

**Citizens' Bond Oversight Committee  
Of the Lakeside Union School District**

**Wednesday, March 20, 2024**

**4:30 p.m.**

**District Office**

**12335 Woodside Ave.**

**Lakeside, CA 92040**

**Members of the public may attend the Committee meeting, and/or participate in public comment by filling out the public comment form or by emailing Lisa Davis at [lisadavis@lsusd.net](mailto:lisadavis@lsusd.net) , at least 1 hour in advance of the meeting. [Public Comment Form](#)**

**MEETING AGENDA**

1. Welcome and Call to Order
2. Public Comment

**ACTION ITEMS**

3. Approval of Minutes from the October 25, 2023
4. Approve Term Renewal of two Committee Members to 3/1/2024-2/28/2026:
  - a. Felicia Walton: Parent Active in PTA/PTO
  - b. Jennifer Clancy: Parent of Enrolled Student
  - c. Britni Cobb- term limit ended 2/28/24
5. Approve Bond Audit for 2022-23

**DISCUSSION ITEMS**

6. 2023-24 Project Update/Finalization:  
Climatec
7. Financial Report – Revenue Report and Budget Status Report
8. SDCTA-2023 School Bond Transparency Scorecard, LUSD-A
9. Committee Member Comments and Suggested Topics for Next Meeting
10. Adjournment

**Next Meeting: May 29th, 2024**

Members of the public who require disability modification or accommodation in order to participate in the meeting should contact Lisa Davis at (619) 390-2640 or in writing, at least twenty-four (24) hours before the meeting. (Government Code section 54954.2)


# Citizens' Bond Oversight Committee

Of the Lakeside Union School District

Lakeside Union School District-Board Room  
12335 Woodside Avenue, Lakeside, CA 92040

## MEETING MINUTES for Wednesday, October 25, 2023

1. **Call to Order** –The meeting was called to order at 4:33 pm by Kathy Kassel.
  - a. **Welcome and Roll Call** - CBOC members present – Frank Hilliker, Kathy Kassel, John Heredia, and Liz Higgins. Jennifer Clancy arrived at 4:40 pm. CBOC member(s) absent: Britni Cobb, Felicia Walton. Staff members present - Lisa Davis and Todd Owens.
2. **Public Comment** - There were no public comments.
3. **Approval of Minutes from May 31, 2023 meeting** – Liz Higgins motioned to approve, Frank Hilliker seconded the motion. Motion carried 4 ayes. No discussion.
4. **Discussion Items** -
  - a. 2022-23 Project Update/Finalization:
    - i. TDS-ESR outstanding invoices due to supply chain delays, WAP, Climatec
      1. Todd Owens spoke regarding the WAP at TDS, it has been received and has started final ESR closeout on TDS. Climatec has 90% of roofing completed, HVAC controls are still needing to be finalized.
      2. Frank Hilliker asked about how long the switchgear has taken, Todd responded about one year. Frank also asked about any change orders, did we have many with the projects, Todd responded with not very many, projects when fairly smooth. Frank was happy that the bond funds were almost spent and the district did a good job.
      3. Kathy Kassel asked about any left over funds in the bond fund. Todd responded that if any are left over the District is planning to utilize any remaining funds for fencing projects at school sites.
5. **Discussion Item** –
  - a. Financial Report –Revenue report and Budget Status report
    - i. Lisa Davis reviewed the financial report with the committee.
6. **Discussion Item** –
  - a. SDCTA-2023 School Bond Transparency Scorecard
    - i. Not yet released - Lisa Davis commented that the scorecard has historically been posted by now, will keep checking on the website and email notifications.
7. **Discussion Item** –
  - a. Committee Member Comments and Suggested Topics for Next Meeting
    - i. Liz Higgins had previously requested information regarding how the bond is being repaid from tax payers dollars/% of AV to bond and for the Assessed Valuation (AV) for the Lakeside community for prior year, current year, if available projected. Lisa Davis submitted 4 documents (data provided by DS&C report showing the District's Assessed Valuation from 2003 to 2023; Projected Tax Rates for Existing Bond Authorizations; District's Outstanding General Obligation Bonds; and Past Lakeside Union School District Bond Elections to committee members. Liz Higgins thanked staff for the information and was very helpful.
8. **Adjournment** –Meeting adjourned at 4:59 pm.



Lakeside Union  
School District  
Proposition V &  
Measure L  
Building Fund (21-39)

Financial Statements &  
Supplementary Information

June 30, 2023



WILKINSON HADLEY  
KING & CO. LLP  
CPAs AND ADVISORS

**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

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**Lakeside Union School District  
 Proposition V & Measure L Building Fund (21-39)  
 Introduction & Citizens’ Oversight Committee Member Listing**

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On November 4, 2008 the Lakeside Union School District was successful under Proposition V in obtaining authorization from the District voters to issue up to \$79,550,000 in General Obligation Bonds pursuant to a 55% vote in a bond election.

The Board of Trustees of the District found and determined that, due to State law limitations imposed on the issuance of bonds under Proposition V, the balance of funds pending issuance would not be able to be acquired; therefore, on November 4, 2014, Lakeside Union School District was successful under Measure L in obtaining re-authorization from the District voters to issue up to \$31,000,000 in General Obligation Bonds pursuant to a 55% vote in a bond election.

The General Obligation Bonds are considered Proposition 39 bonds. The passage of Proposition 39 in November, 2000 amended the California Constitution to include accountability measures. Specifically, the District must conduct an annual, independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent audit of the proceeds from the sale of the bonds until all of the proceeds have been expended.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond measure pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Independent Citizens’ Oversight Committee, and authorization for injunctive relief against improper expenditure of bond revenues.

