect of this error resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process.

Cause

The cause of the identified condition appears to be the result of misclassification of the cut-off period for specific invoices related to work performed during the yearend financial closing procedures.

Recommendation

The District's closing process should include a secondary review of the year end closing process specific to construction activity due to the complexity of progress billings from vendors to ensure expenditures are recorded in the appropriate fiscal period.

Current Status

Implemented.



Performance Audit  
Building Fund (Measure J)  
June 30, 2023

# Santa Barbara Unified School District



## Independent Auditor's Report on Performance

Governing Board and  
Citizens Oversight Committee  
Santa Barbara Unified School District  
Santa Barbara, California

We were engaged to conduct a performance audit of the Building Fund (Measure J) of the Santa Barbara Unified School District (the District) for the year ended June 30, 2023.

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.

### **Audit Authority/Purpose**

The Measure J Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County on January 24, 2017 (the Resolution), pursuant to a request of the District made by a resolution adopted by the Board of Education of the District in January 2017.

The District received authorization at an election held on November 8, 2016, to issue bonds of the District in an aggregate principal amount not to exceed \$58,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55% of the votes cast by eligible voters within the District (the 2016 Authorization). The Bonds represent the first series and second of the authorized bonds to be issued under the 2016 Authorization.

### **Purpose**

To repair/upgrade local Santa Barbara elementary schools and support local students by repairing/replacing deteriorating classrooms, libraries, restrooms, plumbing, leaky roofs, portables, removing asbestos/lead paint, ensuring safe drinking water, updating classroom technology/science labs, acquiring, constructing classrooms/facilities/equipment, shall SBUSD issue \$58,000,000 in bonds at legal rates, requiring audits/citizen oversight, all funds for the local Santa Barbara Elementary Schools.

## Authority

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by the District, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities," upon approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The District must list the specific school facilities projects to be funded in the ballot measure and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the District to appoint a citizens' oversight committee.
4. Requires the District to conduct an annual independent financial audit and performance audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the District to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

## Objectives of the Audit

Our audit was limited to the objectives listed below which includes determining the compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel. Management is responsible for the District compliance with those requirements.

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure J.
2. Determine whether salary transactions, charged to the Building Fund were in support of Measure J and not for District general administration or operations.

## Scope of the Audit

The scope of our performance audit covered the period of July 1, 2022 to June 30, 2023. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2023, were not reviewed, or included within the scope of our audit or in this report.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the *California Constitution*, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

## Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2023, for the Building Fund (Measure J). Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure J as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
  - a) We considered all expenditures recorded in all object codes.
  - b) We considered all expenditures recorded in all projects that were funded from July 1, 2022 through June 30, 2023 from Measure J bond proceeds.
  - c) We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified based on our assessment of materiality.
  - d) For all items below the individually significant threshold identified in item 2c, judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes and projects for period starting July 1, 2022 and ending June 30, 2023.
3. Our sample included transactions totaling \$14,505,014. This represents 91% of the total expenditures of \$15,873,283.
4. We reviewed the actual invoices and other supporting documentation to determine that:
  - a) Expenditures were supported by invoices with evidence of proper approval and documentation of receiving goods or services.
  - b) Expenditures were supported by proper bid documentation, as applicable.

- c) Expenditures were expended in accordance with voter-approved bond project list.
  - d) Bond proceeds were not used for salaries of school administrators or other operating expenses of the District. The results can be projected to the intended population.
5. We determined that the District has met the compliance requirement of Measure J if the following conditions were met:
- a) Supporting documents for expenditures were aligned with the voter-approved bond project list.
  - b) Supporting documents for expenditures provided evidence that funds were not used for salaries of school administrators or other operating expenses of the District.

The results of our tests indicated that the District expended Building Fund (Measure J) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

### **Audit Results**

The results of our tests indicated that, in all significant respects, the Santa Barbara Unified School District has properly accounted for the expenditures held in the Building Fund (Measure J) and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the Building Fund (Measure J), and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General.

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



Rancho Cucamonga, California  
January 18, 2024

None reported.