

Financial Audit
Building Fund (Measure LL)
June 30, 2025

Vista Unified School District



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Building Fund (Measure LL) of the Vista Unified School District (the District), as of and for the year ended June 30, 2025, 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 LL) of the Vista Unified School District, as of June 30, 2025, 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 the Building Fund (Measure LL), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2025, or 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 December 12, 2025 on our consideration of the Building Fund (Measure LL) of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 LL) 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 LL) of the District's internal control over financial reporting and compliance.



Rancho Cucamonga, California

December 12, 2025

Vista Unified School District
Building Fund (Measure LL)
Balance Sheet
June 30, 2025

Assets	
Investments	\$ 50,501,003
Receivables	<u>897,121</u>
Total assets	<u>\$ 51,398,124</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 4,843,680
Due to other funds	<u>2,229</u>
Total liabilities	<u>4,845,909</u>
Fund Balance	
Restricted for capital projects	<u>46,552,215</u>
Total liabilities and fund balance	<u>\$ 51,398,124</u>

Vista Unified School District
 Building Fund (Measure LL)
 Statement of Revenues, Expenditures, and Change in Fund Balance
 Year Ended June 30, 2025

Revenues	
Interest income	\$ 3,461,724
Change in FMV of investments	<u>1,424,152</u>
Total revenues	<u>4,885,876</u>
Expenditures	
Salaries and benefits	150,290
Supplies	
Materials	4,980
Services	
Professional/consulting services and operating expenditures	6,013
Capital outlay	
Land improvements	664
Buildings and improvements to buildings	43,930,468
Equipment	<u>22,787</u>
Total expenditures	<u>44,115,202</u>
Net Change in Fund Balance	(39,229,326)
Fund Balance - Beginning	<u>85,781,541</u>
Fund Balance - Ending	<u><u>\$ 46,552,215</u></u>

Note 1 - Summary of Significant Accounting Policies

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

Fund Accounting

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

Budgets and Budgetary Accounting

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

Encumbrances

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

Fund Balance - Building Fund (Measure LL)

As of June 30, 2025, the fund balance is classified as follows:

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

Spending Order Policy

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 - Investments

Policies and Practices

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

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their county treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the financial statements 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. The District's investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the San Diego County Treasury Investment Pool. The District maintains a Building Fund (Measure LL) investment of \$50,501,003 with the San Diego County Treasury Investment Pool, with an average maturity of 562 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment in the San Diego County Treasury Investment Pool have been rated AA+ by Standard and Poor's Investors Service as of June 30, 2025.

Note 3 - Interfund Transactions

Interfund Receivable/Payable (Due to/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2025, between governmental funds are as follows:

A balance of \$1,940 due to the General Fund from the Building Fund (Measure LL) resulted from an adjustment to OPEB.

A balance of \$289 due to the Self Insurance Fund from the Building Fund (Measure LL) resulted from workers' compensation and other postemployment benefits charged.

Note 4 - Receivables

Receivables at June 30, 2025, consisted of the following:

Interest	<u><u>\$ 897,121</u></u>
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Note 5 - Accounts Payable

Accounts payable at June 30, 2025, consisted of the following:

Vendor payables	<u><u>\$ 4,843,680</u></u>
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Note 6 - Commitments and Contingencies

Construction Commitments

As of June 30, 2025, the Building Fund (Measure LL) had the following commitments with respect to unfinished projects:

Measure LL Projects	Remaining Construction Commitment	Expected Date of Completion
Bobier Elementary School - Classrooms	<u>\$ 53,079,806</u>	July 2026

Construction commitments will be funded by additional bonds issued and/or other funding sources.

Litigation

The District is not currently a party to any legal proceedings related to the Building Fund (Measure LL) as of June 30, 2025.