The Lakeside Union School District Proposition V and Measure L Independent Citizens’ Oversight Committee as of June 30, 2023 was comprised of the following members:

<u>Name</u>	<u>Position</u>	<u>Representative</u>	<u>Term Expiration</u>
Kathy Kassel	Chair	Local Business Member	March 2025
Liz Huggins	Vice Chair	Senior Member	March 2025
Jennifer Lee Clancy	Member	Parent of enrolled student	February 2024
Frank Hilliker	Member	Member at large	March 2025
John Heredia	Member	Taxpayer Association Representative	February 2025
Britni Cobb	Member	Member at large	February 2024
Felicia Walton	Member	Parent/PTO Representative	February 2024

## **Independent Auditor's Report**

**To the Citizens' Oversight Committee  
Lakeside Union School District  
Proposition V & Measure L Building Fund (21-39)  
Lakeside, California**

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

We have audited the accompanying financial statements of the Lakeside Union School District's Measure L Building Fund (Fund 21-39), which comprise the balance sheet as of June 30, 2023, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of the Bond Fund as of June 30, 2023, and the revenues it received and expenditures it paid for the year then ended, in accordance with the financial reporting provisions of Proposition 39 described in Note A.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Lakeside Union School District, including the Measure L Citizens' Oversight Committee, 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 – Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared by the Lakeside Union School District using the modified accrual basis of accounting for the fund, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements under Proposition 39. Additionally, the financial statements present only the Bond Fund which is specific to Measure L and is not intended to present fairly the financial position and results of operations of the Lakeside Union School District as a whole. As a result, the financial statements may not be suitable for another purpose. 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 these financial statements in accordance with the financial reporting provisions for fund accounting under the modified accrual basis of accounting, as described in Note A. Management is also responsible 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bond Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **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 opinion. 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 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, 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 Fund'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bond Fund's ability to continue as a going concern for a reasonable period of time.

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.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2024, on our consideration of the Bond Fund'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 Bond 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 Bond Fund's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated March 28, 2024, on our consideration of the Bond Fund's compliance with the requirements of Proposition 39 with regards to the Measure L Building Fund (Fund 21-39). That report is an integral part of our audit of the Measure L Building Fund (Fund 21-39) for the fiscal year ended June 30, 2023, and should be considered in assessing the results of our financial audit.

### **Other Information**

Management is responsible for the other information included in the introductory section of this report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Restriction on Use**

This report is intended solely for the information and use of management, the Citizens' Oversight Committee, the Board of Education, and others within the Lakeside Union School District, and is not intended to be and should not be used by anyone other than these specified parties.

El Cajon, California  
March 28, 2024



**LAKESIDE UNION SCHOOL DISTRICT**  
**PROPOSITION V & MEASURE L BUILDING FUND (21-39)**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**(Unaudited)**

This section of Lakeside Union School District’s (District) Proposition V & Measure L Building Fund annual financial and performance audit report presents management’s discussion and analysis of the Bond Program during the year ending June 30, 2023. Readers should also review the financial statements and notes to the basic financial statements included in the audit report to enhance their understanding of the Proposition V & Measure L Bond Program’s financial and program performance.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the District’s Proposition V & Measure L Building Fund basic financial statements. The Fund’s financial statements comprise three components: 1) management’s discussion and analysis; 2) the Building Fund’s financial statements; and 3) the performance audit required by law.

The District accounts for Proposition V & Measure L activity in the District’s Building Fund (Fund 21-39). The Building Fund is a governmental fund type accounted for on a modified accrual basis of accounting that does not include fixed assets or long-term liabilities.

On November 4, 2008, the voters of the Lakeside Union School District community voted to approve Proposition V to authorize the District to issue up to \$79.5 million of general obligation bonds to finance certain specified capital projects and facilities. In 2009 and 2010, the District issued two series of these bonds, in the amount of 34.8 million to fund projects. All Proposition V funds were fully spent prior to the 2019-20 fiscal year.

In November 2014, the voters approved the reauthorization of \$31 million of general obligation bonds with the passage of Proposition V & Measure L. \$2.9 million of Proposition V & Measure L bonds were issued in 2015 (Series A) that provided for district technology purchases. In November 2018, the district issued \$15 million of Proposition V & Measure L, Series B bonds to complete facility projects. In August 2021, the district issued \$13 million of Proposition V & Measure L, Series C bonds to complete facility projects.

**FINANCIAL HIGHLIGHTS**

- The fund balance for Proposition V & Measure L Building Fund is \$1,101,263 as of June 30, 2023.
- The fund balance has decreased by \$3,878,993 as of June 30, 2023, as the District continues to expend bond proceeds to modernize, construct and improve its facilities.
- Revenues consisted of interest earnings only. Revenue totaled \$106,867 as of June 30, 2023 as compared to \$76,897 in June 2022.
- Expenditures as of June 30, 2023 totaled \$3,911,215 as compared to \$13,348,651 in June 2022.

**BALANCE SHEET**

The District’s Proposition V & Measure L Building Fund balance as of June 30, 2023 was \$1,101,263 (See Table Below).

LAKESIDE UNION SCHOOL DISTRICT  
 PROPOSITION V & MEASURE L  
 GENERAL OBLIGATION BONDS  
 June 30, 2022

	Building Fund		Total % Change
	2021-22	2022-23	
Cash	\$ 7,737,713	\$ 939,114	-87.86%
Accounts Receivable	18,974	16,780	-11.56%
Due from Other Funds	-	1,462,514	-100%
<b>Total Assets</b>	<u>7,756,687</u>	<u>955,894</u>	<u>-87.68%</u>
Accounts Payable	1,649,088	732,420	-55.59%
Due to Other Funds	1,127,343	584,725	-48.13%
<b>Total Liabilities</b>	<u>2,776,431</u>	<u>1,317,145</u>	<u>-52.56%</u>
Fund Balance	<u>4,980,256</u>	<u>1,101,263</u>	<u>-77.89%</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 7,756,687</u></u>	<u><u>\$ 2,418,408</u></u>	<u><u>-68.82%</u></u>

**FUND BALANCE**

The interest income reported represents funds earned on the cash held by the San Diego County Treasurer. The total expenditures of \$3,934,908 are only for Proposition V & Measure L voter authorized expenses (See Table Below).

