CABRILLO UNIFIED SCHOOL DISTRICT
MEASURE M BOND BUILDING FUND

Audited Financial Statements &
Independent Auditor's Report
June 30, 2021

Chavan & Associates, LLP
Certified Public Accountants
1475 Saratoga Ave, Suite 180
San Jose, CA 95129

CABRILLO UNIFIED SCHOOL DISTRICT
Measure M Bond Building Fund
For the Fiscal Year Ended June 30, 2021

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FINANCIAL SECTION

Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Measure M Facilities Bond Citizens' Oversight Committee and
Governing Board Members
Cabrillo Unified School District

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure M Bond Building Fund of the Cabrillo Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Cabrillo Unified School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure M Bond Building Fund of the Cabrillo Unified School District, as

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of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 1, the financial statements present only the Measure M Bond Building Fund and do not purport to, and do not, present fairly the financial position of the Cabrillo Unified School District, as of June 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Measure M Bond Building Fund of Cabrillo Unified School District's basic financial statements. The Measure M Bond Building Fund Schedule of Cumulative Expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Measure M Bond Building Fund Schedule of Cumulative Expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Measure M Bond Building Fund Schedule of Cumulative Expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated October 26, 2021, on our consideration of the Cabrillo Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cabrillo Unified School District's internal control over financial reporting and compliance.

C & A LLP

October 26, 2021
San Jose, California

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CABRILLO UNIFIED SCHOOL DISTRICT
Measure M Bond Building Fund
Balance Sheet
June 30, 2021

Assets	
Cash and investments	$ 43,436,802
Interest receivable	109,868
Total Assets	$ 43,546,670
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	$ 1,860,819
Total Liabilities	1,860,819
Fund Balance:	
Restricted for capital projects	41,685,851
Total Fund Balance	41,685,851
Total Liabilities and Fund Balance	$ 43,546,670

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

CABRILLO UNIFIED SCHOOL DISTRICT
Measure M Bond Building Fund
Statement of Revenue, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2021

Revenues:		
Interest earnings	$	551,500
Total Revenue		551,500
Expenditures:		
Classified salaries		21,633
Classified benefits		11,492
Supplies and materials		769,065
Contract services		2,770,684
Capital outlay		2,074,489
Total Expenditures		5,647,363
Net Changes in Fund Balance		(5,095,863)
Fund Balance Beginning		46,781,714
Fund Balance Ending	$	41,685,851

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

Cabrillo Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the U. S. Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants ("AICPA").

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees.

In 2018-19, a committee to the District's Governing Board and Superintendent, called the Measure M Facilities Bond Citizens' Oversight Committee was established. The purpose of the committee is to inform the public concerning the expenditure and uses of the District's bond measure revenues. The committee's legal charge is to actively review and report on the expenditure of taxpayer money for school construction in accordance with voter approved projects.

The financial statements presented are for the Measure M Bond Building Fund and are not intended to be a complete presentation of the District's financial position on operations.

C. Basis of Presentation

Fund Financial Statements:

Fund financial statements report detailed information about the District. The Building Fund is a governmental fund and is presented as a major fund in the District's combined financial statements. The Building Fund is used to account for proceeds from the sale of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds such as Measure M general obligation bonds.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources, are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance for the Measure M Bond Building Fund presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions :

On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Unavailable Revenue:

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

Expenditures:

On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. These budgets are revised by the District's governing board and District superintendent during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object.

F. Encumbrances

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

G. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other Districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

2. Cash & Cash Equivalents

The District's cash deposits are considered to be cash on hand and cash in banks. Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

3. Investments

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The following is a summary of the definition of fair value:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

4. Long-Term Obligations

In the Measure M Bond Building Fund financial statements, bond premiums, discounts and bond issuance costs are recognized during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

5. Fund Balance Classifications

In accordance with Government Accounting Standards Board 54*, Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

- Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- Assigned includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent.

- Unassigned includes positive fund balance that has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

6. Accounting Estimates

The presentation 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 reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Summary of Deposits

A summary of deposits as of June 30, 2021, is as follows:

Deposit or Investment	Carrying Amount	Fair Value
Cash in county treasury investment pool	$ 43,436,802	$ 43,597,518

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The District has the following recurring fair value measurements as of June 30, 2021:

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

Cash in County Treasury

The District is 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 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.

