

**MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
COUNTY OF MARIPOSA
MARIPOSA, CALIFORNIA
BUILDING FUND (MEASURE L)
FINANCIAL AND
PERFORMANCE AUDIT**

June 30, 2022

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
MARIPOSA COUNTY
MARIPOSA, CALIFORNIA

June 30, 2022

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Kathy Chappell	President	December 2022
Steve Bacus	Vice President	December 2024
Judy Eppler	President Pro-Tempore	December 2022
Bob Collins	Member	December 2024
Jennifer Kiser	Member	December 2024

ADMINISTRATION

Jeff Aranguena Superintendent
Kierstin Wight Chief Business Officer

CITIZENS' OVERSIGHT COMMITTEE

<u>Name</u>	<u>Office</u>
Kris Castro	Chair
Jill Harry	Vice Chair
Bob Morse	Member
John Stewart	Member
Michael King	Member
Sue Overstreet	Member

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FINANCIAL AUDIT



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and the
Citizens' Bond Oversight Committee
Mariposa County Unified School District

Opinion

We have audited the accompanying financial statements of the Building Fund (Measure L) of Mariposa County Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measure L) of the Mariposa County Unified School District, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are required to be independent of Mariposa County Unified 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund specific to Measure L and do not purport to, and do not present fairly the financial position of Mariposa County Unified School District, as of June 30, 2022, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mariposa County Unified 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.

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.

Supplementary Information

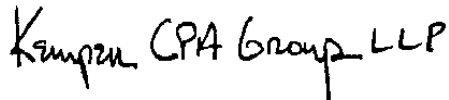
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Building Fund (Measure L) of Mariposa County Unified School District. The accompanying Reconciliation of Annual Financial Report with Audited Building Fund (Measure L) is presented for purposes of additional analysis and is not a required part of the Building Fund financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying account and other records used to prepare the Building Fund financial statements. The information has been subjected to the auditing procedures applied in the audit of the Building Fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Building Fund financial statements or to the Building Fund. Financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Annual Financial Report with Audited Building Fund (Measure L) is fairly stated, in all material respects, in relation to the Building Fund financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters specific to the Measure L Bond Building Fund. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Measure L Bond Building Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance for the Measure L General Obligation Bond activity.

Report of Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have issued our performance audit dated February 2, 2023, on our consideration of the District's compliance with the requirements of Proposition 39 as it directly relates to the Measure L Bond Building Fund. That report is an integral part of our audit of the Measure L Bond Building Fund of Mariposa County Unified School District, as of and for the year ended June 30, 2022, and should be considered in assessing the results of our financial audit.



KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants
Merced, California
February 2, 2023

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
 BUILDING FUND (MEASURE L)
 BALANCE SHEET
JUNE 30, 2022

	<u>Building Fund</u>
<u>Assets</u>	
Cash in county treasury	\$ 8,385,733
Accounts receivable	<u>79,138</u>
Total assets	<u><u>\$ 8,464,871</u></u>
 <u>Liabilities and fund balance</u>	
Liabilities:	
Accounts payable	<u>\$ 906,835</u>
Total liabilities	<u>906,835</u>
Fund balance:	
Assigned - new construction and modernization	<u>7,558,036</u>
Total fund balance	<u>7,558,036</u>
Total liabilities and fund balance	<u><u>\$ 8,464,871</u></u>

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

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE L)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Revenues:	
Other local revenues	\$ 79,138
Net decrease in the fair value of investments	(299,065)
Total revenues	<u>(219,927)</u>
Expenditures:	
Facility acquisition and construction:	
Capital outlay	4,060,879
Services and other operating expenditures	374,428
Total expenditures	<u>4,435,307</u>
Deficit of revenues and other financing sources over expenditures	(4,655,234)
Fund balances, July 1, 2021	<u>12,213,270</u>
Fund balances, June 30, 2022	<u>\$ 7,558,036</u>

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

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE L)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Mariposa County Unified School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practice within California School Districts. The District accounts for its financial transactions in accordance with policies and procedures of the California Department of Education's *California School Accounting Manual*. The activities of the Measure L Bond are recorded in the District's Building Fund. The accounting policies of the Building Fund conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. Financial Reporting Entity

On November 8, 2016, the District voters authorized \$24.0 million in General Obligation Bonds (Measure "L") for the purpose of financing the modernization and construction of school facilities within the District. The measure required a minimum 55% majority vote for passage. In response, an advisory committee to the District's Governing Board as Superintendent, the Citizens' Bond oversight Committee, was established. The committee's oversight goals include ensuring compliance with conditions of Measure "L".

