

**LIBERTY UNION HIGH SCHOOL DISTRICT  
CITIZENS' OVERSIGHT COMMITTEE  
MEASURE U GENERAL OBLIGATION BONDS**

Meeting of February 17, 2021 @ 5:00 P.M.

LUHSD Board Room  
20 Oak Street, Brentwood, California 94513

**AGENDA**

1. **Call to Order** – Chairperson
2. **Roll Call and Establishment of Quorum** – Chairperson
3. **Public Comment** – Only topics listed on the agenda may be discussed during this meeting. Any member of the public attending this meeting may directly address the Committee on any item of interest to the public with respect to the expenditure of Measure U GOB Proceeds. If the topic raised is not on the agenda, then the Committee may listen to the public comment and may decide to add the item to the next agenda.  
  
*The Chairperson will ask if any members of the public wish to address the Committee, and if so, the member of the public shall raise his/her hand and when called upon, give their name and then make their statement. Members of the public will be given up to 3 minutes to address the Committee.*
4. **Approval of Minutes from August 19, 2020 meeting**
5. **Approval of the Measure U Performance and Financial Audit 2019-20** – Liz Robbins
6. **Approval of the Annual Report for 2019-20** – Liz Robbins
7. **Review Current Expenditure Report** – Liz Robbins
8. **Review and Update Phase I & II Projects** - Eric Volta
9. **Next Meeting Date** – TBD
10. **Adjourn**

*[Note: As required pursuant to Education Code Section 15280, the minutes of this meeting will be posted on the District's internet web site]*

**LIBERTY UNION HIGH SCHOOL DISTRICT  
CITIZENS' OVERSIGHT COMMITTEE  
MEASURE U GENERAL OBLIGATION BONDS**

Meeting of August 19, 2020 @ 7:00 P.M.

Liberty Union High School District  
20 Oak Street, Brentwood, California 94513

This meeting is being held pursuant to Executive Order N-29-20 issued by  
California Governor Newsom on March 17, 2020.  
Any and all Committee members may attend by phone or teleconference.

**A live video conference link will be available on the District website @  
<https://ca01001129.schoolwires.net/> at the start of the meeting on August 19<sup>th</sup>.**

Persons wishing to make a public comment must email at:  
[kanyuhp@luhsd.net](mailto:kanyuhp@luhsd.net) prior to the meeting.  
Public comments will be read aloud by the Superintendent.

**MINUTES**

1. **Call to Order** – Heather Partida, chairperson, called the meeting to order at 7:00 PM.
2. **Roll Call and Establishment of Quorum** –  
  
PRESENT: Art Mijares, Dirk Zeigler, Melissa Warner, Heather Partida,  
Bev Cleland, Jeanne Peterson (Eric Volta, Liz Robbins,  
Paul Melloni, Carol Baker/Pat Kanyuh)  
ABSENT: Josh Aldrich, Mykeisha Lewis
3. **Public Comment** - There were no public comments.
4. **Approval of Minutes from February 5, 2020 meeting:** Passed unanimously by ROLL CALL VOTE 6 – (Mijares, Zeigler, Warner, Partida, Cleland, Peterson), - 2 absent (Aldrich, Lewis).
5. **Review Updated Phase I and Phase II Projects** - Eric Volta provided an update on current projects and timelines. He reported that the Heritage Culinary Arts project was moving along nicely, Freedom projects were all on schedule and that Freedom is in the preliminary phase. Mr. Volta gave an update on Liberty's' construction plan for the new café and Administration Building. Once completed, it will be the first time in 118 years that the campus will be secure.
6. **Measure U Performance Audit and Financial Audit 2018-19** – Liz Robbins presented information and analysis on the reports. Motion was made by MyKeisha Lewis and seconded by Dirk Zeigler to approve the annual reports to the LUHSD Board. Passed with a 4 – 0 vote.
7. **Review Current Expenditure Report** – Liz Robbins provided information and answered questions on current balance and that change orders were low.
8. **Next Meeting Date** – February 17, 2021

9. **Adjourn** Heather Partida adjourned the meeting at 7:32 PM.

