

GOLETA UNION SCHOOL DISTRICT
BUILDING FUND (Measure M)
FINANCIAL AUDIT
June 30, 2023

GOLETA UNION SCHOOL DISTRICT
BUILDING FUND (Measure M)
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June 30, 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Citizens' Oversight Committee
Goleta Union School District
Goleta, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Building Fund (Measure M) of the Goleta Union School District (the District), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Bond Building Fund's 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 and results of operations for the Building Fund (Measure M), as of and for fiscal year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Goleta Union School 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 opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund and do not purport to, and do not, present fairly the financial position of the Goleta Union School District, as of June 30, 2023, the changes in its financial position for the fiscal 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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bond Building Fund of Goleta Union School 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with the requirements of *Government Auditing Standards*, we have also issued our report dated February 2, 2024 on our consideration of the Building Fund (Measure M) 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Building Fund (Measure M) of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Building Fund (Measure M) of the District's internal control over financial reporting and compliance.

Report on Other Legal and Regular Requirements

In accordance with the requirements of Proposition 39, as incorporated in the California Constitution Article 13A, we have also issued our performance audit report dated February 2, 2024, on our consideration of the Bond Building Fund's compliance with the requirements of Proposition 39. That report is an integral part of our audit of the Proposition 39 Building Fund (Measure M) for the fiscal year ended June 30, 2023 and should be considered in assessing the results of our financial audit.

Moss, Levy & Hartgen LLP

Santa Maria, California
February 2, 2024

GOLETA UNION SCHOOL DISTRICT
BALANCE SHEET
BUILDING FUND (Measure M)
June 30, 2023

ASSETS

Cash in County Treasury	\$	33,239,718
Accounts receivable		185,986
Due from other funds		<u>649</u>
Total current assets	\$	<u><u>33,426,353</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$	<u>3,699,520</u>
Total liabilities		<u>3,699,520</u>

Fund Balance:

Restricted for capital projects		<u>29,726,833</u>
Total fund balance		<u>29,726,833</u>
Total liabilities and fund balance	\$	<u><u>33,426,353</u></u>

GOLETA UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUILDING FUND (Measure M)
For the Fiscal Year Ended June 30, 2023

Revenues	
Interest and decrease in fair value of cash in county	\$ (554,358)
Total revenues	<u>(554,358)</u>
Expenditures	
Plant services	193,079
Other outgo	234,921
Capital outlay	<u>4,573,613</u>
Total expenditures	<u>5,001,613</u>
Deficiency of Revenues Over Expenditures	(5,555,971)
Other Financing Sources	
Proceeds from Sale of Bonds	<u>30,000,000</u>
Total other financing sources	<u>30,000,000</u>
Net Change in Fund balance	24,444,029
Fund balance, beginning of fiscal year	<u>5,282,804</u>
Fund balance, end of fiscal year	<u><u>\$ 29,726,833</u></u>

GOLETA UNION SCHOOL DISTRICT
BUILDING FUND (Measure M)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Auditing Standards Board (GASB) and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants (AICPA).

Fund Structure

The Statement of Revenues, Expenditures, and Changes in Fund Balance is a statement of financial activities of the Building Fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations of the net income or loss for the period as would a statement of income for a profit-type organization.

Basis of Accounting

The Building Fund of Goleta Union School District is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received, or services rendered).

Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

Budget

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual includes a column entitled “Budget.” The amounts in this column represent the budget adopted by the Board and all amendments throughout the fiscal year.

Capital Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Building Fund are determined by its measurement focus. The Building Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources.” Thus, the capital assets and long-term liabilities associated with the Building Fund are accounted for in the basic financial statements of Goleta Union School District.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District did not have any expenditures in the Building Fund that exceeded appropriations.

NOTE 3 – BONDED DEBT

2013 General Obligation Refunding Bonds

In July 2013, the District issued the 2013 General Obligation Refunding Bonds in the amount of \$17,650,000. The bonds mature through August 1, 2029, with interest rates ranging from 2.00 to 5.00%. The bonds were issued to refund the District’s outstanding principal balance of the Golden West Schools Financing Authority 2005 General Obligation Bonds and pay costs of issuance for the bonds. At June 30, 2023, the principal balance outstanding was \$8,145,000, and the remaining unamortized premium was \$608,147. Deferred loss on the refunding amounted to \$487,382.

