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SAN LEANDRO UNIFIED SCHOOL DISTRICT MEASURE J1 BOND BUILDING FUND

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2023**

SAN LEANDRO UNIFIED SCHOOL DISTRICT
MEASURE J1 BOND BUILDING FUND
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**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MEASURE J1 BOND BUILDING FUND
INTRODUCTION
JUNE 30, 2023**

The San Leandro Unified School District was established on July 1, 1952 and is comprised of an area of approximately 15 square miles located in Alameda County. There were no changes in the boundaries of the District during the current year. The District currently operates 14 schools, consisting of eight elementary schools (grades K-5), two middle schools (grades 6–8), one comprehensive high school (grades 9-12), one continuation high school, one adult school, and one independent study school (grades K-12).

The general obligation bonds associated with Measure J1 were issued pursuant to the Constitution and laws of the State of California, 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 March 14, 2017, pursuant to a request of the District made by a resolution adopted by the Board of Education of the District on June 21, 2016.

The District received authorization from an election held on November 8, 2016, to issue bonds of the District in an aggregate principal amount not to exceed \$104,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2016 Authorization). The bonds represent all four series (A, B, C, and D) of the authorized bonds to be issued under the 2016 Authorization.

The general obligation bond funds of the District would be used to finance the design, acquisition, installation, restoration and construction of public schools and school facilities and providing facilities improvements and upgrades, and the acquisition of one or more school sites, and related facilities costs, including, but not limited to, financing the following: renovation of student restrooms, classrooms, and science labs; repair and replacement of heating, upgrading of electrical systems and wiring to safely accommodate computers, technology and other electrical devices; repair and replacement of plumbing, sewer, and water pipes, fixtures and systems; replacement of emergency communications and security systems; demolition; seismic upgrades; asbestos and mold abatement; and, improved access for disabled persons. Project costs for expansion of existing facilities may include, but is not limited to, some or all of the following: site and/or other real property acquisition, including payments on or for interim financing, preparation, infrastructure and related expenses; construction or lease of temporary or permanent classrooms, instructional support and/or ancillary facilities. Project costs for furniture and equipment may include, but is not limited to some or all of the following: desks and tables; window and floor covering; computer, media recording and presentation equipment; cafeteria and food preparation equipment; science laboratory equipment; and/or other electronic equipment.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Measure J1 Citizens' Oversight Committee and
Governing Board
San Leandro Unified School District
San Leandro, California

Report on the Audit of the Financial Statements***Opinion***

We have audited the accompanying financial statements of the Measure J1 Bond Building Fund of San Leandro 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure J1 Bond Building Fund of San Leandro Unified School District, as of June 30, 2023, and the respective changes in financial position thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 1A, the financial statements present only the Measure J1 Bond Building Fund and do not purport to, and do not present fairly the financial position of the San Leandro Unified School District, as of June 30, 2023, 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 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 opinions. 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 generally accepted auditing standards 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 judgement made by a reasonable user of the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 8, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters specific to the Measure J1 Bond Building Fund. 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance specific to the Measure J1 Bond Building Fund.

Report of Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have issued our performance audit dated January 8, 2024 on our consideration of the District's compliance with the requirements of Proposition 39 as it directly relates to the Measure J1 Bond Building Fund. That report is an integral part of our audit of the Measure J1 Bond Building Fund of San Leandro Unified School District, as of and for the year ended June 30, 2023, and should be considered in assessing the results of our financial audit.

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
January 8, 2024

FINANCIAL SECTION

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MEASURE J1 BOND BUILDING FUND
BALANCE SHEET
JUNE 30, 2023**

The District did not have Measure J1 balance sheet account balances as of June 30, 2023.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MEASURE J1 BOND BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023**

REVENUES

Interest income	\$	3,588
Net increase (decrease) in the fair value of investments		<u>48,372</u>
Total Revenues		<u>51,960</u>

EXPENDITURES

Current		
Plant services		206,538
Facilities acquisition and construction		<u>805,827</u>
Total Expenditures		<u>1,012,365</u>
Excess (Deficiency) of Revenues		
Over Expenditures		<u>(960,405)</u>

NET CHANGE IN FUND BALANCE

		(960,405)
Fund Balance - Beginning		<u>960,405</u>
Fund Balance - Ending	\$	<u>-</u>

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

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MEASURE J1 BOND BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

An oversight committee to the District's Governing Board and Superintendent, called the Citizens' Oversight Committee (COC), was established pursuant to the requirements of state law and the provisions of the Measure J1 bond. The COC is required by state law to actively review and report on the proper expenditure of taxpayers' money for school construction. The COC provides oversight and advises the public whether the District is spending the Measure J1 bond funds for school capital improvements within the scope of projects outlined in the Measure J1 bond project list. In fulfilling its duties, the COC reviews, among other things, the District's annual performance and financial audits of Measure J1 activity.