*[Note: As required pursuant to Education Code §15280, the minutes of this meeting will be posted on the District's internet web site]*

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_____	_____	_____
_____	_____	_____

**LIBERTY UNION HIGH SCHOOL DISTRICT  
CONTRA COSTA COUNTY  
BRENTWOOD, CALIFORNIA**

**MEASURE U - BUILDING FUND**

**PERFORMANCE AUDIT**

**JUNE 30, 2020**

**LIBERTY UNION HIGH SCHOOL DISTRICT  
MEASURE U - BUILDING FUND  
PERFORMANCE AUDIT  
JUNE 30, 2020**

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**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE**

Governing Board and  
Citizens' Oversight Committee  
Liberty Union High School District  
Brentwood, California

We have conducted a performance audit of the Liberty Union High School District's Measure U - Building Fund for the year ended June 30, 2020.

We conducted this performance audit in accordance with standards applicable to performance 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 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 this report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39, as incorporated in Article XIII A, Section 1(b)(3)(C) of the California Constitution. 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 Proposition 39, as incorporated in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that, in all significant respects, the proceeds from the sale of the Measure U, General Obligation Bonds, Election of 2016, which were deposited into the Measure U - Building Fund, were only expended on projects approved by the voters, in accordance with Proposition 39, as incorporated in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 7, 2020

**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**PERFORMANCE AUDIT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Background**

In a general election held on November 7, 2000, California voters approved Proposition 39, which provides that the governing board of a school district may pursue the authorization and issuance of bonds by a 55% vote of the electorate. As a result of the passage of Proposition 39, language was added to the Education Code addressing the requirement to establish a Citizens' Oversight Committee to monitor and audit bond proceeds to ensure they are spent only on school and classroom improvements and not for any other purpose.

Proposition 39 contains two specific reporting requirements that are applicable to the District's general obligation bond program. The first requirement is for school district boards to provide for an annual, independent financial audit of the proceeds from the sale of the bonds until all of the funds have been expended for school facilities projects. The second requirement is for school district boards to provide for an annual, independent performance audit to ensure that the bond funds have been expended only on the specific projects listed in the ballot measure.

Financial audits provide reasonable assurance about whether the financial statements of an entity present fairly the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Performance audits are an objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of an organization, program, or activity, in order to provide information to improve public accountability and facilitate decision making by parties with responsibility to oversee or initiate corrective action.

The Governing Board of Liberty Union High School District voted to place a 55% school facilities bond (Measure U) on the November 2016 ballot. On November 8, 2016, the Measure U, General Obligation Bonds, Election of 2016, were authorized at a general election of the registered voters of the District, at which 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of general obligation bonds with a principal amount not to exceed \$122 million.

**Objectives of the Audit**

The objectives of the performance audit were to determine with reasonable assurance that:

- The expenditures charged to the Measure U - Building Fund are properly recorded and supported.
- The expenditures charged to the Measure U - Building Fund have been made in accordance with the bond project list approved by the voters of the District through the approval of Measure U.
- Any discrepancies or weaknesses in internal control are identified and recommendations for improvement are provided.
- The District's Governing Board and Citizens' Oversight Committee are provided with performance and financial audit reports as required by the California Constitution and Proposition 39.

**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**PERFORMANCE AUDIT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Scope of the Audit**

The scope of the performance audit was limited to testing a representative sample of financial transactions recorded in the Measure U - Building Fund during the period of July 1, 2019 through June 30, 2020, in conjunction with our testing of the District's compliance with the requirements of Proposition 39, as incorporated in Article XIII A, Section 1(b)(3)(C) of the California Constitution. (The sample selected for our testing included 37% of the total expenditures charged to the Measure U - Building Fund during the fiscal year covered by our audit.)

**Procedures Performed**

We obtained the Measure U - Building Fund general ledger and financial activity reports prepared by the District for the fiscal year ended June 30, 2020. For the items tested, within the fiscal year audited, we obtained the actual invoices and other supporting documentation to ensure compliance with the requirements of Proposition 39 and Measure U with regards to the approved bond projects list.