LAKESIDE UNION SCHOOL DISTRICT  
 PROPOSITION V & MEASURE L  
 GENERAL OBLIGATION BONDS  
 June 30, 2022

	Building Fund		Total % Change
	2021-22	2022-23	
<b>Revenues</b>			
Interest	\$ 52,278	\$ 96,189	84.00%
Fair Market Value Adj	24,619	10,678	100.00%
<b>Total Revenues</b>	<u>76,897</u>	<u>106,867</u>	38.97%
<b>Expenditures</b>			
Classified Salaries	4,733	-	-100.00%
Taxes and Benefits	2,381	-	-100.00%
Professional Services	18,500	23,693	100.00%
Capital Outlay	13,323,037	3,911,215	-70.64%
<b>Total Expenditures</b>	<u>13,348,651</u>	<u>3,934,908</u>	-70.52%
<b>Other Sources</b>			
Bond Issuance	13,100,000	-	100.00%
<b>Total Other Sources</b>	<u>13,100,000</u>	-	100.00%
<b>Net Change in Fund Balance</b>			
	<u>(171,754)</u>	<u>(3,828,041)</u>	2128.79%
<b>Fund Balance - Beginning</b>	<u>11,815,661</u>	<u>11,643,907</u>	-1.45%
<b>Fund Balance - Ending</b>	<u><u>\$ 11,643,907</u></u>	<u><u>\$ 7,815,866</u></u>	-32.88%

## LONG TERM DEBT

At the end of the year, Lakeside Union School District had \$63,494,352 in long-term debt outstanding. This is a decrease of \$16,664,972 from the prior year, reflecting the final bond series issuance.

LAKESIDE UNION SCHOOL DISTRICT  
PROPOSITION V & MEASURE L  
GENERAL OBLIGATION BONDS  
June 30, 2022

	Building Fund		Total %
	2021-22	2022-23	Change
<b>General Obligation Bonds Payable</b>			
Bond Premium	\$ 4,937,766	\$ 4,822,214	-2.34%
Principle Balance	<u>72,605,573</u>	<u>73,443,783</u>	1.15%
<b>Total Prop V &amp; Measure L GO Bonds Payable</b>	<u><u>77,543,339</u></u>	<u><u>78,265,997</u></u>	<u>0.93%</u>

### FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the existing circumstances that could affect its financial health in the future:

- Inflation increases in building costs during construction.

### REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's Proposition V & Measure L Building Fund finances to demonstrate the District's accountability for the funding it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Services Department at:

Lakeside Union School District,  
12335 Woodside Avenue,  
Lakeside, CA 92040,  
619-390-2640.

## Financial Statements

**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

Balance Sheet

June 30, 2023

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**Assets:**

Current Assets

Cash in County Treasury	\$ 939,114
Accounts Receivable	16,780
Due From Other Funds	<u>1,462,514</u>
Total Current Assets	<u>2,418,408</u>

Total Assets \$ 2,418,408

**Liabilities and Fund Balance:**

Current Liabilities

Accounts Payable	\$ 732,420
Due to Other Funds	<u>584,725</u>
Total Current Liabilities	<u>1,317,145</u>

Fund Balance

Restricted for Capital Projects	<u>1,101,263</u>
Total Fund Balance	<u>1,101,263</u>

Total Liabilities and Fund Balance \$ 2,418,408

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

**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Year Ended June 30, 2023

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<b>Revenues:</b>	
Interest Income	\$ 96,189
Fair Market Value Adjustment	164,245
Other Local Revenue	<u>10,678</u>
Total Revenues	<u>271,112</u>
<b>Expenditures:</b>	
Current Expenditures:	
Professional Services	23,693
Capital Outlay:	
Buildings & Improvements	3,989,028
Equipment	<u>(77,813)</u>
Total Expenditures	<u>3,934,908</u>
Excess of Revenues Over Expenditures	<u>(3,663,796)</u>
<b>Other Financing Sources</b>	
Bond Issuance	<u>-</u>
Total Other Financing Sources	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(3,663,796)</u>
<b>Fund Balance, Beginning of Year</b>	<u>4,765,059</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,101,263</u>

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

# Lakeside Union School District

## Proposition V & Measure L Building Fund (21-39)

Notes to the Financial Statements  
For the Year Ended June 30, 2023

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### A. Summary of Significant Accounting Policies

Lakeside Union School District Proposition V & Measure L Building Fund (21-39), hereinafter referred to as the “Bond Fund”, accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education’s *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

#### 1. Reporting Entity

The Bond Fund was formed to account for renovation of schools for Lakeside Union School District (District), through expenditures of general obligation bonds issued under Proposition V, authorized by registered voters on November 4, 2008, and Measure L which reauthorized remaining amounts under Proposition V by authorized voters November 4, 2014.

The Bond Fund operates under a locally selected Citizens’ Oversight Committee comprised of seven members formed in accordance with the Local School Construction Bonds Act of 2000, at Section 15264 *et seq.* of the Education Code, Proposition 39. The reporting entity consists only of the Bond Fund of the District. These financial statements are intended to present only the financial position and results of operations of the Bond Fund in conformity with accounting principles generally accepted in the United States of America, and accordingly do not present the financial position and results of operations of the District.

#### 2. Basis of Accounting – Measurement Focus

**Bond Fund.** The bond fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Bond Fund considers all revenues reported in the fund to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of interest earned. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the Bond Fund incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the Bond Fund’s policy to use restricted resources first, then unrestricted resources.



# Lakeside Union School District

## Proposition V & Measure L Building Fund (21-39)

Notes to the Financial Statements, Continued

June 30, 2023

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### 3. Encumbrances

Encumbrance accounting is used in the Bond Fund to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid or at year end, whichever is sooner.

### 4. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Bond Fund. By state law, the District's governing board must adopt a final budget no later than July 1<sup>st</sup>. A public hearing must be conducted to receive comments prior to adoption. The District's governing board has satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

### 5. Revenues and Expenses

#### a. Revenues – Exchange and Non-Exchange

On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

Non-exchange transactions are transactions in which the District receives value without directly giving equal value in return, including property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

# Lakeside Union School District

## Proposition V & Measure L Building Fund (21-39)

Notes to the Financial Statements, Continued

June 30, 2023

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b. Expenditures

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the bond fund as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the Bond Fund.

6. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The Bond Fund does not have any cash held in banks or revolving fund. Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

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

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury was not available.

b. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds of the District. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

# Lakeside Union School District

## Proposition V & Measure L Building Fund (21-39)

Notes to the Financial Statements, Continued

June 30, 2023

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### c. Fund Balances – Governmental Funds

Fund balances of the Bond Fund are classified as follows:

*Nonspendable Fund Balance* represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

*Restricted Fund Balance* represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

*Assigned Fund Balance* represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

*Unassigned Fund Balance* represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

### 7. Use of 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.

**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

Notes to the Financial Statements, Continued  
 June 30, 2023

8. Fair Value Measurements

The Bond Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

- Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs to an asset or liability.

9. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2023. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement 91, Conduit Debt Obligations	05/2019
GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	03/2020
GASB Statement 96, Subscription Based Information Technology Arrangements	05/2020
GASB Statement 99, Omnibus 2022 (Portions related to leases, PPPs, and SBITAs)	04/2022
GASB Implementation Guide 2021-1, Implementation Guidance Update - 2021 (Except Question 5.1)	05/2021

The District has implemented the policies necessary to comply with these pronouncements and implementation guides. The implementation of these items did not result in a change to financial presentation for the Proposition V & Measure L Building Fund (Fund 21-39).

**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

Notes to the Financial Statements, Continued  
 June 30, 2023

**B. Compliance and Accountability**

1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	Not Applicable	Not Applicable

**C. Fair Value Measurements**

The Bond Fund’s investments at June 30, 2023, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External investment pools measured at fair value				
San Diego County Treasury	\$ 939,114	\$ -	\$ 939,114	\$ -
Total investments by fair value level	<u>\$ 939,114</u>	<u>\$ -</u>	<u>\$ 939,114</u>	<u>\$ -</u>

The Bond Fund is considered to be an involuntary participant in an external investment pool as the Bond Fund is required to deposit all receipts and collections of monies with their County Treasurer (Education Code §41001). The fair value of the Bond Fund’s investments in the pool is reported in the accounting financial statements as amounts based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the 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.

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

Notes to the Financial Statements, Continued  
 June 30, 2023

**D. Cash and Investments**

1. Cash in County Treasury

In accordance with Education Code §41001, the Bond Fund maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$965,447 as of June 30, 2023). The fair value of the Bond Fund’s portion of this pool as of that date, as provided by the pool sponsor, was \$939,114. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Investments Authorized by the California Government Code and the District’s Investment Policy

The table below identifies the investment types that are authorized for the Bond Fund by the California Government Code (or the Bond Fund’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Bond Fund’s investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Bond Fund, rather than the general provisions of the California Government Code or the District’s investment policy.

<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	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

Notes to the Financial Statements, Continued  
 June 30, 2023

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the Bond Fund was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2023, credit risk for the Bond Fund’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 939,114

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the Bond Fund’s name. The California Government Code and the Bond Fund’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the Bond Fund’s name.

At June 30, 2023, the Bond Fund was not exposed to custodial credit risk.

**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

Notes to the Financial Statements, Continued

June 30, 2023

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c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the Bond Fund contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the Bond Fund was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in 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 Bond Fund maintains pooled investments with the San Diego County Treasury with a fair value of \$939,114. The average weighted maturity for this pool was 438 days at June 30, 2023.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the Bond Fund was not exposed to foreign currency risk.

4. Investment Accounting Policy

The Bond Fund is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The Bond Fund's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The Bond Fund's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.



**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

Notes to the Financial Statements, Continued  
June 30, 2023

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**E. Accounts Receivable**

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2023 consisted of:

Local Sources	
Interest	\$ 16,780
Total Accounts Receivable	<u>\$ 16,780</u>

**F. Accounts Payable**

Accounts payable balances as of June 30, 2023 consisted of:

Vendors Payable	\$ 732,420
Total Accounts Payable	<u>\$ 732,420</u>

**G. Short Term Debt Activity**

The Bond Fund accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. The Bond Fund did not issue any short-term debt during the fiscal year ended June 30, 2023.

**H. General Obligation Bonds**

The Bond Fund's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The Bond Fund repays general obligation bonds from voter-approved property taxes which are collected by the County Treasurer and deposited into the Bond Interest and Redemption Fund, which is not included in this report.

On November 4, 2008, registered voters authorized the issuance of \$79,550,000 principal amount of general obligation bonds under Proposition V. On November 4, 2014, registered voters re-authorized \$31,000,000 principal amount of general obligation bonds under Measure L. Of the amounts authorized and allowed by law, the final \$13,100,000 under Measure L was issued August 5, 2021.

**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

Notes to the Financial Statements, Continued

June 30, 2023

General obligation bonds at June 30, 2023 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of</u>
2008 Election, Series A	04/23/09	3.00 - 6.03%	08/01/33	\$ 21,833,149
2008 Election, Series B	10/07/10	6.14 - 6.49%	08/01/50	12,982,209
2015 Refunding Bonds	06/09/15	2.00 - 4.00%	08/01/35	6,185,000
2016 Refunding Bonds	11/02/16	2.00 - 5.00%	08/01/33	17,815,000
2014 Election, Series B	11/15/18	4.00 - 5.75%	08/01/45	15,000,000
2014 Election, Series C	08/05/21	4.00%	08/01/41	13,100,000
Total				<u>\$ 86,915,358</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2008 Election, Series A					
Principal	\$ 1,783,149	\$ -	\$ -	\$ 1,783,149	\$ -
Premium	51,687	-	-	51,687	-
Accreted Interest	3,002,623	412,750	-	3,415,373	-
2008 Election, Series B					
Principal	10,690,031	-	-	10,690,031	-
Premium	278,929	-	-	278,929	-
Accreted Interest	11,119,770	1,420,460	-	12,540,230	-
2015 Refunding Bonds					
Principal	5,650,000	-	85,000	5,565,000	50,000
Discount	(73,406)	-	(1,104)	(72,302)	(650)
2016 Refunding Bonds					
Principal	16,445,000	-	690,000	15,755,000	895,000
Premium	1,788,856	-	75,057	1,713,799	97,356
2014 Election Series B					
Principal	13,015,000	-	-	13,015,000	60,000
Premium	830,683	-	-	830,683	3,830
2014 Election Series C					
Principal	10,900,000	-	220,000	10,680,000	195,000
Premium	2,061,017	-	41,599	2,019,418	36,871
Total	<u>\$ 77,543,339</u>	<u>\$ 1,833,210</u>	<u>\$ 1,110,552</u>	<u>\$ 78,265,997</u>	<u>\$ 1,337,407</u>

**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

Notes to the Financial Statements, Continued  
 June 30, 2023

The annual requirements to amortize the bonds outstanding at June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2024	1,200,000	1,806,794	-	\$ 3,006,794
2025	1,080,152	1,767,744	819,948	3,667,844
2026	1,184,216	1,745,469	995,784	3,925,469
2027	886,318	1,719,944	1,558,682	4,164,944
2028	922,463	1,690,944	1,787,537	4,400,944
2029-2033	18,500,000	6,573,523	-	25,073,523
2034-2038	14,641,025	3,321,002	12,848,975	30,811,002
2039-2043	11,192,143	1,528,950	17,421,455	30,142,548
20244-2048	5,998,520	227,300	19,349,534	25,575,354
2049-2053	1,883,343	-	20,619,946	22,503,289
Total	<u>\$ 57,488,180</u>	<u>\$ 20,381,670</u>	<u>\$ 75,401,861</u>	<u>\$ 153,271,711</u>

*Premium/Discount*

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Bond discount arises when the market rate of interest is lower than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and the discount decrease the face value of the bond. The premium and discount are then amortized over the life of the bond using the economic interest method.