The statements presented are for the individual Measure J1 Bond Building Fund of the District, consisting of the net construction proceeds of Election 2016 Series (A, B, C, and D), as issued by the District, through the County of Alameda, and are not intended to be a complete presentation of the District's financial position or results of operations. There are no related parties or component units included in this financial statement presentation.

B. Basis of Accounting

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

The financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means 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. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

C. Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

D. Interfund Balances

Receivables and payables resulting from short-term interfund loans are classified as “Due from other funds/Due to other funds.”

E. Accrued Liabilities

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MEASURE J1 BOND BUILDING FUND
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Fund Balance

Under GASB Statement No. 54, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The fund balance in Measure J1 is considered restricted.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

G. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

H. Estimates

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

I. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

NOTE 2 – COMMITMENTS AND CONTINGENCIES

A. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

B. Construction Commitments

As of June 30, 2023, the District had no commitments with respect to unfinished capital projects.

OTHER INDEPENDENT AUDITORS' REPORTS

**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**Independent Auditors' Report

Measure J1 Citizens' Oversight Committee and
Governing Board
San Leandro Unified School District
San Leandro, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure J1 Bond Building Fund of San Leandro Unified School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the San Leandro Unified School District's basic financial statements of the Measure J1 Bond Building Fund, and have issued our report thereon dated January 8, 2024.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Measure J1 Bond Building Fund of San Leandro Unified School District are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2023, 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 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 of the Measure J1 Bond Building Fund of San Leandro Unified School District, we considered San Leandro Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements of the Measure J1 Bond Building Fund, but not for the purpose of expressing an opinion on the effectiveness of San Leandro Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of San Leandro 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 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 the financial statements of the Measure J1 Bond Building Fund 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 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.

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
January 8, 2024

REPORT ON PERFORMANCEIndependent Auditors' Report

Measure J1 Citizens' Oversight Committee and
Governing Board
San Leandro Unified School District
San Leandro, California

We were engaged to conduct a performance audit of the Measure J1 Bond Building Fund of San Leandro Unified School District (the "District") for the year ended June 30, 2023.

We conducted this performance audit in accordance with the standards applicable to performance 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 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 our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's 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's compliance with those requirements.

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.

The results of our tests indicated that the District, in all significant respects, expended Measure J1 Bond Building Fund 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. The procedures performed and the related results are further described in the accompanying audit procedures and results section.

This report is intended solely for the information and use of the District, and is not intended to be and should not be used by anyone other than this specified party.



San Diego, California
January 8, 2024

AUDIT PROCEDURES AND RESULTS SECTION

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MEASURE J1 BOND BUILDING FUND
AUDIT PROCEDURES AND RESULTS
FOR THE YEAR ENDED JUNE 30, 2023**

SECTION I – FINANCIAL AUDIT PROCEDURES AND RESULTS

Financial Statements

As mentioned in the Report on Financial Statements, we have issued an unmodified opinion over the financial statements of the Measure J1 Bond Building Fund as of and for the year ended June 30, 2023.

Internal Control Evaluation

We tested internal controls over financial reporting and compliance with laws, regulations, or provisions of contracts or agreements and have determined through our inquiry of management and our evaluation of District processes that no significant deficiencies were noted.

SECTION II – PERFORMANCE AUDIT PROCEDURES AND RESULTS

Facility Project Expenditures

We selected a representative sample of expenditures charged to the Measure J1 Bond Building Fund and reviewed supporting documentation to ensure funds were properly expended on specific project(s) listed in the text of the Measure J1 ballot.

We tested approximately \$293,000 of non-personnel expenditures or 29% of current year Measure J1 Bond Building Fund expenditures for validity, allowability, and accuracy and concluded that the sampled expenditures were in compliance with the terms of the Measure J1 ballot language, the District approved facilities plan, and applicable state laws and regulations.

Personnel Expenditures

Based on review of expenditure information, we noted that there were no salaries or benefits charged to the Measure J1 Bond Building Fund during the fiscal year ended June 30, 2023. Audit procedures over personnel expenditures were not applicable.

Contract Bidding Procedures

We reviewed a listing of contracts awarded during the fiscal year ended June 30, 2023 and identified no instances of new contracts being awarded with Measure J1 funds.

Contract Change Order Procedures

We reviewed a listing of contracts and change orders during the fiscal year ended June 30, 2023 and selected a sample to ensure that change orders were properly approved and in accordance with District policies. Additionally, cumulative change orders for any given contract were reviewed to ensure that total change orders did not exceed ten percent of the total original contract.

We reviewed one (1) change order for the Adult Education Marquee Project and verified that the total of the change orders did not exceed ten percent of the total contract. All change orders were properly reviewed and approved by management and the governing board in accordance with District policy.

FINDINGS AND RECOMMENDATIONS SECTION

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MEASURE J1 BOND BUILDING FUND
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2023**

PART I – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the year ended June 30, 2023.

PART II – PERFORMANCE AUDIT FINDINGS

There were no findings or recommendations related to local school construction bonds for the year ended June 30, 2023.

PART III – PRIOR AUDIT FINDINGS

There were no findings and recommendations for the year ended June 30, 2022.