



**BENICIA UNIFIED SCHOOL DISTRICT**

**2014 MEASURE S  
GENERAL OBLIGATION BONDS  
BUILDING FUND**

**COUNTY OF SOLANO  
BENICIA, CALIFORNIA**

**FINANCIAL AND PERFORMANCE AUDIT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

**JAMES MARTA & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

**701 HOWE AVENUE, E3  
SACRAMENTO, CA**

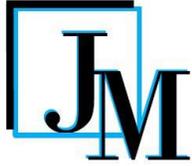
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**BENICIA UNIFIED SCHOOL DISTRICT**  
**2014 MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**

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**James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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## INDEPENDENT AUDITOR'S REPORT

Citizen's Oversight Committee  
and Governing Board  
Benicia Unified School District  
Benicia, California

### **Report on the Financial Statements**

We have audited the accompanying Balance Sheet of Benicia Unified School District (the District), 2014 Measure S General Obligation Bonds Building Fund (the Fund), and the related statement of revenues, expenditures, and changes in fund balance as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements.

### **Managements Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

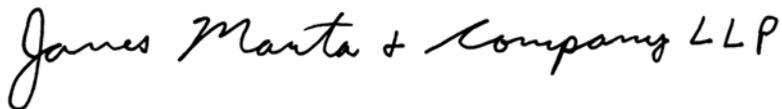
In our opinion, the fund financial statements referred to above present fairly, in all material respects, the financial position of the Benicia Unified School District 2014 Measure S General Obligation Bonds Building Fund as of June 30, 2020 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

As discussed in Note 1, the financial statements referred to above present only the individual 2014 Measure S General Obligation Bonds Building Fund and are not intended to present fairly the financial position and results of operations of the District in conformity with generally accepted accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2020 on our consideration of the fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 10, 2020

## **BASIC FINANCIAL STATEMENTS**

**BENICIA UNIFIED SCHOOL DISTRICT**  
**2014 MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**BALANCE SHEET**  
**JUNE 30, 2020**

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**ASSETS**

Cash and Cash Equivalents	<u>\$ 19,247,022</u>
Total Assets	<u><u>\$ 19,247,022</u></u>

**LIABILITIES AND  
FUND BALANCES**

Liabilities	
Accounts payable	\$ 589,368
Due to other funds	<u>134,385</u>
Total Liabilities	<u>723,753</u>
Fund balances	
Restricted for bond projects	<u>18,523,269</u>
Total Fund Balances	<u>18,523,269</u>
Total liabilities and fund balances	<u><u>\$ 19,247,022</u></u>

**BENICIA UNIFIED SCHOOL DISTRICT**  
**2014 MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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<b>REVENUES</b>	
Other local revenues	\$ 443,423
	<u>443,423</u>
Total revenues	<u>443,423</u>
<b>EXPENDITURES</b>	
Classified salaries	126,121
Employee benefits	47,007
Books and supplies	38,121
Services and other operating expenditures	225,552
Capital outlay	<u>6,789,489</u>
	<u>7,226,290</u>
Total expenditures	<u>7,226,290</u>
Excess(deficiency) of revenues over expenditures	<u>(6,782,867)</u>
Net change in fund balances	(6,782,867)
Fund balances, July 1, 2019	<u>25,306,136</u>
Fund balances, June 30, 2020	<u>\$ 18,523,269</u>

**BENICIA UNIFIED SCHOOL DISTRICT**  
**2014 MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The accounting policies of the 2014 Measure S General Obligation Bonds Building Fund (the Fund) of Benicia Unified School District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Benicia Unified School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Governing Board elected by registered voters of the District, which comprises an area in Solano County. The District was established in 1850 and operates four elementary schools, one middle school, one high school and one continuation high school.

On November 20, 2014, the District issued Measure S Series A General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$20,000,000 for the purpose of financing the renovation, construction and improvement of school facilities and to pay certain costs of issuance associated therewith. The Series A were the first series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District.