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

- Reviewed bond sale transactions and determined that bond proceeds were deposited into the appropriate District funds and/or bond trustee accounts, as applicable.
- Reviewed the approved project listing included in the "Measure U" 2016 election documents
- Reviewed expenditures charged against the bond proceeds to confirm that the funds were used only for the purposes of the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing, and equipping of school facilities, and/or the acquisition or lease of real property for school facilities.
- Reviewed expenditures charged against the bond proceeds to confirm that the funds were not used to pay for teacher or administrative salaries, or any other school operating expenditures.
- Reviewed expenditures charged against the bond proceeds to confirm that the bond funds were spent only on projects identified in the ballot measure text.
- Reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 20111 and Section 22032, as applicable.

**Conclusion**

The results of our tests indicated that, in all significant respects, the Liberty Union High School District has complied with the requirements of Proposition 39, as incorporated in Article XIII A, Section 1(b)(3)(C) of the California Constitution.



## SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**LIBERTY UNION HIGH SCHOOL DISTRICT  
MEASURE U - BUILDING FUND  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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There are no matters to report for the fiscal year ended June 30, 2020.

**LIBERTY UNION HIGH SCHOOL DISTRICT  
MEASURE U - BUILDING FUND  
SCHEDULE OF PRIOR AUDIT RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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There were no matters reported for the prior fiscal year.

**LIBERTY UNION HIGH SCHOOL DISTRICT  
CONTRA COSTA COUNTY  
BRENTWOOD, CALIFORNIA**

**MEASURE U - BUILDING FUND**

**FINANCIAL AUDIT**

**JUNE 30, 2020**

**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**FINANCIAL AUDIT**  
**JUNE 30, 2020**

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## FINANCIAL SECTION

# **STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

Governing Board and  
Citizens' Oversight Committee  
Liberty Union High School District  
Brentwood, California

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

We have audited the accompanying financial statements of the Measure U - Building Fund of the Liberty Union High School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 and 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 from 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 opinions.

Governing Board and  
Citizens' Oversight Committee  
Liberty Union High School District  
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure U - Building Fund of the Liberty Union High School District, as of June 30, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure U - Building Fund and do not purport to, and do not, present fairly the financial position of the Liberty Union High School District, as of June 30, 2020, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020 on our consideration of the District's internal control over the Measure U - Building Fund financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over the Measure U - Building Fund 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 the Measure U - Building Fund financial reporting and compliance.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 7, 2020



**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**BALANCE SHEET**  
**JUNE 30, 2020**

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**Assets**

Deposits and Investments (Note 2)	<u>\$ 29,734,072</u>
Total Assets	<u><u>\$ 29,734,072</u></u>

**Liabilities and Fund Balance**

Liabilities:	
Accounts Payable	\$ 2,582,676
Fund Balance:	
Restricted for Measure U Projects	<u>27,151,396</u>
Total Liabilities and Fund Balance	<u><u>\$ 29,734,072</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>	<u>Actual</u>
<b><u>Revenues</u></b>		
Interest	\$ 737,013	\$ 737,013
Total Revenues	<u>737,013</u>	<u>737,013</u>
<b><u>Expenditures</u></b>		
Materials and Supplies:		
General Supplies	338	338
Noncapitalized Equipment	37,623	37,623
Services and Other Operating Expenditures:		
Insurance	1,056,460	1,056,460
Rental Lease & Repair	1,923	1,923
Professional / Consultants	1,178,140	1,178,140
Outside Services	32,601	32,601
Capital Outlay:		
Surveys	2,325	2,325
Architect / Engineering Fees	1,391,124	1,391,124
DSA / CDE Plan Check Fees	162,699	162,699
Preliminary Tests	135,074	135,074
Planning	6,643	6,643
Construction	18,949,195	18,949,195
Other Costs	338,217	338,217
Construction Testing	262,078	262,078
Inspections	202,545	202,545
Equipment	99,018	99,018
Total Expenditures	<u>23,856,003</u>	<u>23,856,003</u>
Changes in Fund Balances	<u>\$ (23,118,990)</u>	<u>(23,118,990)</u>
Fund Balances - July 1, 2019		<u>50,270,386</u>
Fund Balance - June 30, 2020		<u>\$ 27,151,396</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

On November 8, 2016, the Measure U, General Obligation Bonds, Election of 2016, were authorized at a general election of the registered voters of the District, at which 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of general obligation bonds with a principal amount not to exceed \$122 million to provide educational facilities and equipment to support advanced educational courses, modernize aging science labs, computer systems and career educational facilities, repair deteriorating roofs, plumbing, heating, ventilation and electrical systems, add classrooms and facilities including those relieving overcrowding, and to improve the likelihood of local high schools qualifying for state matching funds. Subsequently, an advisory committee to the District's Governing Board and Superintendent, the Measure U Bond Citizens' Oversight Committee was established. The Committee's oversight goals include: informing the public concerning the expenditures of bond proceeds, ensuring that the bond proceeds are expended only for the purposes described in the Measure U ballot language, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenditures.