The financial statements include the activity and balances of the Measure L General Obligations Bond only. The activities of the Measure L General Obligation Bond are recorded in the District's Building Fund (Fund 21). These financial statements are not intended to present fairly the financial position and results of operations on the District in compliance with accounting principles generally accepted in the United States of America.

B. Fund Accounting

The operations of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise the assets, liabilities, fund balance, revenues and expenditures. Resources are allocated for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

C. Basis of Accounting

The Building Fund is a governmental fund reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred except for principal and interest on general long-term debt and claims and judgments which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

D. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

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

Formal budgetary integration was employed 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. Expenditures cannot legally exceed appropriations by major object account.

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE L)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Encumbrances

Encumbrance accounting is used in all budgeted funds 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. All encumbrances are liquidated as of June 30.

F. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

Cash in County Treasury

In accordance with *Education Code* Section 41001, the District maintains all of its cash from the bond proceeds in the Mariposa County Treasury as part of the common investment pool. The pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE L)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

Because the District's deposits are maintained in a recognized pooled investment funds under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2022, the County treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rate. As of the year end, the weighted average maturity of the investments contained in the County Treasury investment pool was approximately twelve months.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. The County of Mariposa issues a financial report that includes custodial credit risk disclosures for the Cash in County Treasury. The report may be obtained by writing to Mariposa County Treasurer, 4982 10th Street, Mariposa, California 95338.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

CONSTRUCTION COMMITMENTS

As of June 30, the District had a construction commitment with TBS Contractors for the Woodland campus upgrades. The total contract is \$1,670,332 with \$1,379,042 remaining at June 30, 2022.

As of June 30, the District had a construction commitment with TBS Contractors for the El Portal playground replacement and sidewalk projects. The total contract is \$375,258 with \$243,451 remaining at June 30, 2022.

As of June 30, the District had a construction commitment with TBS Contractors for the Don Pedro Elementary School Campus upgrades. The total contract is \$1,016,762 with \$845,432 remaining at June 30, 2022.

As of June 30, the District had a construction commitment with Bockman & Woody Electric Co for the Mariposa County High School electrical service replacement project. The total contract is \$387,590 with \$262,416 remaining at June 30, 2022.

As of June 30, the District had a construction commitment with Ardent General Inc. for the Mariposa County High School new classroom building. The total contract is \$4,026,279 with \$267,761 remaining at June 30, 2022.

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 pending litigation is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE L)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – MEASURE L GENERAL OBLIGATION BONDS

On November 8, 2016, voters in Mariposa approved the issuance of general obligation bonds not to exceed \$24,000,000 with interest rates ranging from 3% to 4%. The bonds were issued to improve the quality of education; increase student access to computers and modern technology; replace outdated heating, ventilation, and air-conditioning systems; modernize/renovate or construct classrooms, restrooms and school facilities; replace portable classrooms; and make health and safety improvements, with funding that cannot be taken by the state. The outstanding general obligation bonded debt is as follows:

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date (August 1)</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2021</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2022</u>
2018	3.00%-4.00%	2047	\$ 8,500,000	\$ 7,360,000	\$ -	\$ 200,000	\$ 7,160,000
2019	2.50%-4.00%	2047	9,500,000	9,275,000	-	-	9,275,000
2021	4.00%	2047	6,000,000	5,250,000	-	-	5,250,000
			<u>\$24,000,000</u>	<u>\$21,885,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 21,685,000</u>

