

OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
MEASURE W BOND BUILDING FUND

AUDIT REPORT

FOR THE YEAR ENDED
JUNE 30, 2020

**OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
MEASURE W BOND BUILDING FUND
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JUNE 30, 2020**

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**OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
 MEASURE W BOND BUILDING FUND
 INTRODUCTION AND CITIZENS' BOND OVERSIGHT COMMITTEE MEMBER LISTING
 JUNE 30, 2020**

The Oakley Union Elementary School District was established in 1886 as the Iron House School District and is comprised of an area of approximately 53 square miles located in Contra Costa County. There were no changes in the boundaries of the District during the current year. The District is operating seven elementary schools, and two middle schools.

In an election held on November 8, 2016, the voters authorized the District to issue and sell not more than \$31,000,000 principal amount of general obligation bonds. These bonds were issued to finance the construction, improvement, equipping and furnishing of various capital facilities of the District.

In August 2017, the District issued Election of 2016, Series A general obligation bonds totaling \$26,000,000. Bond proceeds are to be used to modernize and improve classrooms and facilities to prevent overcrowding and support 21st-century education and repair and update aging facilities. The Series A bonds bear interest at a rate of 3.00% - 5.00% and are scheduled to mature through August 2047.

In July 2019, the District issued Election of 2016, Series B general obligation bonds totaling \$5,000,000. Bond proceeds are to be used to modernize and improve classrooms and facilities to prevent overcrowding and support 21st-century education and repair and update aging facilities. The Series B bonds bear interest at a rate 4.00%- 5.00% and are scheduled to mature through August 2047.

The Citizens' Bond Oversight Committee had the following members as of June 30, 2020:

Name	Representation
Jennifer Furer	PTA President
Donna Baker	Member of Senior Citizens Group
<i>Vacant</i>	Business Owner
Jack Weir	Member of Taxpayer's Organization
Aaron Meadows	Farmer/Agricultural Representative
Lindsay Waters	Parent of students currently in the District
Pat Walsh	Member-at-large

INDEPENDENT AUDITORS' REPORT

Measure W Citizens' Oversight Committee and
Governing Board Members of the
Oakley Union Elementary School District
Oakley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure W Bond Building Fund of Oakley Union Elementary School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditors' 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*. 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 W Bond Building Fund of Oakley Union Elementary School District, as of June 30, 2020, 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.

Emphasis of Matter

As discussed in Note 1A, the financial statements present only the Measure W Bond Building Fund and do not purport to, and do not present fairly the financial position of the Oakley Union Elementary School District, as of June 30, 2020, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020 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 W 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 Measure W Bond Building Fund'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.

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 December 4, 2020, on our consideration of the District's compliance with the requirements of Proposition 39 as it directly relates to the Measure W Bond Building Fund. That report is an integral part of our audit of the Measure W Bond Building Fund of Oakley Union Elementary School District, as of and for the year ended June 30, 2020, and should be considered in assessing the results of our financial audit.

Christy White, Inc.

San Diego, California
December 4, 2020

FINANCIAL SECTION

**OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
MEASURE W BOND BUILDING FUND
BALANCE SHEET
JUNE 30, 2020**

ASSETS

Cash and investments	\$	<u>5,241,870</u>
Total Assets	\$	<u>5,241,870</u>

LIABILITIES

Accrued liabilities	\$	<u>1,042,931</u>
Total Liabilities		<u>1,042,931</u>

FUND BALANCES

Restricted		<u>4,198,939</u>
Total Fund Balances		<u>4,198,939</u>
Total Liabilities and Fund Balances	\$	<u>5,241,870</u>

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

**OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
 MEASURE W BOND BUILDING FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2020**

REVENUES	
Other local sources	\$ 96,439
Total Revenues	<u>96,439</u>
EXPENDITURES	
Current	
Facilities acquisition and maintenance	2,562,577
Interest and other	134,000
Total Expenditures	<u>2,696,577</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,600,138)</u>
Other Financing Sources (Uses)	
Other sources	5,000,000
Net Financing Sources (Uses)	<u>5,000,000</u>
NET CHANGE IN FUND BALANCE	2,399,862
Fund Balance - Beginning, as Restated	<u>1,799,077</u>
Fund Balance - Ending	<u>\$ 4,198,939</u>

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

**OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
MEASURE W BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Oakley Union Elementary 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 W 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 W bond funds for school capital improvements within the scope of projects outlined in the Measure W bond project list. In fulfilling its duties, the COC reviews, among other things, the District's annual performance and financial audits of Measure W activity.