The Measure U bond proceeds are accounted for in the Building Fund of the District, where they are expended only on approved projects. These financial statements are presented solely for the Measure U - Building Fund and not intended to be a complete presentation of the District's financial position or results of operations.

**B. Accounting Policies**

Liberty Union High School District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

**C. Basis of Accounting**

The Measure U - Building Fund of the District is a governmental fund reported using a flow of current financial resources management focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) of current financial resources. Under the modified accrual basis of accounting, revenues are recorded in the fiscal year in which the resources are measurable and become available, and expenditures are generally recognized in the accounting period in which the related fund liability is incurred.

**D. 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.

**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

**D. Budgets and Budgetary Accounting (Concluded)**

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 and Superintendent during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**E. 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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**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 then 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 funds maintained by the County are either secured by the FDIC or are collateralized. 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.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2020, consist of the following:

County Pool Investments	<u>\$ 29,734,072</u>
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**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**County Pool Investments**

County pool investments consist of District cash held by the Contra Costa County Treasury that is invested in the county investment pool. 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 balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**General Authorization**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations / Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual & Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

**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. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Contra Costa County Investment Pool.

**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
County Pool Investments	\$ 29,734,072	\$ 29,917,295	282

Credit Risk

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. Investments in the County Treasury and Federal Home Loan Mortgage Corporation discount notes are not required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, 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 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District does not have a bank balance that is exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, 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:

**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)**

Fair Value Measurements (Concluded)

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

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, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specific term, a Level 2 input is required to be observable for substantially the full term of the asset.

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 - Investments in the Contra Costa County 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 are as follows at June 30, 2020:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
County Pool Investments	\$ 29,734,072	\$ 29,734,072

All assets have been valued using a market approach, with quoted market prices.

**NOTE 3 - GENERAL OBLIGATION BONDS**

On November 8, 2016, the Measure U, General Obligation Bonds, Election of 2016, were authorized at a general election of the registered voters of the District, at which 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of general obligation bonds with a principal amount not to exceed \$122 million.

On August 10, 2017, the District issued \$60 million of General Obligation Bonds, Election of 2016, Series A, current interest bonds with interest rates ranging from 3.0% to 5.0%. After the issuance of the Series A bonds, \$62 million remains unissued from the 2016 Authorization.

**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the Measure U - Building Fund of the District.

**NOTE 5 - SUBSEQUENT EVENTS**

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 7, 2020, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements, except as follows.

General Obligation Bonds

On October 7, 2020, the District issued \$62,000,000 of Election of 2016, Series B, General Obligation Bonds to finance the renovation, construction, and improvement of school facilities.



OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**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**

Governing Board and  
Citizens' Oversight Committee  
Liberty Union High School District  
Brentwood, 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 Measure U - Building Fund of Liberty Union High School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 7, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Governing Board and  
Citizens' Oversight Committee  
Liberty Union High School District  
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure U - 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.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 7, 2020

## FINDINGS AND RECOMMENDATIONS SECTION

**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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There are no matters to report for the fiscal year ended June 30, 2020.

**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**MEASURE U - BUILDING FUND**  
**SCHEDULE OF PRIOR AUDIT RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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There were no matters reported for the prior fiscal year.

**ANNUAL REPORT OF THE CITIZENS' OVERSIGHT COMMITTEE OF THE  
LIBERTY UNION HIGH SCHOOL DISTRICT  
FOR FISCAL YEAR 2019-20**

**RELATING TO MEASURE U**

**Introduction.** The Citizens' Oversight Committee of Liberty Union High School District (the "COC") was formed pursuant to Measure U for the purpose of actively reviewing and reporting on the expenditure of Measure U bond proceeds. The COC is required to advise the public, through at least one report per year which shall be made available on the District's web site, as to whether the District is in compliance with Article XIII A of the California Constitution, Measure U, and the provisions of Education Code Section 15278 and following.