On October 5, 2016, the District issued Measure S Series B General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$29,600,000 for the purpose of financing the renovation, construction and improvement of school facilities and to pay certain costs of issuance associated therewith. The Series B are the second and final series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District.

The Bonds were authorized at an election within the District held on June 4, 2014 (the "Election") at which at least fifty-five percent of the registered voters voting on the proposition voted to authorize the issuance and sale of \$49,600,000 aggregate principal amount of general obligation bonds of the District (the "Authorization"). Because the Bond required only 55% of the vote in accordance with Proposition 39 (Article XIII of the California State Constitution), the District was required to establish a citizen's bond oversight committee and to conduct a financial and performance audit.

The Committee's oversight goals include ensuring expenditures are within the language of the ballot measure and advising the District's Governing Board on various projects. The citizens' oversight committee must include, among others, representation of a bona fide taxpayers association, a business organization and a senior citizens organization. No District employees or vendors are allowed to serve on the citizens' oversight committee.

**BENICIA UNIFIED SCHOOL DISTRICT**  
**2014 MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**A. REPORTING ENTITY (CONTINUED)**

The fund financial statements presented are for the 2014 Measure S General Obligation Bonds Building Fund. Since this is just one component of the District, these financial statements are not intended to be a complete presentation of the District's financial position or results of operations. Accordingly, these fund statements do not include a government wide financial statement, management discussion and analysis or related organizational disclosures. The audited financial statements of Benicia Unified School District include the 2014 Measure S General Obligation Bonds Building Fund activities, related debt and disclosures as well as management's discussion and analysis.

**B. FUND ACCOUNTING**

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The proceeds from the sale of general obligation bonds and the subsequent expenditure of the bond funds are accounted for in the Building fund of the District. Any premium received from the sale of the bonds is deposited in the Bond Interest and Redemption Fund of the District. The Measure S Bond Building Fund forms part and not all of the net financial position in the District's Building Fund which may contain other sources of funding.

**C. ACCOUNTING POLICIES**

The District prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the Department of Education's *California School Accounting Manual*.

**D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

**BENICIA UNIFIED SCHOOL DISTRICT**  
**2014 MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

**E. BUDGETS AND BUDGETARY ACCOUNTING**

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

**F. 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 at June 30.

**G. DEPOSITS AND INVESTMENTS**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations.

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**BENICIA UNIFIED SCHOOL DISTRICT**  
**2014 MEASURE S GENERAL OBLIGATION BONDS**  
**BUILDING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**H. CAPITAL AND LONG-TERM DEBT**

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the General Obligation Bond Building Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and 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 Measure S General Obligation Bond Building Fund are accounted for in the basic financial statements of the District.

**I. FUND BALANCE – GOVERNMENTAL FUNDS**

As of June 30, 2020, fund balances of the 2014 Measure S General Obligation Bond Building Fund are classified as restricted. Restricted funds can only be spent 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.

**J. USE OF ESTIMATES**

The preparation of 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 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/expenses during the reporting period. Actual results could differ from those estimates.

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2020 consist of cash in the county treasury in the amount of \$19,247,022

**A. Cash in County Treasury**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at 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 that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Cash in County Treasury consists of District cash held by the Solano County Treasury that is invested in the county investment pool. The Treasury permits negative cash balances so long as the District's total cash in county treasury has a positive balance.

**BENICIA UNIFIED SCHOOL DISTRICT**  
**2014 MEASURE S GENERAL OBLIGATION BONDS**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**2. CASH AND CASH EQUIVALENTS (CONTINUED)**

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

The weighted average maturity of the pool is 323 days. The pool is rated AAA by Standard and Poor's.

**B. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury that purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**3. 2014 MEASURE S GENERAL OBLIGATION BONDS**

**Series A**

On November 20, 2014, the District issued Measure S Series A General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$20,000,000. The Series A were the first series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. See table below of how the proceeds of the bond were applied.