GOLETA UNION SCHOOL DISTRICT
BUILDING FUND (Measure M)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 – BONDED DEBT (continued)

2020 Election General Obligation Bonds, 2021 Series A

In May 2021, the District issued the 2021 Election General Obligation Bonds, 2021 Series A in the amount of \$5,700,000. The 2021 Series A bonds represent the first in a series of bonds not to exceed \$80,000,000, approved by at least 55% of the voters in November 2020. The 2021 Series A bonds were issued as current interest bonds at an aggregate price of \$5,826,618, including the principal amount of \$5,700,000, plus an original issue premium of \$126,618 and costs of issuance of \$177,567.

The bonds have a final maturity of August 1, 2024, with interest rates ranging from 1.00 to 1.50%. Proceeds from the sale of the bonds will be used repair and renovate school facilities, including upgrading technology, improving handicap accessibility, increasing the use of renewable energy, and to pay costs of issuance for the bonds. At June 30, 2023, the principal balance outstanding was \$3,300,000, and the remaining unamortized premium was \$43,317.

2020 Election General Obligation Bonds, 2022 Series B

In November 2022, the District issued the 2020 Election General Obligation Bonds, 2022 Series B in the amount of \$30,000,000. The 2022 Series B bonds represent the second in a series of bonds not to exceed \$80,000,000, approved by at least 55% of the voters in November 2020. The 2022 Series B bonds were issued as current interest bonds at an aggregate price of \$31,871,337, including the principal amount of \$30,000,000, plus an original issue premium of \$1,871,337 and costs of issuance of \$242,461.

The bonds have a final maturity of August 1, 2043, with interest rates ranging from 4.00 to 5.00%. Proceeds from the sale of the bonds will be used repair and renovate school facilities, including upgrading technology, improving handicap accessibility, increasing the use of renewable energy, and to pay costs of issuance for the bonds. At June 30, 2023, the principal balance outstanding was \$30,000,000, and the remaining unamortized premium was \$1,818,517.

The outstanding general obligation bonded debt of the Goleta Union School District at June 30, 2023, is:

<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Bonds Outstanding July 1, 2022</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Bonds Outstanding June 30, 2023</u>
Current Interest:							
July 2013	August 2029	2.00-5.00%	\$ 17,650,000	\$ 9,375,000	\$ -	\$ 1,230,000	\$ 8,145,000
May 2021	August 2024	1.00-1.50%	5,700,000	5,700,000	-	2,400,000	3,300,000
Nov 2022	August 2027	4.00-5.00%			30,000,000		30,000,000
			<u>\$ 23,350,000</u>	<u>\$ 15,075,000</u>	<u>\$ 30,000,000</u>	<u>\$ 3,630,000</u>	<u>\$ 41,445,000</u>

The annual requirements to amortize general obligation bonds payable outstanding as of June 30, 2023, are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,980,000	\$ 1,823,769	\$ 5,803,769
2025	3,455,000	1,695,643	5,150,643
2026	2,165,000	1,565,643	3,730,643
2027	2,335,000	1,453,143	3,788,143
2028	1,800,000	1,349,768	3,149,768
2029-2033	3,300,000	6,106,515	9,406,515
2034-2038	4,610,000	5,236,865	9,846,865
2039-2043	7,745,000	3,927,971	11,672,971
2044-2048	12,055,000	1,684,021	13,739,021
	<u>\$ 41,445,000</u>	<u>\$ 24,843,338</u>	<u>\$ 66,288,338</u>



Moss, Levy & Hartzheim LLP
Certified Public Accountants

**INDEPENDENT AUDITORS' 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**

The Board of Trustees
The Citizens' Oversight Committee
Goleta Union School District
Goleta, 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 Building Fund (Measure M) of Goleta Union School District (the District), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 statement. 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.

Moss, Remy & Haugheim LLP

Santa Maria, California
February 2, 2024

GOLETA UNION SCHOOL DISTRICT
BUILDING FUND (Measure M)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2023

There were no findings and questioned costs related to the financial audit of the Bond Building Fund for the fiscal year ended June 30, 2023.