**Public Meetings.** The COC has met on the following dates and locations:

<b>Meeting Date and Time</b>	<b>Meeting Location</b>
August 19, 2019	20 Oak Street, Brentwood
February 5, 2020	20 Oak Street, Brentwood

Each meeting has been in compliance with the Ralph M. Brown Act (Brown Act), in that the meetings were formally scheduled with agendas duly posted and noticed and open to the public. Minutes were taken and when approved at the subsequent meeting were posted on the District's web page via the link to information relating to Measure U.

**District Support.** The District has, without spending bond funds, provided the COC with the administrative support it needs to meet and to perform its review and reporting duties.

**Activities**

*Review of Expenditures.* The COC was provided with expenditure reports prepared by the District at each of its meetings. At each meeting, the COC reviewed the text of Measure U and the expenditure reports. Members of the COC had the opportunity to ask District personnel questions regarding the projects and expenditures.

*Review of District Bond Audits.* In addition, the District provided the COC with a copy of the annual bond financial audit and performance audit, which is also available to the public on the District's web site. These audits were provided no later than March 31, with respect to the audit for the prior fiscal year.

**Conclusion.** Based on the foregoing review of expenditures and other activities, the COC concludes that bond proceeds spent to date have only been spent for the construction, reconstruction, rehabilitation, or replacement of school facilities, including furnishing and equipping of school facilities, or acquisition or lease of real property for school facilities, as identified in the project list presented to District voters, and as a result the District has complied with California Constitution Article XIII A Section (1)(b)(3), the text of Measure and Education

Code 15278 and following. Furthermore, no proceeds were spent on teacher salaries, administrative salaries or on operational expenses.

\*\*\*\*\*

Approved February 17, 2021 by the Citizens' Oversight Committee on February 17, 2021.

**CITIZENS' OVERSIGHT COMMITTEE OF  
THE LIBERTY UNION HIGH SCHOOL  
DISTRICT**

BY: \_\_\_\_\_  
Chairperson

By: \_\_\_\_\_  
Secretary



**LIBERTY UNION HIGH SCHOOL DISTRICT**  
**2016 General Obligation Bond Authorization**  
**Measure U**



**Citizens' Bond Oversight Report**  
**February 17, 2021**

# Liberty Union High School District

## MEASURE U 2016 GENERAL OBLIGATION BOND

On November 8, 2016, the voters of the LIBERTY UNION HIGH SCHOOL DISTRICT authorized MEASURE U at which at least 55% of the voters voting on the proposition voted to authorize the issuance and sale of \$122 million in General Obligation Bonds. The proceeds of the Bonds are intended to be used to provide educational facilities and equipment to support advanced courses in math, science, engineering, arts and technology, modernize aging science labs, computer systems and career educational facilities, repair deteriorating roofs, plumbing, heating, ventilation and electrical systems, add classrooms and facilities including those relieving overcrowding, and to improve the likelihood of local high schools qualifying for state matching funds. The measure received a favorable vote of approximately 61%. The first series of bonds (Series A) were issued 8/10/17 for \$60 million. The second series of bonds (Series B) was issued 10/7/2020 for \$62 million.

### Measure U – G.O. Bonds

Series A - Issued 8/10/2017

Series B - Issued 10/7/2020

### Total Bond Authorization

\$ 60,000,000

\$ 62,000,000

\$122,000,000



KeyAnalytics



# Liberty Union High School District

## MEASURE U 2016 GENERAL OBLIGATION BOND

**Total Bond Funds Available**

**\$122,000,000**

**Interest Earned to date**

**\$ 2,942,606**

**Total Project Funds**

**\$124,942,606**

**Project Expenditures as of 1/31/2021**

**\$ 47,707,430**

**Budgets Remaining for Planned Projects**

**\$ 75,193,839**

**Budget Subtotal**

**\$122,901,268**

**Funds Available for Additional Projects**

**\$ 2,041,338**

**Total Projects**

**\$124,942,606**

# **Liberty Union High School District**

## **MEASURE U 2016 GENERAL OBLIGATION BOND**

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# **Program Overall Summary Report**

