

**SAN JUAN UNIFIED SCHOOL
DISTRICT PROPOSITION 39
AND MEASURE N GENERAL
OBLIGATION BONDS**

CARMICHAEL, CALIFORNIA

PERFORMANCE AUDIT

YEAR ENDED JUNE 30, 2019

**SAN JUAN UNIFIED SCHOOL DISTRICT PROPOSITION 39
AND MEASURE N GENERAL OBLIGATION BONDS**

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JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

**Board of Education and Independent Citizens' Bond
Oversight Committee for Measure N
San Juan Unified School District
Carmichael, California**

We have conducted a performance audit of the San Juan Unified School District (the District) Measure N General Obligation Bonds for the year ended June 30, 2019.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 2 of this report which includes determining compliance with the performance requirements for the Proposition 39 and Measure N General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of the District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, the San Juan Unified School District expended Measure N General Obligation Bond funds for the year ended June 30, 2019 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

January 10, 2020

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OBJECTIVES

The objectives of our performance audit were to document that the San Juan Unified School District (the District) expended Measure N General Obligation Bonds (the Bonds) funds for the year ended June 30, 2019 only for purposes approved by voters and only for specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution; note any incongruities or system weaknesses; and provide recommendations for improvements.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal year ended June 30, 2019. Expenditures incurred after the issuance of the Bonds and prior to July 1, 2018, were covered in a previous examination. The expenditures included all account and project codes associated with the Bond projects. Expenditures incurred subsequent to June 30, 2019 were not reviewed or included within the scope of our audit.

BACKGROUND INFORMATION

On November 6, 2012, the electorate of the San Juan Unified School District approved the \$350 million Measure N general obligation bonds with greater than 55% of the votes in favor.

On January 13, 2013, the District issued General Obligation Bonds Election of 2012, Series A (Series A Bonds) in the amount of \$20,000,000 to build, acquire, construct, and furnish school facilities. The bonds matured during succeeding years through August 2015. The bonds were issued at an interest rate of 1.00%.

On July 1, 2014, the District issued General Obligation Bonds Election of 2012, Series B (Series B Bonds) in the amount of \$80,000,000 to build, acquire, construct, and furnish school facilities. The bonds mature during succeeding years through August 2027. The bonds were issued at interest rates ranging from 1.00% to 4.00%.

On March 7, 2017, the District issued General Obligation Bonds Election of 2012, (Series 2017 Bonds) in the amount of \$70,000,000 to finance specific construction, acquisition, and modernization projects. The bonds mature during succeeding years through August 2028. The bonds were issued at interest rates ranging from 2.00% to 4.00%.

On January 22, 2019, the District issued General Obligation Bonds Election of 2012, (Series 2019 Bonds) in the amount of \$150,000,000 to finance specific construction, acquisition, and modernization projects. The bonds mature during succeeding years through August 2031. The bonds were issued at interest rates ranging from 3.00% to 4.00%.

As of June 30, 2019, total outstanding debt related to Measure N is \$239,590,000.

The financial activity related to the Measure N General Obligation Bonds is recorded in sub-Fund 24 (Measure N Building Fund) of Fund 21 (Building Fund) in the District's audited financial statements for the year ended June 30, 2019.

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PROCEDURES PERFORMED

We obtained the Measure N Building Fund detailed general ledger for the fiscal year ended June 30, 2019. We obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with Proposition 39 and Measure N General Obligation Bond funding. We performed the following procedures:

- We verified the mathematical accuracy of the expenditures included in the Measure N Building Fund detailed general ledger for the fiscal year ended June 30, 2019.
- We reconciled the total expenditures as reported in the detailed general ledger of the Measure N Building Fund for the year ended June 30, 2019 to the District's audited financial statements for the year ended June 30, 2019.
- Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of the District to determine if internal controls are adequate to help ensure the District's compliance with the requirements of Proposition 39.
- We determined that the Independent Citizens' Bond Oversight Committee is fulfilling its duties as required by Education Code 15278 and as outlined in their Committee Bylaws.
- We selected a sample of 31 expenditures in the fiscal year ended June 30, 2019. The sample was selected to provide a representation across construction projects, vendors, and expenditure amounts. For each selection, we performed the following procedures:
 1. Reviewed supporting documentation to ensure that funds were properly expended on the specific projects outlined on the publicized list and met the requirements for bidding, if applicable.
 2. Verified the expenditure was for construction, rehabilitation, or replacement of school facilities, including furnishing and equipping of District facilities, deferred maintenance upgrades or the acquisition or lease of real property facilities and verified that funding was not used for salaries of school administrators or other operating expenditures of the District.

The District incurred total expenditures of \$89,261,711 through June 30, 2019, for the Measure N projects listed in the following Schedule of Activities.