*Sources of Funds*

Principal Amount of Bonds	\$ 20,000,000
Net Original Issue Premium	642,949
Total Sources	<u>\$ 20,642,949</u>

*Uses of Funds*

Deposited to Building Fund	\$ 19,805,000
Deposited to Debt Service Fund	522,949
Cost of Issuance	315,000
	<u>\$ 20,642,949</u>

**BENICIA UNIFIED SCHOOL DISTRICT**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**3. 2014 MEASURE S GENERAL OBLIGATION BONDS (CONTINUED)**

**Series B**

On October 5, 2016, the District issued Measure S Series B General Obligation Bonds (the “Bonds”) in the aggregate principal amount of \$29,600,000. The Series B were the second and final series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. See table below of how the proceeds of the bond were applied.

*Sources of Funds*

Principal Amount of Bonds	\$ 29,600,000
Net Original Issue Premium	1,385,810
Total Sources	<u>\$ 30,985,810</u>

*Uses of Funds*

Deposited to Building Fund	\$ 29,375,000
Deposited to Debt Service Fund	1,237,810
Cost of Issuance	373,000
	<u>\$ 30,985,810</u>

The Bonds are payable solely from ad valorem property taxes levied and collected by the County of Solano (“County”). The County Board of Supervisors (the “County Board”) is empowered and obligated to annually levy ad valorem taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

The Series A bonds consist of serial bonds bearing various fixed interest rates from 1.5% to 5.0% and mature in staggered amounts each year starting in August 1, 2015 up through August 1, 2039.

The Series B bonds consist of serial bonds bearing various fixed interest rates from 2.0% to 4.0% and mature in staggered amounts each year starting in February 1, 2017 up through August 1, 2039.

**BENICIA UNIFIED SCHOOL DISTRICT**  
**2014 MEASURE S GENERAL OBLIGATION BONDS**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**4. COMMITMENTS AND CONTINGENCIES**

As of June 30, 2020, the Building Fund had the following commitments with respect to unfinished capital projects:

<u>ITEM</u>	<u>PROJECT</u>	<u>AMOUNT</u>
1	Farmar Modernization	\$ 8,200,000
2	BMS Modernization	7,000,000
3	Security Upgrades	1,100,000
4	Fire Alarm-MT/LHS	400,000
5	BHS Gym Floor	400,000
6	Project Management	360,000
7	BHS PAB	300,000
8	Alternative Education	300,000
9	Henderson Childcare	150,000
10	Henderson Bathroom	150,000
11	Misc. Projects	100,000
12	BMS SEISMIC	40,000
	Total	\$ 18,500,000

**5. SUBSEQUENT EVENTS**

District management evaluated its June 30, 2020 financial statements for subsequent events through November 10, 2020, the date the financial statements were available to be issued. Management is not aware of any subsequent events, other than those discussed below, that would require recognition or disclosure in the financial statements.

## **SUPPLEMENTARY INFORMATION**

## BENICIA UNIFIED SCHOOL DISTRICT

### 2014 MEASURE S GENERAL OBLIGATION BONDS

#### FULL TEXT OF BOND MEASURE

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The Bond Project list below describes the specific projects the Benicia Unified School District proposes to finance with proceeds of the bonds. Listed projects will be completed as needed at a particular school site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority for funding or completion. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. Certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Until all project costs and funding sources are known, the Board of Trustees cannot determine the amount of bond proceeds available to be spent on each project, nor guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Completion of some projects may be subject to further government approvals or appropriation by State officials and boards, to local environmental review, and to input from the public. For these reasons, inclusion of a project on the Bond Project List is not a guarantee that the project will be funded or completed.