## **Cumulative as of 1/31/021**

**Liberty Union High School District**  
**Measure U Program Overall Summary Report**  
**As of January 31, 2021**

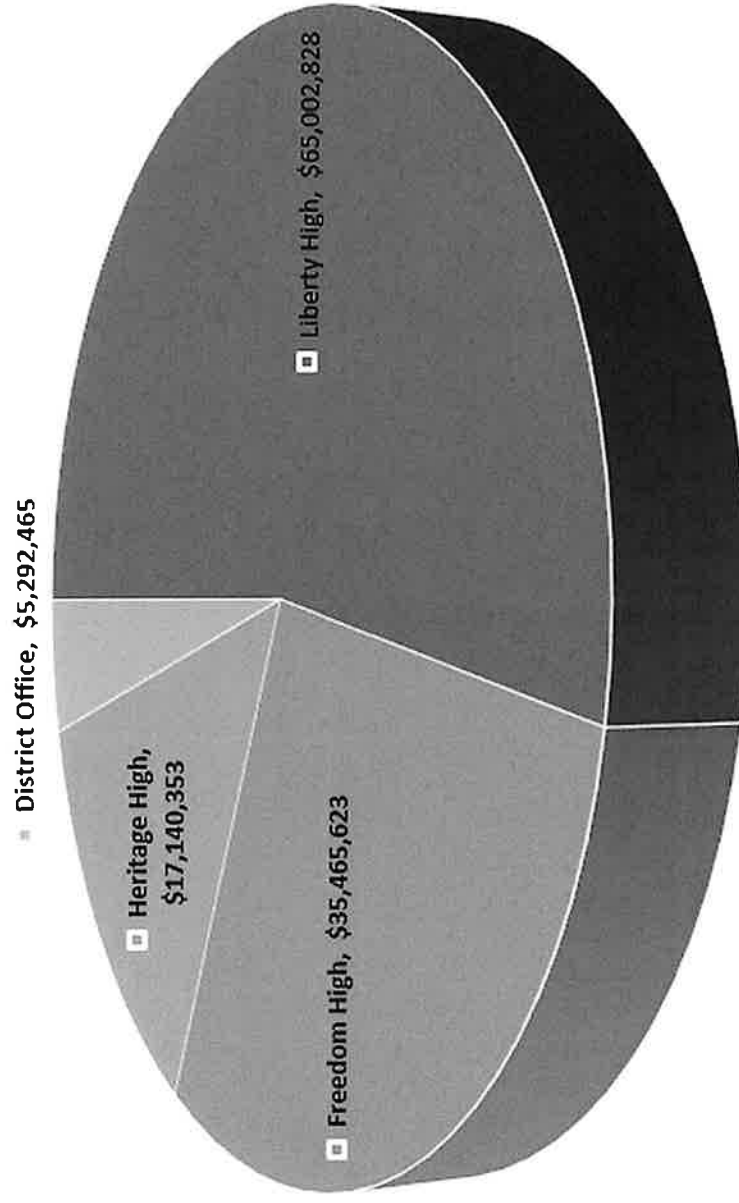
Description	Budgeted	Disbursements	Budget Remaining
051-9101-000 - Liberty High - Admin/Cafe	\$ 17,638,266	\$ (1,334,994)	\$ 16,303,272
051-9102-000 - Liberty High - Field Improvements	\$ 3,022,477	\$ (3,022,477)	\$ -
051-9103-000 - Liberty High - Stadium & Bleachers	\$ 9,282,349	\$ (9,278,539)	\$ 3,810
051-9106-000 - Liberty High - Aquatic Center/Lighting	\$ 12,950,139	\$ (12,238,467)	\$ 711,672
051-9500-000 - Liberty High - Parking and M&O	\$ 339,547	\$ (339,547)	\$ -
051-XXXX-000 - Liberty High - Classrooms	\$ 21,770,050	\$ -	\$ 21,770,050
<b>051 - Liberty High Subtotal:</b>	<b>\$ 65,002,828</b>	<b>\$ (26,214,024)</b>	<b>\$ 38,788,804</b>
053-9201-000 - Freedom High - Theater/Building Technologies	\$ 25,742,649	\$ (13,862,594)	\$ 11,880,055
053-9202-000 - Freedom High - Building Technologies	\$ 500	\$ -	\$ 500
053-9203-910 - Freedom High - FHS Pool	\$ 67,177	\$ (67,177)	\$ -
053-9204-000 - Freedom High - Auxillary Gym	\$ 9,655,297	\$ (492,726)	\$ 9,162,571
<b>053 - Freedom High Subtotal:</b>	<b>\$ 35,465,623</b>	<b>\$ (14,422,496)</b>	<b>\$ 21,043,127</b>
056-9301-000 - Heritage High - Culinary Arts	\$ 3,977,704	\$ (3,966,131)	\$ 11,572
056-9303-000 - Heritage High -New Classrooms	\$ 13,162,649	\$ (918,291)	\$ 12,244,358
<b>056 - Heritage High Subtotal:</b>	<b>\$ 17,140,353</b>	<b>\$ (4,884,423)</b>	<b>\$ 12,255,930</b>
060-0000-756 - District Office - Undistributed - Fiscal Operation	\$ 250,000	\$ (164,689)	\$ 85,312
060-9000-000 - District Office - Legal, Audit and Misc. Fees	\$ 200,000	\$ (49,734)	\$ 150,266
060-9100-000 - District Office - Construction Management	\$ 4,842,465	\$ (1,972,065)	\$ 2,870,400
<b>060 - District Office Subtotal:</b>	<b>\$ 5,292,465</b>	<b>\$ (2,186,487)</b>	<b>\$ 3,105,978</b>
<b>TOTAL</b>	<b>122,901,269</b>	<b>\$ (47,707,430)</b>	<b>\$ 75,193,839</b>