The requirements to amortize outstanding general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 225,000	\$ 919,326	\$ 1,144,326
2024	150,000	911,825	1,061,825
2025	190,000	905,024	1,095,024
2026	235,000	896,524	1,131,524
2027	280,000	886,224	1,166,224
2028-2032	2,155,000	4,209,630	6,364,630
2033-2037	3,730,000	3,622,612	7,352,612
2038-2042	5,930,000	2,565,925	8,495,925
2043-2047	8,790,000	942,775	9,732,775
Total	<u>\$ 21,685,000</u>	<u>\$15,859,865</u>	<u>\$ 37,544,865</u>

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 2, 2023, the date these financial statements have been made available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE L)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – OVERSIGHT COMMITTEE

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

Education Code Section 15282(a) states that the COC must consist of at least seven members and must be comprised of the following members: one member shall be active in a business organization representing the business community located within the district, one member shall be active in a senior citizen's organization, one member shall be active in a bona fide taxpayer's organization, one member shall be the parent or guardian of a child enrolled in the district, and one member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization, such as the Parent Teacher Association or schoolsite council.

SUPPLEMENTARY INFORMATION

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE L)

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED
BUILDING FUND (MEASURE L)
JUNE 30, 2022

June 30, 2022 Annual Financial and Budget Report Fund Balance	\$ 7,777,963
Reclassifications:	
Increasing (decreasing) Fund Balances	
Fair Value Adjustment to Cash in County Treasury	(299,065)
Interest	<u>79,138</u>
Total	<u>(219,927)</u>
June 30, 2022 Audited Financial Statement Fund Balance	<u>\$ 7,558,036</u>

This schedule provides the information necessary to reconcile the fund balance of the Building Fund (Measure L) reported on the Unaudited Actual Financial Report to the audited financial statements.

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 Board of Trustees and the
Citizens' Bond Oversight Committee
Mariposa County Unified School District

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 of Mariposa County Unified School District's Building Fund (Measure L), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Mariposa County Unified School District's Building Fund (Measure L) basic financial statements, and have issued our report thereon dated February 2, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the Building Fund (Measure L) , we considered Mariposa County Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements of the Building Fund (Measure L), but not for the purpose of expressing an opinion on the effectiveness of Mariposa County Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mariposa County Unified School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

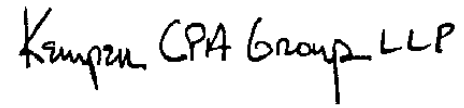
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mariposa County Unified School District's Building Fund specific to Measure L 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 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.

Handwritten signature of Kemper CPA Group LLP in black ink.

Kemper CPA Group LLP
Certified Public Accountants and Consultants
Merced, California
February 2, 2023

FINDINGS AND RECOMMENDATIONS SECTION

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
BUILDING FUND (MEASURE L)
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Financial Statement Findings

There are no financial statement findings or responses for the fiscal year ended June 30, 2022.

Prior Year Financial Statement Findings

There are no financial statement audit findings for the fiscal year ended June 30, 2021.

PERFORMANCE AUDIT



INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

To the Board of Trustees and the
Citizens Bond Oversight Committee
Mariposa County Unified School District

Report on Performance

We have audited Mariposa County Unified School District compliance with the performance audit procedures described in *2021-22 Guide of Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, Appendix A, prescribed in *Title 5, California Code of Regulations*, section 19810, that could have a direct and material effect on Mariposa County Unified School District's Building Fund Measure L for the year ended June 30, 2022, as identified below.

Management's Responsibility

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

Auditor Responsibility

Our responsibility is to express an opinion on compliance of Mariposa County Unified School District's Building Fund Measure L based on our performance audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, Appendix A, published by the Education Audit Appeals Panel*, prescribed in *Title 5, California Code of Regulations*, section 19810. Those standards require that we plan and perform the performance audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. An audit includes examining, on a test basis, evidence about Mariposa County Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Performance

In our opinion, Mariposa County Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the Building Fund Measure L noted below for the year ended June 30, 2022.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants
Merced, California
February 2, 2023

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT
JUNE 30, 2022

Authority for Issuance

The general obligation bonds associated with Measure L were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The bonds are authorized by a resolution adopted by the Board of Trustees on June 16, 2016.