The statements presented are for the individual Measure W Bond Building Fund of the District, consisting of the net construction proceeds of 2016 Series A and Series B general obligation bonds as issued by the District, through the County of Contra Costa, 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. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Available” means the resources will be collectible 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. Generally, “available” means collectible within the current period or within 60 days after year-end. 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.

**OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
MEASURE W BOND BUILDING FUND
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

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 W 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 – CASH AND INVESTMENTS

Cash as of June 30, 2020 consisted of \$5,241,870 deposited in the Contra Costa County Treasury Investment Pool.

A. 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; collateralized mortgage obligations; and the County Investment Pool.

**OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
MEASURE W BOND BUILDING FUND
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020**

NOTE 2 – CASH AND INVESTMENTS (continued)

A. Policies and Practices (continued)

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Contra Costa County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is 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.

B. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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

C. 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 changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$5,274,171 and an amortized book value of \$5,241,870. The average weighted maturity for this pool is 282 days.

**OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
 MEASURE W BOND BUILDING FUND
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 2 – CASH AND INVESTMENTS (continued)

D. 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 investments in the County Treasury are not required to be rated. As of June 30, 2020, the pooled investments in the County Treasury were rated at least A.

E. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Contra Costa County Treasury Investment Pool and/or Local Agency Investment Funds/State Investment Pools 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.

The District's fair value measurements at June 30, 2020 were as follows:

	Uncategorized
Investment in county treasury	<u>\$ 5,247,171</u>
Total fair market value of investments	<u>\$ 5,247,171</u>

NOTE 3 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2020 consisted of \$1,042,931 in construction.

**OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
 MEASURE W BOND BUILDING FUND
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2020**

NOTE 4 – 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, 2020.

B. Construction Commitments

As of June 30, 2020, the District had commitments with respect to unfinished capital projects of \$15,625.

NOTE 5 – RESTATEMENT OF FUND BALANCE

The beginning fund balance of the Measure W Bond Building Fund has been restated to reflect interest revenue owed from the General Fund. The effect on beginning fund balance is presented as follows:

	Measure W Bond Building Fund
Fund Balance - Beginning, as Previously Reported	\$ 1,119,096
Restatement	679,981
Fund Balance - Beginning, as Restated	<u>\$ 1,799,077</u>

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 W Citizens' Oversight Committee and
Governing Board Members of the
Oakley Union Elementary School District
Oakley, 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 W Bond Building Fund of Oakley Union Elementary School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Oakley Union Elementary School District's basic financial statements of the Measure W Bond Building Fund, and have issued our report thereon dated December 4, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oakley Union Elementary 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 W Bond Building Fund, but not for the purpose of expressing an opinion on the effectiveness of Oakley Union Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oakley Union Elementary 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oakley Union Elementary School District's financial statements of the Measure W 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.

Christy White, Inc.

San Diego, California
December 4, 2020

REPORT ON PERFORMANCEIndependent Auditors' Report

Measure W Citizens' Oversight Committee and
Governing Board Members of the
Oakley Union Elementary School District
Oakley, California

Report on Performance

We have audited Oakley Union Elementary School District's compliance with the performance audit procedures described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on Oakley Union Elementary School District's Measure W Bond Building Fund for the year ended June 30, 2020, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to local school construction bonds.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of Oakley Union Elementary School District's Measure W Bond Building Fund based on our performance audit of the types of compliance requirements referred to above. We conducted our performance audit in accordance with generally accepted government auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the performance audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. An audit includes examining, on a test basis, evidence about Oakley Union Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that the evidence obtained in our performance audit provides a reasonable basis for our findings and conclusions based on our audit objectives. However, our audit does not provide a legal determination of Oakley Union Elementary School District's compliance with those requirements.