# Liberty Union High School District

## MEASURE U 2016 GENERAL OBLIGATION BOND

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Total Budgets \$122,901,269



# Liberty Union High School District

## MEASURE U 2016 GENERAL OBLIGATION BOND

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Measure U supports a plan to make significant repairs and renovations at Liberty, Freedom, Heritage, Independence, and La Paloma, ensuring that students across the district have equitable access to our comprehensive academic, career technical education, and athletic programs. Specifically, Measure U will:

- Repair or replace leaky roofs, old rusty plumbing, faulty electrical wiring and expensive to operate air-conditioning systems;
- Upgrade classrooms, labs and computer systems, and career training facilities to prepare students for college and jobs;
- Upgrade security lighting, fencing, smoke detectors, fire alarms, sprinklers, and campus security systems for student safety and security;
- Ensure that music and performing arts facilities at each high school are up to the same standard;
- Create career technology education classrooms for advanced training in agricultural sciences, hospitality, and skilled trades;
- Replace aging portable classrooms that are expensive to repair and maintain;
- Construct additional classrooms and facilities to relieve overcrowding;
- Upgrade worn-out athletic facilities to improve student health, fitness, and safety, and ensure facilities at each high school are equitable;
- Provide repairs at Independence High School, as needed.



KeyAnalytics



# Liberty Union High School District

## MEASURE U 2016 GENERAL OBLIGATION BOND



### Heritage

- Build 16 Additional Classrooms
- Build Culinary Arts Classroom w/ Greenhouse
- Exterior Building Paint
- Upgrade Gym Lighting
- Reroof/Roofing Repairs
- Relocate Environmental Science Area
- Technology improvements
- Upgrade Field House Locker Rooms
- Increase Parking capacity
- Relocate PE black top



### Liberty

- Build 16 Additional Classrooms
- Cafeteria Expansion & Admin building relocation
- Security Fencing & Lighting
- Modernize Buildings – Paint, Roofs, Windows
- Replace Heating & Air Conditioning Equipment
- Upgrade All Restrooms
- Campus Electrical Upgrades
- Modernize Aquatic Facility
- Stadium Concession & Bleacher Improvements
- Upgrade Field House Locker Rooms
- Technology Network Upgrades



### Freedom

- Auxiliary Gym
- Exterior Building Paint
- 2nd Level Exterior Decking
- Metal Door & Window Replacement
- Resurface Deck and Pool Shell
- Reroof/Roofing Repairs
- Performing Arts Theater w/ additional parking
- Technology Upgrades
- Upgrade Field House Locker Rooms
- Build Construction/Woodworking Classroom and Lab