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 instruments; 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 agreements; 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.

Risk Disclosures

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

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 to the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the San Mateo County Investment Pool. The pool has a fair value of approximately $2.122 billion and an amortized book value of $2.114 billion. The average weighted maturity for this pool is 1.81 years.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the San Mateo County Investment Pool is governed by the County's general investment policy. The investment with the San Mateo County Investment Pool is rated at least A-1 by S&P Rating Investor Service.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables (Due From/To), as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. The District did not have any interfund transfers in the Measure M Bond Building Fund during the year.

NOTE 4 - ACCOUNTS PAYABLE

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

General contractor	$	213,626
Sub-contractors		1,533,477
Legal services		111,752
Employee benefits		1,964
Total	$	1,860,819

NOTE 5 - MEASURE M GENERAL OBLIGATION BOND

In September of 2018, the District issued $35,000,000 in General Obligation Bonds, Series A, to finance the acquisition, construction, furnishing and equipping of District facilities. From the gross proceeds of $37,509,804, which included a premium of $2,509,804 and was netted by issuance costs of $313,500, net proceeds of $37,196,304 was deposited with the County in the District's name. The balance of $2,366,304 reported in the Interest and Sinking Fund is reserved to meet the debt reserve requirements of the bond, and consists of the bond premium net of associated issuance costs. The interest rates are fixed per maturity date for both serial and term bonds, resulting in a range of interest rates (from 3.5 to 5%) based on the maturity schedule.

The following schedule summarizes net proceeds from the bond issuance in September of 2018:

Par Value	$	35,000,000
Premium		2,509,804
Cost of Issuance Expense		(313,500)
Interest and Sinking Fund		(2,366,304)
Net Proceeds to Building Fund	$	34,830,000

In June of 2020, the District issued $40,000,000 in General Obligation Bonds, Series B, to finance the acquisition, construction, furnishing and equipping of District facilities. From the gross proceeds of $47,423,744, which included a premium of $7,423,744 and was netted by issuance costs of $305,000, net proceeds of $47,118,744 was deposited with the County in the District's name. The balance of $7,293,744 reported in the Interest and Sinking Fund is reserved to meet the debt reserve requirements of the bond, and consists of the bond premium net of associated issuance costs. The interest rates are fixed per maturity date for both serial and term bonds, resulting in a range of interest rates (from .625 to 4%) based on the maturity schedule.

The following schedule summarizes net proceeds from the bond issuance in June of 2020:

Par Value	$ 40,000,000
Premium	7,423,744
Cost of Issuance Expense	(305,000)
Interest and Sinking Fund	(7,293,744)
Net Proceeds to Building Fund	$ 39,825,000

The following schedule summarizes the District's Measure M general obligation bonds as of June 30, 2021:

Bond	Original Issue	Outstanding June 30, 2020	Issued	Redeemed	Outstanding June 30, 2021	Current Portion
2018 GOB-A	$35,000,000	$35,000,000	$ -	$ 3,065,000	$ 31,935,000	$ 450,000
2018 GOB-B	40,000,000	40,000,000	-	5,980,000	34,020,000	-
Total	$75,000,000	$75,000,000	$ -	$ 9,045,000	$ 65,955,000	$ 450,000

The following is a summary of the annual debt service requirements as of June 30, 2021:

Fiscal Year	Principal	Interest to Maturity	Total
2022	$ 450,000	$ 3,065,425	$ 3,515,425
2023	530,000	3,045,825	3,575,825
2024	685,000	3,021,525	3,706,525
2025	50,000	3,006,825	3,056,825
2026	120,000	3,003,425	3,123,425
2027-2031	1,550,000	14,877,125	16,427,125
2032-2036	5,020,000	14,276,125	19,296,125
2037-2041	10,295,000	12,751,750	23,046,750
2042-2046	17,450,000	9,759,688	27,209,688
2047-2051	29,805,000	4,116,375	33,921,375
Total	$ 65,955,000	$ 70,924,088	$ 136,879,088

NOTE 6 - COMMITMENTS

Through October 26, 2021, the date on which the financial statements were available to be issued, the District had encumbered $2,855,564 of the Measure M Bond Building Fund proceeds to be spent on capital projects in the fiscal year ended June 30, 2022.

