

**CAPISTRANO UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICTS  
FINANCIAL AND PERFORMANCE  
AUDIT REPORT**

**For the Fiscal Year Ended  
June 30, 2022**

**NIGRO  
& NIGRO<sup>PC</sup>**

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES  
DISTRICTS**

*For the Fiscal Year Ended June 30, 2022*

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*Financial Section*

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Capistrano Unified School District  
San Juan Capistrano, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Capistrano Unified School District (the District), Capital Project Fund for Blended Component Units Specific to the Community Facilities Districts (CFDs) No. 90-2, 92-1, 98-1A, 98-1B, 98-2, 2004-1, and 2005-1, the related fiduciary funds, and the related notes to the financial statements, as of and for the fiscal year ended June 30, 2022, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Capital Projects Fund for Blended Component Units and the related fiduciary funds of the Capistrano Unified School District, as of June 30, 2022, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Emphasis of Matter***

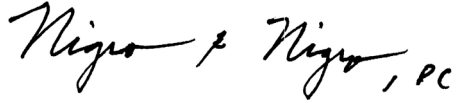
As discussed in Note 1, the financial statements present only the Capital Projects Fund for Blended Component Units and the related fiduciary funds and do not purport to, and do not, present fairly the financial position of the Capistrano Unified School District, as of June 30, 2022, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Capistrano Unified School District's Capital Project Fund for Blended Component Units and the related fiduciary funds. The combining statements and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and other supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 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 "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California  
January 3, 2023

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES  
DISTRICTS**

*Balance Sheet – Governmental Fund  
June 30, 2022*

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	<b>Capital Projects Fund for Blended Component Units</b>
<b>ASSETS</b>	
Deposits and investments	\$ 11,237,891
Accounts receivable	<u>6,221</u>
<b>Total assets</b>	<u><u>\$ 11,244,112</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	\$ 669,367
<b>Fund Balance</b>	
Restricted for capital projects	<u>10,574,745</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 11,244,112</u></u>

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES  
DISTRICTS**

*Governmental Fund - Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2022*

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	<b>Capital Projects Fund for Blended Component Units</b>
<b>REVENUES</b>	
Other local revenue sources	\$ 9,840
<b>EXPENDITURES</b>	
Current:	
General administration	933,328
Capital outlay	2,763,565
Total Expenditures	3,696,893
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,687,053)
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund transfers in	652,616
Proceeds from non-obligatory debt	1,373,124
<b>Total Other Financing Sources (Uses)</b>	2,025,740
Net Change in Fund Balance	(1,661,313)
Fund Balance, July 1, 2021	12,236,058
Fund Balance, June 30, 2022	\$ 10,574,745



**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES  
DISTRICTS**

*Statement of Fiduciary Net Position*

*June 30, 2022*

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	<b>CFD Fiduciary Funds</b>
<b>ASSETS</b>	
Deposits and investments	\$ 22,500,304
Accounts receivable	12,253
<b>Total assets</b>	<u>\$ 22,512,557</u>
<b>NET POSITION</b>	
Restricted for debt service	<u>\$ 22,512,557</u>

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES  
DISTRICTS**

*Statement of Changes in Fiduciary Net Position  
June 30, 2022*

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	<b>CFD Fiduciary Funds</b>
<b>ADDITIONS</b>	
Special property taxes	\$ 18,441,493
Interest	18,576
Issuance of refunding debt	<u>8,439,647</u>
<b>Total Additions</b>	<u>26,899,716</u>
<b>DEDUCTIONS</b>	
General administration	175,728
Debt service - interest	6,687,572
Debt service - principal	11,040,000
Contributions to capital projects funds	652,616
Transfer to escrow agent for defeased debt	<u>8,251,892</u>
<b>Total Deductions</b>	<u>26,807,808</u>
Change in fiduciary net position	91,908
Net position - July 1, 2021	<u>22,420,649</u>
Net position - June 30, 2022	<u>\$ 22,512,557</u>

# CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS

*Notes to Financial Statements*

*June 30, 2022*

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## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

The financial statements include the Capital Project Fund for Blended Component Units and the related Fiduciary Funds specific to the Community Facilities Districts No. 90-2, 92-1, 98-1A, 98-1B, 98-2, 2004-1 and 2005-1 of the Capistrano Unified School District used to account for capital projects financed by Mello-Roos Community Facilities Districts and the receipt of special taxes for payment of debt required for the CFDs. These financial statements are not intended to present fairly the financial position and results of operations of the Capistrano Unified School District in compliance with accounting principles generally accepted in the United States of America.

### B. Accounting Policies

The financial statements of the Community Facilities Districts No. 90-2, 92-1, 98-1A, 98-1B, 98-2, 2004-1, and 2005-1 (CFDs) of Capistrano Unified School District (the District) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

### C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Fiduciary funds accounted for the CFD's receipt of special taxes for payment of debt as an agency fund. The agency fund has no measurement focus and utilizes the accrual basis of accounting for reporting its assets and liabilities.