Bond proceeds will be expended to repair, modernize, replace, renovate, expand, construct, acquire, equip, furnish and otherwise improve the classrooms and school facilities of the District, including those located at the following locations:

- Joe Henderson Elementary - Built 1987
- Matthew Turner Elementary - Built 1993
- Benicia Middle - Built 1976
- Liberty High – Built 1930’s
- Mary Farmer Elementary - Built 1959
- Robert Semple Elementary - Built 1955
- Benicia High - Built 1969

Unless otherwise noted, the projects in the Bond Project List are authorized to be completed at each or any of the District's sites, as shall be approved by the Board of Trustees:

#### **District-wide Wiring and Technology Projects**

- Improve technology infrastructure and increase student access to computers and modern technology.
- Replace inadequate wiring and electrical systems to meet current electrical and accessibility codes, increase capacity, and relieve currently overloaded electrical systems.
- Expand and update technology infrastructure such as campus-wide public announcement (PA) and wireless systems, and telecommunications, internet, and network connections.
- Upgrade computers, computer labs, hardware, and software.
- Upgrade media) audio/visual equipment, and other technology for effective learning environments, such as teaching walls, smart boards, and projectors.
- Upgrade and replace classroom equipment and instructional aides.

#### **Renovation, Upgrade, and New Construction Projects**

- Repair or replace leaky roofs, and replace gutters throughout the District.
- Construct science and technology classroom labs.

## BENICIA UNIFIED SCHOOL DISTRICT

### 2014 MEASURE S GENERAL OBLIGATION BONDS

#### FULL TEXT OF BOND MEASURE

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- Repair/replace deteriorating plumbing, drainage, and sewer systems, including installing irrigation systems in the athletic fields.
- Repair or replace outdated heating, ventilation and air conditioning systems with building code compliant, energy efficient systems.
- Modernize outdated restrooms and drinking fountains.
- Improve energy-efficiency by installing energy-efficient systems including “green” building projects and sustainable building practices to promote energy-efficiency and conservation of other natural resources (e.g., Energy Management Systems (EMS)).
- Modernize outdated classroom interiors, such as new paint, carpet/vinyl, white marker boards, tackable surfaces, and increased storage capacity for instructional materials and equipment, etc.
- Renovate, repair, expand and/or upgrade the interior and/or exterior of existing classrooms, multi-use rooms and school facilities throughout the District, including new paint, carpet/vinyl, doors, hardware, flooring, and infrastructure, etc.
- Replace temporary portable classrooms with permanent classrooms.
- Renovate, repair, expand and/or upgrade athletic and play facilities throughout the District, including but not limited to track, fields, bleachers, locker rooms, athletic facilities, tennis courts and play structures.

#### **Health, Safety, and. Security Projects**

- Replace fire alarm systems, repair fire safety equipment, and emergency exit lighting improvements.
- Install security systems, cameras, and increase lighting throughout
- Federal and State-mandated Occupational Safety & Health Administration (OSHA) safety upgrades including playground areas and playground equipment replacement
- Repair/resurface paved surfaces, walkways, turf, and other grounds to eliminate safety hazards and improve outside instructional areas.
- Reconfigure or relocate student drop-off/pick-up areas to increase student safety.
- Replace/upgrade existing signage, marquees, and clock and belt systems.
- Repair, pave, or expand parking and driveways.
- Install shade structures throughout.

## BENICIA UNIFIED SCHOOL DISTRICT

### 2014 MEASURE S GENERAL OBLIGATION BONDS

#### FULL TEXT OF BOND MEASURE

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- Improve handicapped accessibility by making Federal and State-mandated Americans with Disabilities Act (ADA) accessibility upgrades and as mandated by the Division of the State Architect (DSA) including site access, parking, restrooms, relocation of some existing electrical devices, drinking fountains, playground equipment, ramps, etc.
- Abate and remove hazardous materials identified prior to or during construction.