SUPPLEMENTARY INFORMATION

CABRILLO UNIFIED SCHOOL DISTRICT
Measure M Bond Building Fund
Schedule of Cumulative Expenditures
For the Fiscal Year Ended June 30, 2021

	Fiscal Year Ended June 30, 2021	From Inception Through June 30, 2021
Program Budget:		
Program Proceeds	$ -	$ 75,273,500
Contributions from Unrestricted Revenues	-	171,000
Interest Earnings	551,500	1,503,249
Total Program Budget	551,500	76,947,749
Site/Project Description:		
Facility Master Plan	119,845	228,817
Energy Program	1,224,401	4,707,869
General Support Expenditures	168,796	388,446
Roofing	345,865	404,887
High School Cafeteria	-	38,712
High School Modernization	-	168,799
High School Tennis Courts	-	290,180
Playground Improvements	70,751	435,346
High School Track Project	-	68,598
Hatch Modernization	390,544	15,001,375
Cunha Water Infiltration	1,063,341	5,781,973
Cunha Building D Roof	-	1,531,494
Farallone View Repair	-	27,977
Security, Safety Upgrades	9,900	50,401
District Site Improvements	-	2,180
Door Lock and Hardware	-	1,665
Technology Classroom Based	750,591	1,129,410
Technology Infrastructure	-	15,650
Energy Management	-	14,800
Waste Management	-	86,931
Purchases from Bond Interest (Furniture and Equipment)	-	156,827
El Granada Repairs	-	9,241
HMBHS Lighting	1,810	762,680
Heating Upgrades	-	1,837,621
Portables	407,487	407,487
Utility Survey	15,000	15,000
HS Ag Farm Shade Structure	11,060	11,060
Preschool Complex	34,538	34,538
Cunha Landscape & HMBHS Tree Mitigation	180,660	180,660
Energy Service Solar PV	819,647	819,647
Unallocated [(1)]	33,127	33,127
Bond Issuance Costs	-	618,500
Total Expenditures	5,647,363	35,261,898
(Over) Under Budget/Remaining Budget	$ (5,095,863)	$ 41,685,851

[(1)] Undistributed expenditures include allowable bond program costs that have not yet been assigned to a specific project as of the date of this report.

The notes to the supplementary information are an integral part of this Schedule.

NOTE 1 - THE PROGRAM

Proposition 39 was enacted by the voters on November 7, 2000, and changed the required majority for local voter approval of public school and community college general obligation bonds from two-thirds to fifty-five percent of votes. It also required school districts to provide facilities to charter schools operating within their jurisdictions.

On June 5, 2018, local voters passed Measure M, which generates funding to provide safe, efficient, and modern facilities for Cabrillo Unified School District students and staff. Measure M will generate up to $99 million to repair, upgrade and expand our local schools. Funds will be generated through the sale of general obligation bonds, which will be repaid through assessments on residential and commercial property located within the Cabrillo Unified School District.

All projects funded by the issuance of Measure M general obligation bonds will be subject to review both by the District's Board of Trustees and by an independent citizens' oversight committee. The District will also provide many public forums to present progress and seek input from community members, parents, and staff.

NOTE 2 - CITIZENS' OVERSIGHT COMMITTEE

Duties of the committee include verifying that bond revenues were expended only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities. The committee must also verify that no funds were used for any teacher or administrative salaries or other school operation expenses.

Furthermore, the committee is authorized to receive, and review copies of the annual independent performance audit and the annual independent financial audit required by Article XIIIA, Section 1(b)(3)(C) and Article XIIIA, Section 1(b)(3)(D), respectively, of the California Constitution.