Effective interest on general obligation bonds issued at a premium/discount are as follows:

	2008 Election Series A	2008 Election Series B	2015 Refunding
Total Interest Payments	\$ 23,929,697	\$ 79,073,622	\$ 3,328,219
Bond (Premium)/Discount	(846,769)	(338,737)	80,353
Net Interest Payments	<u>23,082,928</u>	<u>78,734,885</u>	<u>3,408,572</u>
PAR Amount of Bonds	21,833,149	12,982,209	6,185,000
Periods	21	38	20
Effective Interest Rate	5.03%	15.96%	2.76%
	2016 Refunding	2014 Election Series B	2014 Election Series C
Total Interest Payments	\$ 8,717,336	\$ 11,652,125	\$ 5,760,057
Bond (Premium)/Discount	(1,937,882)	(957,376)	(2,477,002)
Net Interest Payments	<u>6,779,454</u>	<u>10,694,749</u>	<u>3,283,055</u>
PAR Amount of Bonds	17,815,000	15,000,000	13,100,000
Periods	15	26	20
Effective Interest Rate	2.54%	2.74%	1.25%

**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

Notes to the Financial Statements, Continued  
June 30, 2023

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**I. Commitments and Contingencies**

1. 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 Bond Fund as of June 30, 2023.

2. Construction Commitments

As of June 30, 2023, the Bond Fund had the following construction project it was working on:

<u>Construction in Process:</u>	<u>Commitment</u>	<u>*Expected Date of Final Completion</u>
District Energy Savings Project	2,500,000	June 2024

\* Expected Date of final completion subject to change

**Lakeside Union School District**  
**Proposition V & Measure L Building Fund (21-39)**

Notes to the Financial Statements, Continued

June 30, 2023

**J. Upcoming Accounting Guidance**

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Fiscal Year Effective
GASB Statement 99, Omnibus 2022 (Portions related to financial guarantees and derivative instruments)	04/2022	2024-25
GASB Statement 100, Accounting Changes for Error Corrections	06/2022	2024-25
GASB Statement 101, Compensated Absences	06/2022	2024-25
GASB Implementation Guide 2021-1, Implementation Guidance Update - 2021 (Question 5.1)	05/2021	2024-25
GASB Implementation Guide 2023-1, Implementation Guidance Update - 2023	06/2023	2024-25

The effects of the upcoming guidance and pronouncements on the Bond Fund’s financial statements has not yet been determined.

## Other Independent Auditors' Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Citizens' Oversight Committee  
Lakeside Union School District  
Proposition V & Measure L Building Fund (21-39)  
Lakeside, 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 Lakeside Union School Bond Fund Proposition V & Measure L Building Fund (Bond Fund), which comprise the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lakeside Union School Bond Fund Proposition V & Measure L Building Fund's basic financial statements, and have issued our report thereon dated March 28, 2024.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lakeside Union School Bond Fund Proposition V & Measure L Building Fund'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lakeside Union School Bond Fund Proposition V & Measure L Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Lakeside Union School Bond Fund Proposition V & Measure L Building Fund'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 detected.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lakeside Union School Bond Fund Proposition V & Measure L Building Fund's financial statements 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 Bond Fund'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 Bond Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

El Cajon, California  
March 28, 2024



## Independent Auditor's Report on Performance

To the Citizens' Oversight Committee  
Lakeside Union School District  
Proposition V & Measure L Building Fund (21-39)  
Lakeside, California

We were engaged to conduct a performance audit of the Lakeside Union School District Proposition V & Measure L Building Fund (21-39), herein after referred to as the Bond Fund, for the year ended June 30, 2023.

### **Management's Responsibility for Performance Compliance**

Our audit was limited to the objectives listed with the report which includes 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. Management is responsible for the District's compliance with those requirements.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on performance based on our audit. We conducted this performance audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Appendix A of the 2022-23 Guide for Annual Audits of K-12 Local Education Agencies*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives.

In planning and performing our performance audit, we obtained an understanding of the District's internal controls over the Bond Fund and related construction projects in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, but not for the purpose of expressing an opinion on the effectiveness of the Bond Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Fund's internal control.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our findings and conclusions based upon the audit objectives.

## **Objectives, Scope, & Methodology of the Audit**

In connection with our performance audit, we performed an audit for compliance as required in the performance requirements set forth in Proposition V and Measure L as approved by registered voters for the fiscal year ended June 30, 2023. The objective of the audit of compliance applicable to the Bond Fund is to determine with reasonable assurance that:

- The proceeds from the sale of Proposition V and Measure L General Obligation Bonds were only used for the purposes set forth in the ballot measure and not for any other purpose, such as teacher and administrative salaries.
- The Governing Board of the Lakeside Union School District (District), in establishing approved projects set forth in the ballot measure to modernize, replace, renovate, construct, acquire, equip, furnish and otherwise improve facilities of the District as noted in the bond project list.

In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

### **Internal Control Evaluation**

#### Procedure Performed

Inquiries were made of management regarding internal controls to:

- Prevent fraud, waste, or abuse regarding project resources
- Prevent material misstatement in the project funds
- Ensure all expenditures are properly allocated
- Ensure adequate separation of duties exists in the accounting of project funds. All purchase requisitions are reviewed for proper supporting documentation. The Project Manager or appropriate District employee submits back up information to the business office to initiate a purchase requisition. The Project Manager, Superintendent, and Business Manager verifies that the requested purchase is an allowable project cost in accordance with the grant agreement.

#### Results of Procedure Performed

The results of our audit determined the internal control procedures as designed are sufficient to meet the financial and compliance objectives required by generally accepted accounting principles and applicable laws and regulations.