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SCHEDULE OF ACTIVITIES

Description	Prior Activities	June 30, 2019 Activities	Total
Sources:			
Beginning Balance			\$ 38,876,116
Issuance Fund 24 N	\$ 170,000,000	\$ 150,000,000	320,000,000
Interest Revenue	1,632,956	1,492,070	3,125,026
Premium Revenue	3,210,768	510,000	3,720,768
E-Rate Reimbursement	417,098		417,098
Other Revenue	2,426,879		2,426,879
Other Authorized Interfund Transfers In	9,098,219	3,078,459	12,176,678
Total Sources	<u>186,785,920</u>	<u>155,080,529</u>	<u>341,866,449</u>
Uses:			
Dyer Kelly New Construction	6,422,808	32,077,107	38,499,915
Greer Full Site Renovation	5,313,836	27,047,842	32,361,678
El Camino New Construction	12,440,877	4,063,491	16,504,368
Citrus Heights New Construction	14,699,015		14,699,015
Rio New Construction	12,902,719	516,383	13,419,102
Multi Site Tech Service	10,984,360		10,984,360
Measure N Program	8,315,964	1,240,688	9,556,652
Citrus Heights MOD	8,863,522		8,863,522
Bella Vista MOD	8,470,653	171,957	8,642,610
Encina Outdoor Learning	5,984,236	2,652,985	8,637,221
Casa Roble New Construction	1,088,016	7,544,411	8,632,427
Bella Vista New Construction	7,633,754	507,974	8,141,728
Mira Loma Outdoor Learning	5,876,166	2,056,671	7,932,837
Casa Outdoor Learning	5,293,803	796,377	6,090,180
Debt Services	4,101,391	1,344,267	5,445,658
Mira Loma New Construction	616,550	4,212,806	4,829,356
Cowan New Construction	3,541,996		3,541,996
Del Campo Outdoor Learning	3,392,382		3,392,382
Multi Site Energy Efficient	3,219,604		3,219,604
El Camino Outdoor Learning	2,996,067		2,996,067
Salk (Edison) New Construction	2,785,152		2,785,152
Mariemont New Construction	2,577,221		2,577,221
Salk (Edison) New Construction	2,386,624		2,386,624
Rio Outdoor Learning	1,254,452	10,464	1,264,916
Bella Vista New Construction (housing)	1,094,601		1,094,601
Del Campo New Construction	101,844	872,312	974,156
El Camino Student Safety	942,111		942,111
Underwriters' Discount & Other COI		800,000	800,000

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Description	Priort Activities	June 30, 2019 Activities	Total
Garfield MOD	577,251		577,251
Cost of Issuance	572,535		572,535
Grand Oaks Student Safety	6,958	484,083	491,041
Mission Student Safety	7,015	412,052	419,067
Ralph Richardson Student Safety	403,371		403,371
Starr King Student Safety	373,850		373,850
Casa Roble MOD CTE		371,936	371,936
District Router Upgrade Tech Service	183,563	185,151	368,714
Rio PoC WapTech Service	154,314	173,489	327,803
Mira Loma Student Safety	4,430	299,315	303,745
Salk (Edison) Student Safety	5,283	295,842	301,125
Thomas Kelly Student Safety	292,274		292,274
Bella Vista New Construction (Butler)	250,314		250,314
Holst (La Vista) Student Safety	246,829		246,829
Woodside Student Safety	241,328		241,328
Trajan Playground Student Safety		219,800	219,800
Mariemont Infrastructure	201,783		201,783
Encina HVAC (gym)		199,715	199,715
Greer MOD	199,657		199,657
Mira Loma HVAC (gym)		195,324	195,324
Dewey Infrastructure	186,196		186,196
Gold River Student Safety	2,786	172,352	175,138
Del Campo MOD		168,481	168,481
San Juan HVAC (gym)		168,436	168,436
Skycrest Student Safety	131,441		131,441
Coyle Student Safety	119,392		119,392
Casa Infrastructure	113,148		113,148
La Entrada	99,565		99,565
Del Dayo Outdoor Learning	65,924		65,924
Sylvan MOD	52,468		52,468
Casa MOD	44,900		44,900
Dyer Kelly MOD	34,810		34,810
Grand Oaks Infrastructure	27,308		27,308
Cameron Ranch Infrastructure	11,387		11,387
Total Uses	<u>147,909,804</u>	<u>89,261,711</u>	<u>237,171,515</u>
Ending Balance	<u>\$ 38,876,116</u>	<u>\$ 65,818,818</u>	<u>\$ 104,694,934</u>

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CONCLUSION

Based upon the procedures performed, we found that, for the items tested, the San Juan Unified School District has properly accounted for the expenditures of the Measure N General Obligation Bonds. Further, it was noted that the funds were not used for salaries of school administrators or other operating expenditures. Our audit does not provide a legal determination on the District's compliance with specific requirements.

MANAGEMENT COMMENTS AND RECOMMENDATIONS

None.