Opinion on Performance

In our opinion, Oakley Union Elementary School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the Measure W Bond Building Fund noted below for the year ended June 30, 2020.

Procedures Performed

In connection with the performance audit referred to above, we selected and tested transactions and records to determine Oakley Union Elementary School District's compliance with the state laws and regulations applicable to the Financial Audit Procedures and Performance Audit Procedures over the Measure W Bond Building Fund. Additional agreed upon procedures relating the Measure W Bond Building Fund may also be included.

The results of the procedures performed and the related results are further described in the accompanying audit procedures and results section following this Report on Performance.

Christy White, Inc.

San Diego, California
December 4, 2020

AUDIT PROCEDURES AND RESULTS SECTION

**OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
MEASURE W BOND BUILDING FUND
AUDIT PROCEDURES AND RESULTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 W Bond Building Fund as of and for the year ended June 30, 2020.

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 W Bond Building Fund and reviewed supporting documentation to ensure funds were properly expended on specific project(s) listed in the text of the Measure W ballot.

We tested approximately \$1.5 million of total expenditures or 56% of total 2019-20 Measure W Bond Building Fund expenditures for validity, allowability and accuracy and concluded that the sampled expenditures were in compliance with the terms of Measure W 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 W Bond Building Fund during the fiscal year ended June 30, 2020. Audit procedures over personnel expenditures were not applicable.

Contract and Bid Procedures

For the year ended June 30, 2020, we inquired with the bond program staff and determined that there were no contracts awarded in the current year. Additionally, we reviewed the governing board meeting minutes in order to verify this information.

Contracts and Change Orders

We reviewed a listing of contracts and change orders during the fiscal year ended June 30, 2020 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 a sample of three (3) change orders for various Measure W projects 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.

**SCHEDULE OF FINDINGS AND
RECOMMENDATIONS SECTION**

**OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
 MEASURE W BOND BUILDING FUND
 SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 FOR THE YEAR ENDED JUNE 30, 2020**

PART I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to the financial statements?	<u>No</u>

PERFORMANCE AUDIT

Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditor’s report issued on performance for local school construction bonds:	<u>Unmodified</u>

PART II – FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements in 2019-20.

PART III – PERFORMANCE AUDIT FINDINGS

There were no findings or recommendations related to local school construction bonds in 2019-20.

PART IV – PRIOR AUDIT FINDINGS

FINDING #2019-001: INTEREST REVENUE

Criteria: Revenues are recognized when they become available and measurable. Availability arises when the revenue is available to finance current expenditures to be paid within 60 days. Measurability occurs when the cash flow from the revenue can be reasonably estimated.

Condition: During our substantive testing of revenues, we found that interest revenue related bond proceeds deposited in the Contra Costa County Treasury is not being properly allocated to the Measure W Bond Building Fund.

Effect: The interest revenue belonging to the Measure W Bond Building Fund was incorrectly allocated to the General Fund.

Cause: Based on inquiry with management, the cause is attributed to using an incorrect account code string for the interest revenue allocation posted by the County Office of Education.

**OAKLEY UNION ELEMENTARY SCHOOL DISTRICT
MEASURE W BOND BUILDING FUND
SCHEDULE OF FINDINGS AND RECOMMENDATIONS, continued
FOR THE YEAR ENDED JUNE 30, 2020**

PART IV – PRIOR AUDIT FINDINGS (continued)

FINDING #2019-001: INTEREST REVENUE

District Response: As the County Office of Education calculates and posts all interest revenues for the districts they oversee, the District has provided the correct account code string to ensure the Measure W Bond Building Fund interest revenues is being allocated to the bond fund. District will perform a reimbursement from the General Fund to the Bond Fund for the interest earned on the cash in the county treasury. The District corrected this finding.

Current Status: Implemented.