#### Procedure Performed

Tests of controls were performed based on identified controls from procedures above, utilizing samples of expenditures with a sample size sufficient for a high level of assurance, to determine if internal controls as designed are properly implemented and in place over the Bond Fund expenditures.

#### Results of Procedure Performed

The results of our audit determined that the internal controls as designed were properly implemented during the 2022-23 fiscal year.

## **Tests of Expenditures**

### Procedures Performed

We tested expenditures to determine whether Proposition V and Measure L proceeds were spent solely on voter and Board approved school facilities projects as set forth in the bond Projects List and language of the Proposition V and Measure L ballot measure language. Our testing was performed using a sample size sufficient to meet a high level of assurance.

### Results of Procedures Performed

Expenditures tested were found to be in compliance with the terms of the Proposition V and Measure L ballot measure as well as applicable state laws and regulations.

## **Tests of Contracts and Bid Procedures**

### Procedures Performed

We tested expenditures under Proposition V and Measure L to determine if the expenditure was part of a valid contract, that the contract was properly approved by the District's Governing Board, and that the contract was established in compliance with Public Contract Code provisions, including bid procedures. Our testing was performed using a sample size sufficient to meet a high level of assurance.

### Results of Procedures Performed

Expenditures tested were found to have valid contracts which were issued through proper approval of the District's Governing Board in compliance with Public Contract Code, including bid procedures.

## **Facilities Site Review**

### Procedures Performed

We reviewed the Independent Citizens' Oversight Committee minutes and agendas along with other pertinent information on Proposition V and Measure L designated projects to determine whether the funds expended for the year ended June 30, 2023 were for valid facilities acquisition and construction purposes as stated in the Bond Project List. Additionally, we reviewed photographs of significant bond projects to determine projects were being completed as identified in the Bond Project List.

### Results of Procedures Performed

Based on review of the minutes and agenda of the Independent Citizens' Oversight Committee, expenditure documentation, review of project photographs, and other pertinent information provided, it appears the construction work performed was consistent with the Bond Project List as well as the allowable projects as identified in Proposition V and Measure L ballot measures.

## **Citizens' Oversight Committee**

### Procedures Performed

We reviewed the minutes of the Citizens' Oversight Committee meetings to verify compliance with Education Code Section 15278 which requires the Citizens' Oversight Committee to:

- Actively review and report on the proper expenditure of taxpayers' money for school construction.
- Advise the public as to whether the District is in compliance with paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.
- Ensure that bond revenues are expended only for purposes described in paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.
- Ensure that no funds are used for any teacher or administrative salaries or other school operating expenses.

Additionally, Education Code Section 15278 authorizes the Citizens' Oversight Committee to:

- Receive and review copies of the annual, independent performance audit.
- Inspect school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements described in paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.
- Receive and review copies of any deferred maintenance proposals or plans developed by the District.
- Review efforts by the District to maximize bond revenues by implementing cost saving measures.

### Results of Procedures Performed

In our review of the minutes of the Citizens' Oversight Committee we determined that, during the fiscal year ended June 30, 2023 the Committee fulfilled all required responsibilities identified in Education Code Section 15278 and additionally performed other authorized activities as identified in Education Code Section 15278.

### Procedure Performed

We reviewed composition of the Citizens' Oversight Committee to verify compliance with Education Code Section 15282 which requires the following:

- The Citizen's Oversight Committee shall consist of at least seven members who shall serve for a minimum term of two years without compensation and for no more than three consecutive terms.
- One member shall be active in a business organization representing the business community located within the school district boundaries.
- One member shall be active in a senior citizens' organization.
- One member shall be active in a bona fide taxpayers' organization.
- One member shall be the parent or guardian of a child enrolled in the school district.
- One member shall be both a parent or guardian of a child enrolled in the school district and active in a parent-teacher organization.
- An employee or official of the school district shall not be appointed to the citizens' oversight committee.
- A vendor, contractor, or consultant of the school district shall not be appointed to the citizens' oversight committee.

### Results of Procedures Performed

In our review of the Citizens' Oversight Committee composition for the fiscal year ended June 30, 2023 we determined that the Committee was in compliance with Education Code Section 15282.

### **Opinion on Performance**

The results of our tests indicated that the District has complied with the requirements set forth in Proposition V, approved by voters on November 4, 2008, and Measure L, approved by voters on November 4, 2014, in accordance with Proposition 39 as outlined in Article XIII A, Section 1(b)(3)(c) of the California Constitution.

### **Purpose of the Report**

This report is intended solely for the information and use of the District's Governing Board, the Proposition V and Measure L Citizens' Oversight Committee, management, and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

El Cajon, California  
March 28, 2024

## Auditor's Results, Findings & Recommendations

**Lakeside Union School Bond Fund  
 Proposition V & Measure L Building Fund (21-39)**

Schedule of Auditor's Results  
 Year Ended June 30, 2023

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
One or more material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	_____ Yes	_____ <u>X</u> No
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

**PERFORMANCE AUDIT**

Any audit findings disclosed that are required to be reported in accordance with <i>2022-23 Guide for Annual Audits      of California K-12 Local Education Agencies</i> or Proposition 39?	_____ Yes	_____ <u>X</u> No
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# Lakeside Union School Bond Fund Proposition V & Measure L Building Fund

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements or performance audit that are required to be reported in accordance with *Government Auditing Standards*, or *Appendix A of the 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**A. Financial Statement Findings**

None

**B. Performance Audit Findings**

None



**Lakeside Union School Bond Fund  
Proposition V & Measure L Building Fund (21-39)**

Schedule of Prior Year Audit Findings  
Year Ended June 30, 2023

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Finding/Recommendation	Status	Explanation if Not Implemented
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There were no audit findings reported in the prior year audit.

