

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
COUNTY OF FRESNO
FRESNO, CALIFORNIA**

**PROPOSITION 39/MEASURE D BOND BUILDING FUND
FINANCIAL AUDIT REPORT**

JUNE 30, 2024

**BORCHARDT, CORONA, FAETH & ZAKARIAN
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**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
FINANCIAL AUDIT REPORT
YEAR ENDED JUNE 30, 2024**

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Independent Auditor's Report

The Board of Trustees
Orange Center Elementary School District
Fresno, California

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Orange Center Elementary School District as of and for the fiscal year ended June 30, 2024, and have issued our report thereon December 12, 2024. We have also audited the accompanying financial statements for the Proposition 39/Measure D Bond Building Fund (Bond Building Fund) of Orange Center Elementary School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition 39/Measure D Bond Building Fund of Orange Center Elementary School District as of June 30, 2024, and the respective changes in financial position, 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note A3, the financial statements present only the Bond Building Fund of Orange Center Elementary School District and do not purport to, and do not, present fairly the financial position of Orange Center Elementary School District as of June 30, 2024, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Orange Center Elementary School District's Proposition 39/Measure D Bond Building Funds basic financial statements. The other supplementary information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information schedules listed in the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2025, on our consideration of the Proposition 39/Measure D Bond Building Fund of Orange Center Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Proposition 39/Measure D Bond Building Fund of Orange Center Elementary School District's internal control over financial reporting and compliance.

*Borchardt, Corona, Faeth
& Gakavian*

Financial Section

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
BALANCE SHEET
YEAR ENDED JUNE 30, 2024**

ASSETS:

Cash in County Treasury	\$ 4,707,127
Accounts Receivable	<u>34,460</u>

TOTAL ASSETS

\$ 4,741,587

LIABILITIES AND FUND BALANCE:

Fund Balance:

Restricted	<u>4,741,587</u>
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TOTAL LIABILITIES AND FUND BALANCE

\$ 4,741,587

See the accompanying notes to the financial statements.

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024**

Revenues:	
Proceeds From Sale of Bonds	\$ 5,000,000
Interest	<u>117,801</u>
Total Revenues	<u>5,117,801</u>
Expenditures:	
Services and Other Operating Expenditures	363,614
Capital Outlay	<u>12,600</u>
Total Expenditures	<u>376,214</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,741,587
Fund Balance, July 1	<u>-</u>
Fund Balance, June 30	<u><u>\$ 4,741,587</u></u>

See the accompanying notes to the financial statements.

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

A. Summary of Significant Accounting Policies

1. The Program

Proposition 39, enacted by the voters on November 7, 2000, and amended the required majority for local voter approval of public school and community college general obligation bonds from two-thirds to fifty-five percent of votes. It also required school District to provide facilities to charter schools operating within their jurisdictions.

During the November 8, 2022, election, voters approved the issuance of \$6 million bonds by the Orange Center Elementary School District, at legal interest rates, to be expended on the modernization, renovation, expansion, acquisition, construction/reconstruction, rehabilitation, and/or replacement of school facilities of the Orange Center Elementary School District, including the furnishing and equipping of such school facilities. The bond measure also called for the District to appoint a citizens' oversight committee and perform financial and performance audits.

2. Citizens' Oversight Committee

Duties of the committee include ensuring that bond revenues are expended only for construction, modernization, repair, equipping and improvements to school facilities. The committee must also ensure that no funds are used for any teacher or administrative salaries or other school operation expenses.

Furthermore, the committee is authorized to receive, and review copies of the annual independent performance audit and the annual independent financial audit required by Article XIII A, Section 1 (b)(3)(C) and Article XIII A, Section 1(b)(3)(D), respectively, of the California Constitution.

3. Financial Reporting Entity

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants. These financial statements are comprised solely of the Proposition 39/Measure D Bond Building Fund (Bond Building Fund) and do not purport to present the financial statements of Orange Center Elementary School District.

4. Fund Structure

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

5. Basis of Accounting

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

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

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

6. Budget

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual includes a column entitled "Budget". The amounts in this column represent the budget adopted by the Board and all amendments throughout the year.

7. Deposits and Investments

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Fresno County Treasury. The County pools these funds with those of other entities 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 Section 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 Fresno County Treasury was not available.