The committee was formed by the Board trustees as required by state law. The Citizens' Oversight Committee was comprised of the following members during the fiscal year ended June 30, 2021:

Name	Title/Function	Term Expiration
Mike Alifano	Parent of Student Enrolled	2022
Charmion Donegan	Active Senior Citizens	2022
Lisa Zanette	Parent of Student Enrolled	2022
Zachary Bennington	At-Large Member	2022
Leni Liakos	At-Large Member	2022
Gary Malhiot	Parent of Student Enrolled	2022
Karl Rupilius	Parent of Student Enrolled	2022
Breanna Lafontaine	Active Member to PTO/School Site Council	2022
Kendra Holland	Active Member to PTO/School Site Council	2022

SCHEDULE OF FINDINGS
AND
RECOMMENDATIONS

CABRILLO UNIFIED SCHOOL DISTRICT
Measure M Bond Building Fund
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2021

This section identifies the deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Our tests resulted in no findings and recommendations.

CABRILLO UNIFIED SCHOOL DISTRICT
Measure M Bond Building Fund
Schedule of Prior Year Findings and Recommendations
For the Fiscal Year Ended June 30, 2021

There were no prior year findings and recommendations to be reported.

OTHER INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Measure M Facilities Bond Citizens' Oversight Committee and
Governing Board Members
Cabrillo Unified School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure M Bond Building Fund of the Cabrillo Unified School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Cabrillo Unified School District's Measure M Bond Building Fund financial statements, and have issued our report thereon dated October 26, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cabrillo Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cabrillo Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cabrillo Unified School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cabrillo Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with

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certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



October 26, 2021
San Jose, California

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE AND COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON THE MEASURE M BOND PROGRAM

Measure M Facilities Bond Citizens' Oversight Committee and
Governing Board Members
Cabrillo Unified School District

Compliance

We have audited the Cabrillo Unified School District's (the District) compliance with Measure M Bond of the June 2018 election, as approved under Proposition 39, and with the performance requirements referred to in Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution and the enactment of AB 1908 (Chapter 44, Statutes of 2000).

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with the laws and regulations identified above based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the laws and regulations have occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Audit Objectives

Our audit included the following objectives:

1. To obtain reasonable assurance that the proceeds of the sale of the Measure M Bonds were only used for the purposes set forth in the ballot measure and not for any other purpose, such as teacher and administrative salaries.

2. To obtain reasonable assurance that the Governing Board of the District, in establishing the approved projects set forth in the ballot measure, evaluated the remodeling, new construction and renovations of items which will relieve overcrowding, repair local schools and improve student safety conditions of the District.

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3. To obtain reasonable assurance that the District complied with the performance requirements as referred to in Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution and the enactment of AB 1908 (Chapter 44, Statutes of 2000). Management is responsible for the District's compliance with these requirements.

Scope and Methodology

To meet the objectives of our performance audit, procedures we performed included, but were not limited to, the following:

1. We documented and tested controls over financial reporting and compliance specific to the Measure M Bond Program, which included inquiries about, separation of duties, account coding, and procurement.

2. We verified that bond proceeds were deposited in the District's name and invested in accordance with applicable legal requirements.

3. We tested payments made to the architectural service companies and reviewed the terms of the contract.

4. We tested approximately 82% of the 2020-21 expenditures to ensure they were valid, allowable and accurate.

5. We verified that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects.

6. We verified that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

7. We verified that the District was in compliance with Assembly Bill 1908 and Ed Code Section 15278, where the District is required to establish a bond oversight committee for Proposition 39 bonds that includes one active member from each of the following sectors: a business organization, senior citizens' organization, bona fide taxpayer's association, and one parent/guardian of a child enrolled in the District and one parent/guardian of a child enrolled in the District who is also a member of a parent teacher association.

8. We verified the Citizens' Oversight Committee met pursuant to Education Code Section 15280.

Results of Procedures Performed

We did not identify any exceptions to the procedures performed above, nor any exceptions to other tests that we conducted related to the Measure M Building Fund. Our audit of compliance was made for the purposes set forth in the Objectives section of this report and would not necessarily disclose all instances of noncompliance.

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Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Measure M Bond program for the fiscal year ended June 30, 2021.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing over compliance and the results of that testing based on the standards referred to above. Accordingly, this report is not suitable for any other purpose.



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