# Consolidated Budget Status Report

As of Date: March 14, 2024

Project Name	Budget		Commitments		Expenditures		Balance +/-
	Total Budget	% Budget Committed	Total Commitments	% Budget Committed	Total Expenditures	% Budget Spent	
746-Lakeside Farms - LF Modernization	3,720,000	85.21%	3,169,944.00	85.21%	3,320,121.29	89.25%	399,878.71
748-Lindo Park - LP Multipurpose Improvements	4,264,320	95.08%	4,054,378.93	95.08%	4,030,872.77	94.53%	233,447.23
749-Tierra Del Sol - TDS Gym Modernization	7,025,000	104.28%	7,325,972.62	104.28%	7,236,841.46	103.02%	(211,841.46)
751-Central Kitchen Remodel	595,253	100.00%	595,253.03	100.00%	595,253.03	100.00%	-0.03
754-Tierra Del Sol - TDS MPR Modernization	2,135,063	114.49%	2,444,411.42	114.49%	2,316,143.22	108.48%	(181,080.22)
755-Modernization and Energy Savings Program	5,000,000	100.00%	5,000,000.00	100.00%	5,884,714.07	117.69%	(884,714.07)
736 - Bond Management	800,000	94.58%	756,604.00	94.58%	776,899.50	97.11%	23,100.50
760-Contingency/Unallocated	190,829	0.00%	0.00	0.00%	0.00	0.00%	190,829.00
<b>Total</b>	<b>23,730,465</b>	<b>98.38%</b>	<b>23,346,564.00</b>	<b>98.38%</b>	<b>24,160,845.34</b>	<b>101.81%</b>	<b>(430,380.34)</b>

Multi Year Fund Balance, Revenues, Expenditures											
	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	as of Mar 14
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Year
Beginning Fund Balance	4,369,633.25	3,164,424.45	983,712.80	699,019.11	598,931.63	14,686,735.48	11,987,414.91	5,152,010.15	4,980,255.67	1,101,263.35	Year
Audit Adj											2023-24
Adjusted Balance											1,101,263.35
Revenues	9,093,926.48	9,427.69	19,787,352.03	9,925.43	15,501,635.09	268,740.11	122,037.26	13,176,896.61	271,113.16	233,454.00	*
Expenditures	10,299,135.28	2,190,139.34	20,072,045.72	110,012.91	1,413,831.24	2,968,060.68	6,957,442.02	13,348,651.09	3,934,908.48	900,446.03	
Plus/Minus R & E	-1,205,208.80	-2,180,711.65	-284,693.69	-100,087.48	14,087,803.85	-2,699,320.57	-6,835,404.76	-171,754.48	-3,663,795.32	434,271.32	
Ending Fund Balance	3,164,424.45	983,712.80	699,019.11	598,931.63	14,686,735.48	11,987,414.91	5,152,010.15	4,980,255.67	1,101,263.35		

\*\$200,000 contribution from General Fund



# School Bond Transparency in San Diego County

November 2023

## OVERVIEW AND INTENT

Since its establishment in 1945, the San Diego County Taxpayers Association has been a nonpartisan association of individuals, businesses, and organizations who promote effective and efficient government on behalf of all San Diego County taxpayers. One of the ways SDCTA has worked to accomplish this longtime goal has been through conducting research and delivering opinions on issues relevant to taxpayers, including the transparency of public institutions that are funded by taxpayer dollars. Taxpayers should be able to easily determine whether school district officials have carried out their promises to effectively use funds to construct new buildings and upgrade facilities.

Schools should be as transparent as possible with their bond program information and how they are allocating funds, so the purpose of this report is to evaluate whether San Diego schools with active bond programs are meeting the standards of transparency. This report is the most recent update of the San Diego Taxpayers Educational Foundation's (SDTEF) 2007 study, which created SDCTA's "Oversight Committee Best Practices," last amended in May 2019, to appraise the transparency of schools' Independent Citizen Oversight Committees (ICOCs). **It should be noted that the scope of this study evaluates only the transparency and not the quality of bond programs, measuring the public existence of information needed for taxpayers to assess the overall performance of school bond programs.** We do not evaluate the accountability of schools' bond programs, and whether they are honestly listing their spending. We can only evaluate the extent to which they make their bond materials publicly available. The Transparency Report Card does not comment on the quality of material available or ease of access. Our recommendations at the end of this report, however, suggest how to improve these aspects of a district's bond program.

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Like last year, SDCTA continued to involve the taxpayer representatives from each district's ICOC in the review of transparency. Doing so further empowered our representatives on these ICOCs and created opportunities for them to assess their respective districts. Having these specific ICOC members, a group of dedicated individuals who are well-immersed and experienced in the topic of school bond transparency, contribute to the information collection and grading process only enhances the integrity of the report card.

As for the grades, there was an upward trend of scores compared to last year. Of the 26 districts evaluated, the average transparency grade was 86%, a 4 point increase from last year's 82%. However, this number has been skewed by the lowest two grades. After removing the bottom two, the average for the remaining 24 is 90%.

## FINDINGS

[\*\*CLICK HERE TO VIEW COMPLETED SCORECARD\*\*](#)

Each district was graded on a 28 point rubric, which can be found at the end of this report card. There have been no changes to this rubric in the last year. Below are the grades of each district for the 2023 School Bond Transparency Report Card:

- F Borrego Springs Unified School District
- A- Cajon Valley Union School District
- B+ Carlsbad Union School District
- A+ Chula Vista Elementary School District
- A- Del Mar Union School District
- B Escondido Union School District
- C+ Fallbrook Union High School District
- A+ Grossmont Union High School District
- A+ Grossmont-Cuyamaca Community College District
- A La Mesa-Spring Valley School District
- A Lakeside Union School District
- D Lemon Grove School District
- A+ MiraCosta Community College District
- F Mountain Empire Unified School District

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- A- Oceanside Unified School District
- B+ Palomar Community College District
- B+ Solana Beach School District
- B South Bay Union School District
- A- San Diego Community College District
- A San Dieguito Union High School District
- A+ San Diego Unified School District
- B Santee School District
- D Sweetwater Union High School District
- A Southwestern Community College District
- A+ San Ysidro School District
- A- Vista Unified School District

SDCTA frequently communicates with school districts about their ICOC websites, pointing out missing information and reminding them to update their pages. Upon completion of the grading, SDCTA sent each district a copy of the rubric containing their grade to offer them the opportunity to provide any justification or possible correction to a markdown. Districts were given one week to respond before grades were finalized. The purpose of granting this opportunity was to ensure that the grades SDCTA releases are truly accurate to each district's transparency. However, points were not awarded back to changes made by the district only after SDCTA contacted them. Doing so would have gone against the overall spirit of the report card, which is to assess a district's transparency over the course of the year, not just the week before it is released. The SDCTA values day-to-day business practices that reflect an authentic intent to be transparent with the taxpaying public, and so last minute changes by districts did not result in regrading.