The listed projects will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program/project management; staff training expenses and a customary contingency for unforeseen design and construction costs. In addition to the listed projects stated above, the list also includes the acquisition of a variety of instructional) maintenance and operational equipment, including the reduction or retirement of outstanding lease obligations and interim funding incurred to advance fund projects from the list: installation of signage and fencing; payment of the costs of preparation of all facility planning, facility studies, assessment reviews, facility master plan preparation and updates, environmental studies (including environmental investigation, remediation and monitoring), design and construction documentation, and temporary housing of dislocated District activities caused by construction projects. In addition to the projects listed above, the repair and renovation of each of the existing school facilities may include, but not be limited to, some or all of the following: renovation of student and staff restrooms; repair and replacement of heating and ventilation systems; upgrade of facilities for energy efficiencies; repair and replacement of worn-out and leaky roofs, windows, walls, doors and drinking fountains; installation wiring and electrical systems to safely accommodate computers, technology and other electrical devices and needs; upgrades or construction of support facilities; including administrative, physical education/athletic facilities and performing arts buildings and maintenance yards; repair and replacement of fire alarms, emergency communications and security systems; resurfacing or replacing of hard courts, pools, turf and irrigation systems and campus landscaping and play fields; expand parking; install interior and exterior painting and floor covering; demolition: and construction of various forms of storage and support spaces, upgrade classrooms, bleachers, kitchens, repair, upgrade and install interior and exterior lighting systems; replace outdated security fences and security systems. The upgrading of technology infrastructure includes, but is not limited to, computers, LCD projectors, portable interface devices, servers, switches, routers, modules, sound projection systems, laser printers, digital white boards, document projectors, upgrade voice-over-IP, call manager and network security/firewall, wireless technology systems and other miscellaneous equipment and software. The allocation of bond proceeds will be affected by the District's receipt of State matching funds and the final costs of each project. In the absence of State matching funds, which the District will aggressively pursue to reduce the District's share of the costs of the projects, the District will not be able to complete some of the projects listed above. The budget for each project is an estimate and may be affected by factors beyond the District's control. Some projects throughout the District, such as gyms, fields and performing arts facilities, may be undertaken as joint use projects in cooperation with other local public or nonprofit agencies. The final cost of each project will be determined as plans and construction documents are finalized, construction bids are received, construction contracts are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Demolition of existing facilities and reconstruction of facilities scheduled for repair and upgrade may occur, if the Board determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses. Necessary site preparation/restoration may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property. Proceeds of the bonds may be used to pay or

**BENICIA UNIFIED SCHOOL DISTRICT**

**2014 MEASURE S GENERAL OBLIGATION BONDS**

**FULL TEXT OF BOND MEASURE**

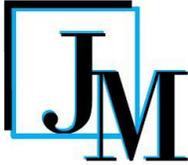
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reimburse the District for the cost of District staff when performing work on or necessary and incidental to bond projects and the costs of issuing the bonds. Bond proceeds shall only be expended for the specific purposes identified herein. The District shall create an account into which proceeds of the bonds shall be deposited and comply with the reporting requirements of Government Code § 53410.

The District Board of Trustees will conduct an annual independent performance audit to ensure that the bond funds have been expended only on the specific projects authorized. The District Board of Trustees will also conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been expended for the above-stated school facilities projects. The District will deposit the proceeds of the bonds in a separate account. The District's chief business official shall issue an annual report to the Board of Trustees, which shall contain the amount of funds collected and expended as well as the status of the above-stated school facilities projects.

Additionally, the District Board of Trustees shall appoint a citizen's oversight committee. The membership requirements and procedures for such committee shall be established by the Board of Trustees in accordance with the requirements of law.

**OTHER INDEPENDENT AUDITOR'S REPORTS**



# James Marta & Company LLP

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

**INDEPENDENT AUDITOR'S REPORT**

Citizen's Oversight Committee  
and Governing Board  
Benicia Unified School District  
Benicia, 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 fund financial statements of the 2014 Measure S General Obligation Bonds Building Fund of Benicia Unified School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 2014 Measure S General Obligation Bonds Building Fund financial statements, and have issued our report thereon dated November 10, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine 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 the 2014 Measure S General Obligation Bonds Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of 2014 Measure S General Obligation Bonds Building Fund 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.

