

MEASURE "C" GENERAL OBLIGATION
BOND BUILDING FUND OF
FONTANA UNIFIED SCHOOL DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2024



MEASURE "C" GENERAL OBLIGATION BOND BUILDING FUND OF
FONTANA UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2024

Table of Contents

Financial Section



INDEPENDENT AUDITORS' REPORT

The Governing Board and the
Citizens' Bond Oversight Committee
Fontana Unified School District
Fontana, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Measure C General Obligation Bond Building Fund of Fontana Unified School District, as of and for the fiscal year ended June 30, 2024, and the related notes to

MEASURE "C" GENERAL OBLIGATION BOND BUILDING FUND OF
 FONTANA UNIFIED SCHOOL DISTRICT

*Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2024*

	<u>Measure "C"</u>
REVENUES	
Interest and investment earning (loss)	<u>\$ 2,970,915</u>
Total Revenues	<u>2,970,915</u>
EXPENDITURES	
Current:	
Plant Services:	
Materials and supplies	65,541
Services and other operating expenditures	118,962
Capital outlay	<u>14,233,261</u>
Total Expenditures	<u>14,417,764</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,446,849)
Fund Balance, July 1, 2023	<u>54,989,669</u>
Fund Balance, June 30, 2024	<u><u>\$ 43,542,820</u></u>

MEASURE "C" GENERAL OBLIGATION BOND BUILDING FUND OF FONTANA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On June 6, 2006, the District voters authorized \$25,000,000 in General Obligation Bonds (Measure "C") for the purpose of financing the modernization and construction of school facilities within the District. The measure required a minimum 55% vote for passage. In response, an advisory committee to the District's Governing Board and Superintendent, the Citizens Bond Oversight Committee, was established. The Committee's oversight goal include ensuring compliance with conditions of Measure C.

The Bond proceeds are accounted for in the District Building Fund (21), where they are expended for the approved projects. The statements presented are for the individual Measure C General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

B. Basis of Accounting

The Measure "C" General Obligation Bond Building Fund is a governmental fund reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

C. 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

MEASURE "C" GENERAL OBLIGATION BOND BUILDING FUND OF
FONTANA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS

Pooled Funds

MEASURE "C" GENERAL OBLIGATION BOND BUILDING FUND OF
FONTANA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 4 – MEASURE "C" GENERAL OBLIGATION BONDS

Election of 2006

On June 6, 2006, an election was held where the registered voters in the District approved by a fifty percent majority the issuance and sale of \$275 million principal amount of general obligation bonds. The bonds are being issued to acquire, construct, renovate and equip certain District facilities. As of June 30, 2024, there are two bond issuances outstanding from this authorization: the Series 2006B and Series 2020 Bonds.

The bonds were issued to finance the construction and modernization of school facilities and to pay costs of issuance of the bonds. The Bonds are general obligations of the District, and the County is empowered and obligated to levy ad valorem taxes upon all property within the District subject to taxation for the payment of interest on and principal of the Bonds when due.

2020 General Obligation Refunding Bonds

On July 15, 2020, the District issued \$158,315,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 0.66% and 2.90% with annual maturities from August 1, 2021 through August 1, 2044. The net proceeds of \$155,585,439 (after issuance costs and underwriter's discount) were used to prepay a portion of the 2006B General Obligation Bonds, all of the 2006C General Obligation Bonds, all of the 2009 Refunding Bonds, and a portion of the 2012 Refunding Bonds, and to pay costs of issuance of the refunding bonds.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased, and the related liability for the bonds has been removed from the District's liabilities.

Refunding bonds are not shown in the table of general obligation bonds presented below.

MEASURE “C” GENERAL OBLIGATION BOND BUILDING FUND OF
 FONTANA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 4 – MEASURE “C” GENERAL OBLIGATION BONDS (continued)

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

Fiscal Year	Principal	Interest	Total
2024-2025	\$ -	\$ 1,831,500	\$ 1,831,500
2025-2026	-	1,831,500	1,831,500
2026-2027	-	1,831,500	1,831,500
2027-2028	-	1,831,500	1,831,500
2028-2029	-	1,831,500	1,831,500
2029-2034	9,699,839	51,128,591	60,828,430
2034-2039	15,700,000	7,594,000	23,294,000
2039-2044	39,900,000	3,574,250	43,474,250
2044-2045	8,000,000	95,000	8,095,000
Total	<u>\$ 73,299,839</u>	<u>\$ 71,549,341</u>	<u>\$ 144,849,180</u>

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Construction Commitments

At June 30, 2024, the District had ~~4.0~~ \$ million in commitments with respect to unfinished capital projects

NOTE 6 – BOND OVERSIGHT COMMITTEE

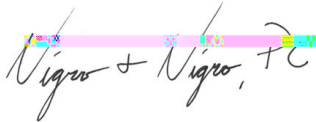
Education Code Section 15282(a) states that the Citizens Oversight Committee must consist of at least seven

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ~~Unified~~ Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Nigro + Nigro, PC". The signature is written in a cursive style. Above the signature, there is a horizontal line with several small, colorful rectangular markers (red, blue, green, yellow) spaced along it.

Murrieta, California
November 19, 2024

Procedures Performed

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2022, for the Measure "C" General Obligation Building Fund. Within the fiscal year audited, we obtained