## RECOMMENDATIONS

**Recommendation #1 for School Districts: Review SDCTA Standards on Performance Audits and pass a resolution requiring specific elements of oversight during the performance auditing process.**



A performance audit's aim should not be to evaluate financial compliance with law. Instead, a performance audit should aim to increase accountability in the actual construction process.

The two criteria below contain the details of what SDCTA is looking for from districts in relation to their performance audits.

**(1) Performance Audits meet SDCTA Standards:** Performance audits are in line with SDCTA's [Oversight Committee Best Practices](#) requirements (see highlighted text starting on page four of document).

The performance audit scope should align with the construction progress to measure the effectiveness of the bond program. In order to assist the oversight committee, SDCTA proposes the scope of work for the Performance Audit must include a review of at least the following:

- Current Bond Program Management Program/Plan
- Construction Project Delivery Methods and Performance Analysis
- Review of Project Budgets and Program Performance and Forecasting
- Evaluation of Overall Transparency of Bond Program

**(2) Did the district pass a resolution on Performance Audits?** Did the oversight committee pass a resolution requiring the following elements of the Performance and/or the Financial Audit:

- That the District conduct a Performance Audit that considers the appropriate scope and ways to improve Program effectiveness and efficiency;
- That a member of the oversight committee is involved in the auditor selection process and in the development of the audit's scope of work; and
- That the oversight committee review the Performance and Financial Audits before they are presented to the Board.

### **Recommendation #2 for School Districts: Practice transparency when disclosing which projects are being funded**

Taxpayers deserve to know what projects their money is being spent on. It is vital that school districts not only list and describe on their websites which projects they are funding, but that they itemize their expenditures by project site. We observed that many school districts highlight a few





projects on their website but do not provide an exhaustive list. The projects highlighted are generally on or ahead of schedule. School districts should be transparent about which projects are included in their bonds, the expenditures on those projects, and the progress of the projects.

**Recommendation #3 for School Districts: Adjust oversight committees’ websites for easier navigation and useability.**

Simply including all of the recommended information such as financial audits and meeting minutes does not guarantee transparency. Instead, an ideal ICOC website would organize these files by type and date in separate links, so that any interested party could easily find the information available. All files are important, but they are often not easy to differentiate between, especially when uploaded with a nondescript file name. Additionally, reducing the amount of clicks it takes to reach any given page or document on the ICOC website is strongly recommended.

**RUBRIC/LIST OF CRITERIA**

**School Bond Transparency Rubric for the 2023 Report Card**

On the District’s ICOC Website	
<b>1. Committee Bylaws</b>	A link to the committee bylaws is available on the ICOC website.
<b>2. Member Information</b>	A list of the names of all ICOC members is available on the ICOC website.
<b>3. Meeting Agendas and Minutes</b>	Links to the most up-to-date meeting minutes and agendas are available on the ICOC websites.
<b>4. Additional Meeting Materials</b>	Links to attachments, appendices, presentations, and other additional materials for every ICOC meeting are available on the ICOC website.
<b>5. Annual Reports</b>	A link to the Annual Reports is available on the ICOC website.
<b>6. Performance Audits</b>	A link to separate Performance Audits is available on the ICOC website, or under a separate heading within the Financial Audits.
<b>7. Financial Audits</b>	A link to the Financial Audit is available on the ICOC website.





<b>8. Project List</b>	All projects currently being funded by the bond are listed on the ICOC website.
<b>9. Project Descriptions</b>	A brief written description of each project can be found on the ICOC website.
<b>10. Project Progress</b>	The current status and plan of action for each project can be found on the ICOC website.
<b>11. Bond Background</b>	A brief description of the bond, for what it is intended, when it was passed, and its amount can be found on the ICOC website.
<b>12. Contact Information</b>	The school district phone number and an email address of the ICOC point of contact is listed on the ICOC website.
<b>13. Vacancies listed</b>	Any committee vacancies, expected vacancies, or lack of vacancies are listed on the ICOC website.
<b>14. Number of Vacancies</b>	The number of current ICOC committee vacancies is listed on the ICOC website. While this is not a scored criterion, SDCTA recommends having no vacancies when possible.
<b>15. 2022 Annual Report Available</b>	The 2022 Annual Report is available on the ICOC website.
<b>16. 2022 Audit Available</b>	The 2022 Audit is available on the ICOC website.

<b>On the 2022 Annual Report and/or Audits</b>	
<b>17. Budget Overview</b>	A breakdown of how the budget was allocated for the past year is found in the annual report or audit.
<b>18. Program Status Updates</b>	An explanation of the current status of the bond program is found in the annual report or audit.
<b>19. Detailed Discussion of Projects</b>	A detailed discussion about what was accomplished in the past year and future plans for bond projects are found in the annual report
<b>20. Basic Financial Information</b>	Basic financial information can be found in the audit in accordance with general auditing standards.
<b>21. Expenditures Itemized by Project/Site</b>	All expenditures are itemized by project within the Financial Audit.





<b>22. Prop 39 Required Audit Findings</b>	Audits fulfill the requirements set forth by Proposition 39.
<b>23. Additional Recommendations</b>	There is a separate heading within the Audit called “Additional Recommendations,” or a clear list of recommendations by the Auditor is easily found within the Audit.
<b>24. Detailed ICOC Member Information</b>	Section includes member names and positions, as well as contact information for at least one member.
<b>25. Project Progress Report</b>	The current status of all projects, further work that needs to be completed, and a general timeline for expected completion can be found in the annual report or audit.
<b>26. Audits Performed by Third Party</b>	Audits are performed by an independent auditor in accordance with the law.
<b>27. Performance Audits meet SDCTA Standards</b>	Performance audits are in line with SDCTA’s recommendations found on the <a href="#">Oversight Committee Best Practices</a> document (starts on page 4, text highlighted in yellow).
<b>28. Did the District pass a resolution on Performance Audits?</b>	<p>Did the District pass a resolution requiring the following elements of the Performance and/or the Financial Audit:</p> <p>(A) That the District conduct a Performance Audit that considers the appropriate scope and ways to improve Program effectiveness and efficiency;</p> <p>(B) That a member of the oversight committee is involved in the auditor selection process and in the development of the audit’s scope of work; and</p> <p>(C) That the oversight committee reviews the Performance and Financial Audits before they are presented to the Board?</p>

Final score is out of 27 (#14 is unscored)