8. Capital Assets and Long-Term Debt

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

9. Fund Balance

As of June 30, 2024, the fund balance of Measure D General Obligation Bonds were classified as follows:

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

10. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

B. Cash and Investments

Summary of Cash and Investments

Cash and investments as of June 30, 2024 consist of the following:

Total Deposits with County Treasury	<u>\$ 4,707,127</u>
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**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Fresno County Treasury as part of the common investment pool (the District's portion was \$4,707,127 as of June 30, 2024). The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's portion of this pool as of June 30, 2024, as provided by the pool sponsor, was \$4,564,442. Assumptions made in determining the fair value of the District's pooled investment portfolios are available from the County Treasurer. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest 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 amount recorded on these financial statements is the balance available for withdrawal based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District'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 District's investments in external investment pools are reported at an amount determined by the fair value per share of the pools underlying portfolio, unless the pool is 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. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District has no investments.

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District'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 provisions 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.

None of the District's deposits with financial institutions are in excess of federal depository insurance limits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. 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.

C. Fair Value

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

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

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

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

Uncategorized – Cash in County Treasury (Investments in county treasury) in the Fresno County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements at June 30, 2024 were as follows:

	<u>Uncategorized</u>	<u>Total</u>
Cash in County Treasury (Investments in County Treasury)	<u>\$ 4,707,127</u>	<u>\$ 4,707,127</u>

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

D. General Obligation Bond

In July 2023 the District issued General Obligation Bonds totaling \$5,000,000. The Bonds are current interest bonds with interest rates from 3.25% to 5.00%. The Bonds were authorized at an election of registered voters of the District held on November 8, 2022, which authorized the issuance of \$6,000,000 maximum principal amount of general obligation bonds for the purpose of financing acquisition, construction, and modernization of school facilities. The Bonds are the first series of bonds to be issued under this authorization. The bonds were issued at a premium of \$149,280 which is reported as a Long-Term Obligation and is being amortized over the bond period against interest expense. The unamortized balance at June, 30, 2024 was \$144,465.

The outstanding general obligation bonded debt of the District's as of June 30, 2024, is:

Date of Issue	Interest Rate%	Maturity Date	Original Issue	Outstanding July 1, 2023	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2024
2023	3.25-5.00	2054	\$5,000,000	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000

2022 Series A (Current Interest Bonds)

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 70,000	\$ 227,213	\$ 297,213
2026	45,000	224,338	269,338
2027	-	223,213	223,213
2028	-	223,213	223,213
2029	-	223,213	223,213
2030-2034	60,000	1,112,827	1,172,827
2035-2039	350,000	1,073,601	1,423,601
2040-2044	780,000	937,690	1,717,690
2045-4049	1,415,000	657,731	2,072,731
2050-2054	2,280,000	243,000	2,523,000
Totals	<u>\$ 5,000,000</u>	<u>\$ 5,146,039</u>	<u>\$ 10,146,039</u>

E. Commitments and Contingencies

Purchase Commitments

The District has the following commitments related to contracts which will be funded with bond proceeds.

	Contracts Authorized	Expended to June 30, 2024	Committed
Modernization Project	<u>\$ 468,240</u>	<u>\$ 351,273</u>	<u>\$ 116,967</u>

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

F. Subsequent Event

Modernization Project

On January 13, 2025, the District signed a contract with contractor Oral E. Micham, Inc. General Corporation to work on the modernization project at Orange Center Elementary School with the contract sum equaling \$3,426,000.

On January 17, 2025, the District signed a contract with BSK Associates to provide special inspection and materials testing services for the modernization project with an estimated amount of \$44,892.

On January 21, 2025, the District signed a contract with Wally Gonzalez Construction Inspections & Quality Control Services to provide DSA Inspection services for the modernization project for \$73,700 and an additional \$165.00 per hour if any approved weekend work is incurred.

Other Supplementary Information

ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Proceeds from Sale of Bonds	\$ 5,000,000	\$ 5,000,000	\$ -
Interest	<u>117,801</u>	<u>117,801</u>	<u>-</u>
Total Revenues	<u>5,117,801</u>	<u>5,117,801</u>	<u>-</u>
Expenditures:			
Service and Other Operating Expenditures	363,614	363,614	-
Capital Outlay	<u>12,600</u>	<u>12,600</u>	<u>-</u>
Total Expenditures	<u>376,214</u>	<u>376,214</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,741,587	4,741,587	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 4,741,587</u></u>	<u><u>\$ 4,741,587</u></u>	<u><u>\$ -</u></u>

See the accompanying notes to the financial statements.