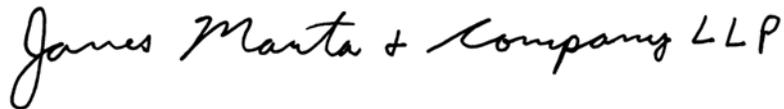
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 2014 Measure S General Obligation Bonds Building Fund financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 10, 2020



**James Marta & Company**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**INDEPENDENT AUDITOR'S REPORT  
ON MEASURE S BOND PERFORMANCE**

Citizen's Oversight Committee  
and Governing Board 2014 Measure S  
General Obligation Bonds Building Fund  
Benicia Unified School District  
Benicia, California

We have audited the financial statements of the 2014 Measure S General Obligation Bond Building Fund of the Benicia Unified School District (the "District") as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated November 10, 2020. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

**Management's Responsibility**

The design, implementation and maintenance of internal controls relevant to the financial process and compliance with the requirements of state laws and regulations is the responsibility of management.

Our responsibility is to determine that the District complied with the 2014 Measure S General Obligation Bonds in accordance with Appendix A of the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

We conducted our audit of compliance 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 Appendix A of the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. 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 objects. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The results of the procedures performed indicate that the District complied with the requirements identified in Appendix A of the K-12 Local Education Agencies and State Compliance Reporting for the 2014 Measure S General Obligation Bond funds for the year ended June 30, 2020.

**Objectives**

1. The objectives of our performance audit was to determine that the District expended the 2014 Measure S General Obligation Bond funds for the year ended June 30, 2020 only for purposes approved by voters and only for specific projects adopted by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C.

## **Scope of the Audit**

The scope of our performance audit covered the fiscal year ended June 30, 2020. The expenditures included all account and project codes associated with the bond projects. Expenditures before July 1, 2019 and after June 30, 2020 were not reviewed as they were not within the scope of our audit.

## **Methodology**

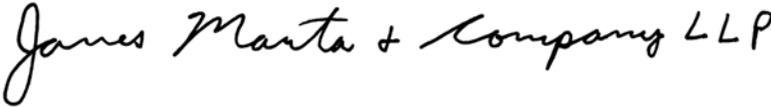
1. We obtained the general ledger for the fiscal year ended June 30, 2020.
2. We selected expenditures to ensure compliance with Proposition 39 and 2014 Measure S General Obligation Bond funding.
3. We verified the mathematical accuracy of the expenditures included in the 2014 Measure S General Obligation Bond Fund detailed general ledger for the fiscal year ended June 30, 2020.
4. We verified that the funds were generally expended for the construction, renovation, furnishing and equipping of school facilities constituting authorized bond projects.
5. Solely to assist us in planning and completing our performance audit, we obtained an understanding of the internal controls of the District.
6. We selected a sample of bond expenditures and performed the following:
  - a. Reviewed the invoices, contracts, warrant copies and other supporting documents to verify the funds were spent in accordance with list of projects defined in the full 2014 Measure S bond text.
  - b. For any expenditures that were subject to the bid process, we reviewed supporting documentation to verify that all applicable bid process requirements were satisfied.
  - c. We verified that any change orders for the selected projects were approved by the Board of Trustees.

## **Conclusion**

Based on the procedures performed, we found that the Benicia Unified School District has properly accounted for the expenditures of 2014 Measure S General Obligation Bond Fund. Further, it was noted that the funds were not used for salaries of school administrators or other operating expenditures. Our audit does not provide a legal determination on the District's compliance with specific requirements.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our performance audit and the results of that testing. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's compliance. This report is intended solely for the information and use of management and Governing Board of Benicia Unified School District, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 10, 2020