The District received authorization from an election held on November 8, 2016 to issue bonds of the District in an aggregate principal amount not to exceed \$24,000,000 to finance school facilities projects as specified in the measure approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2016 Authorization).

The District issued Series A bonds on March 16, 2017 in the amount of \$8,500,000, Series B bonds on November 8, 2018 in the amount of \$9,500,000 and Series C Bonds on August 1, 2020 in the amount of \$6,000,000.

Purpose of Issuance

The general obligation bond funds of the District would be used to improve the quality of education; repair/replace leaky roofs; upgrade deteriorating plumbing and sewer systems; update inadequate electrical systems; replace outdated heating and air-conditioning systems; and modernize, construct and/or renovate classrooms, restrooms and school facilities with funding that cannot be taken by the State.

Authority for the Audit

On November 7, 2000 California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, “for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities”, upon approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education code sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article AIIIA, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizen’s oversight committee.
4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
PERFORMANCE AUDIT
JUNE 30, 2022

Objective of the Audit

1. Determine whether expenditures charges to the Building Fund have been made in accordance with the bond project list approved by voters through the approval of Measure L.
2. Determine whether salary transactions, if any, charged to the Building Fund were in support of Measure L and not for District general administration or operations.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2021 to June 30, 2022. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than the proceeds of the bonds were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2022 were not reviewed or included within the score of our audit or in this report.

Procedures Performed

We obtained the general ledger reports prepared by the District for the fiscal year ended June 30, 2022 for the Building Fund (Measure L). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure L as to the approved bond projects list. We performed the following procedures: Selected a sample of expenditures for the period starting July 1, 2021 and ending June 30, 2022, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text. Qualified expenditures include: Repair or replace leaky roofs; upgrade deteriorating plumbing and sewer systems; update inadequate electrical systems; replace outdated heating, ventilation and cooling systems; make health, safety and handicapped accessibility improvements; improve student access to computers and modern technology; improve energy-efficiency throughout the District; modernize, construct and/or renovate classrooms, restrooms and school facilities; renovate playfields for school and community use; replace existing wiring systems to meet current electrical and accessibility codes and increased capacity; Federal and State-mandated Americans with Disabilities Act (ADA) accessibility upgrades including site access, parking, staff and student restrooms, relocation of some existing electrical devices, drinking fountains, playground equipment, etc.; improve/construct/upgrade P.E. fields and facilities for school and community use; increase student safety by improving drop-off and pick-up areas; upgrade school site parking, utilities and grounds; Federal and State-mandated Occupational Safety & Health Administration (OSHA) safety upgrades including playground equipment replacement; abate and remove hazardous materials identified prior to or during construction; repair, replace and/or upgrade paved surfaces, turf, and other grounds to eliminate safety hazards and improve outside instructional areas, as per bond language.

1. Our sample included transactions totaling \$3,668,669 which represents 82.72% of the total expenditures of \$4,436,307.
2. We verified that funds from the Building Fund (Measure L) were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

Conclusion

The results of our tests indicated that, in all significant respects, Mariposa County Unified School District expended Measure L General Obligation Bond funds for the year ended June 30, 2022 only for the specific projects developed by the District's Governing Board, and approved by the voters, in accordance with the requirements of the published election materials specifying the intended use of Measure L General Obligation Bond proceeds. In addition, the results of our tests indicated that, in all significant respects, Mariposa County Unified School District did not expend any Measure L General Obligation Bond funds on salaries for the year ended June 30, 2022, in accordance with the requirements of the published election materials specifying the intended use of Measure L General Obligation Bond proceeds

FINDINGS AND RECOMMENDATIONS SECTION

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF PERFORMANCE AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Performance Audit Findings

There are no performance audit findings or responses for the fiscal year ended June 30, 2022

Prior Year Performance Audit Findings

There are no performance audit findings for the fiscal year ended June 30, 2021.