Other Independent Auditor's 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*

The Bond Oversight Committee
Orange Center Elementary School District
Fresno, 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 Proposition 39/Measure D Bond Building Fund of Orange Center Elementary School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Orange Center Elementary School District's basic financial statements, and have issued our report thereon dated March 14, 2025.

Emphasis of Matter

As discussed in Note A3, the financial statements present only the Proposition 39/Measure D Bond Building Fund, and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Proposition 39/Measure D Bond Building Fund of Orange Center Elementary School District'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Borchardt, Corona, Faith
& Hakopian*

Fresno, California
March 14, 2025

Performance Audit Report of Measure D

Independent Auditor's Report on Performance

The Bond Oversight Committee
Orange Center Elementary School District
Fresno, California

We were engaged to conduct a performance audit of the Proposition 39/Measure D Bond Building Fund of Orange Center Elementary School District (the District) as of and for the year ended June 30, 2024.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements referred to in Section 1(b)(3)(c) of Article XIII A of the California Constitution and Proposition 39. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Section 1(b)(3)(c) of Article XIII A of the California Constitution and Proposition 39, but not for the purpose of expressing an opinion of the effectiveness of the District's internal controls. Accordingly, we do not express an opinion on the effectiveness of the District's internal controls. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District expended Proposition 39/Measure D Bond Building Fund funds only for the specific projects approved by the voters in accordance with Section 1(b)(3)(c) of Article XIII A of the California Constitution and Proposition 39.

This report is intended solely for the information and use of the Board of Directors, Citizens' Oversight Committee, and management of the District, and is not intended to be and should not be used by anyone other than these specified parties, however, this report is a matter of public record.

*Borchardt, Corona, Faith
& Yakavian*

Fresno, California
March 14, 2025

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
OBJECTIVES, SCOPE, AND METHODOLOGY
YEAR ENDED JUNE 30, 2024**

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 District, community college District, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental 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 the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code Sections 15278-15282:

- Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other district operating expenses.
- The district must list the specific facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety and information technology needs in developing the project list.
- Requires the district to appoint a citizens' oversight committee.
- Requires the 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.
- Requires the district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Objectives

The objectives of the audit of compliance applicable to the District are to determine with reasonable assurance that:

- The expenditures charged to the Orange Center Elementary School District Building Fund (sub funds) are appropriate.
- Expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure D.
- Any discrepancies or weaknesses in internal controls are noted and recommendations for improvement are provided.
- The District Board and the Citizens' Oversight Committee are provided with a performance audit report as required under the requirements of the California Constitution and Proposition 39.

Scope of the Audit

The scope of our performance audit covered the fiscal period from July 1, 2023, to June 30, 2024. The expenditures tested included all object and project codes associated with the bond projects. The propriety of the 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 our audit. Expenditures incurred subsequent to June 30, 2024, were not reviewed or included within the scope of our audit or in this report.

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
OBJECTIVES, SCOPE, AND METHODOLOGY
YEAR ENDED JUNE 30, 2024**

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2024, for the Buildings Fund (sub funds). 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 Section 1(b)(3)(c) of Article XIII A of the California Constitution and Measure D with regards to the approved bond projects list. We performed the following procedures:

Procedures Performed and Results

To meet our objectives, audit tests were performed and included, but were not limited, to the following:

- We verified that bond funds were deposited in the District's name and invested in accordance with applicable legal requirements.
- We tested payments made to the construction management company and reviewed the terms of the contract.
- We tested approximately \$293,568 in bond fund invoices paid, which is a combination of expenditures and payments on liabilities accrued as of June 30, 2024 and paid in 2023-24. This includes testing payments for validity, allow ability, and accuracy. Expenditures sampled in our testing included payments made to the construction management company, subcontractors and other vendors.
- We reviewed the approved projects listing as set out in the Measure D election documents.
- We verified that funds from the Building Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects and we verified that funds held in the Building Fund were not used for salaries of school administrators or other operating expenses for the District.
- If applicable, we reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 20121.

The results of our tests indicated that, in all significant respects, Orange Center Elementary School District expended Proposition 39/Measure D Bond funds for the fiscal year ended June 30, 2024, only for the specific projects developed by the District's Governing Board and approved by the voters in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(c) of Article XIII A of the California Constitution.

Findings and Recommendations Section

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

There are no current year findings.

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2024**

There are no current year findings.

**ORANGE CENTER ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE D BOND BUILDING FUND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024**

There were no prior year findings as this was the first year of issuance of Prop 39/Measure D.