### D. Use of Estimates

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

### E. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

# CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS

*Notes to Financial Statements*

*June 30, 2022*

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## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

### F. Fund Balances

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

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

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

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

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

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

### G. Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

### H. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES  
DISTRICTS**

*Notes to Financial Statements  
June 30, 2022*

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**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments at June 30, 2022, consisted of the following:

Governmental Funds	\$ 11,237,891
Fiduciary Funds	<u>22,500,304</u>
Total deposits & investments	<u><u>\$ 33,738,195</u></u>

**Investments - Interest Rate Risk**

The District’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District’s investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2022, consist of the following:

	Cost Basis	Fair Value	Maturity		
			Less Than One Year	One Year Through Five Years	Over Five Years
Investment maturities:					
U.S. Bank First American Treasury Obligations	<u>\$ 33,738,195</u>	<u>\$ 33,738,195</u>	<u>\$ 33,738,195</u>	<u>\$ -</u>	<u>\$ -</u>

**Investments - Credit Risk**

The District’s investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2022, all investments represented governmental securities which were issued, registered and held by the District’s agent in the District’s name.

**Investments - Concentration of Credit Risk**

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2022, the District had the following investments that represents more than five percent of the District’s net investments.

U.S. Bank First American Treasury Obligations	100.0%
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**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:

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.

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES  
DISTRICTS**

*Notes to Financial Statements*

*June 30, 2022*

**NOTE 2 – CASH AND INVESTMENTS (continued)**

**Fair Value Measurements (continued)**

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 specified 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 date if reasonably 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 Orange County Treasury Investment Pool are not measured using the input levels above because the District’s transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District’s fair value measurements are as follows at June 30, 2022:

Investment Type:	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Bank First American Treasury Obligations	\$ 33,738,195	\$ 33,738,195	\$ -	\$ -

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

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2022, consisted of the following:

	Interest Receivable	
	Governmental Funds	CFD Fiduciary Funds
CFD 90-2	\$ 143	\$ 3,012
CFD 92-1	719	1,016
CFD 98-1A	509	983
CFD 98-1B	1,726	351
CFD 98-2	537	5,227
CFD 04-1	763	214
CFD 05-1	1,824	1,450
Total	\$ 6,221	\$ 12,253

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES  
DISTRICTS**

*Notes to Financial Statements  
June 30, 2022*

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**NOTE 4 – INTERFUND TRANSFERS**

**Transfers To/From Other Funds**

Transfers to/from other funds at June 30, 2022, consisted of the following:

CFD Agency Funds transfer to Capital Project Fund for Blended Component Units for contributions to capital projects	<u>\$ 652,616</u>
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**NOTE 5 – NON-OBLIGATORY DEBT**

Non-obligatory debt relates to debt issuances by the Community Facilities Districts as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Marks-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District.

The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of \$182,551,634 as of June 30, 2022, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

A summary of all CFD bonds issued and outstanding is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
CFD 90-2, 2013 Ref.	11/5/2003	9/1/2033	4.0% - 4.625%	\$ 49,675,000	\$ 33,300,000	\$ -	\$ 1,855,000	\$ 31,445,000
CFD 90-2, 2016 Ref.	7/28/2016	9/1/2032	1.15% - 4.0%	33,020,000	27,000,000	-	1,730,000	25,270,000
CFD 92-1, 2013 Ref.	7/31/2013	9/1/2022	2.0% - 5.0%	14,430,000	3,600,000	-	1,765,000	1,835,000
CFD 98-1A, Ser. 2016	7/13/2016	9/1/2044	2.0% - 3.2%	6,375,000	6,010,000	-	115,000	5,895,000
CFD 98-1A, Ser. 2018	5/31/2018	9/1/2044	3.0% - 3.75%	8,670,000	8,585,000	-	140,000	8,445,000
CFD 98-1B, Ser. 2018	5/31/2018	9/1/2048	2.0% - 3.75%	4,830,000	4,805,000	-	50,000	4,755,000
CFD 98-1A, Ser. 2020	12/30/2020	9/1/2044	2.0% - 4.0%	2,790,000	2,790,000	-	280,000	2,510,000
CFD 98-1B, Ser. 2020	12/30/2020	9/1/2050	2.0% - 4.0%	5,780,000	5,780,000	-	155,000	5,625,000
CFD 98-2, 2005 Ref.	4/28/2005	9/1/2033	3.0% - 5.25%	119,099,491	18,218,863	-	-	18,218,863
CFD 98-2, 2019 Ref.	8/15/2019	9/1/2029	4.0% - 5.0%	60,105,000	56,055,000	-	4,520,000	51,535,000
CFD 04-1, 2015 Ref.	7/30/2015	9/1/2034	2.0% - 4.0%	6,015,000	5,035,000	-	235,000	4,800,000
CFD 05-1, Ser. 2013	11/6/2013	9/1/2043	2.0% - 5.5%	8,190,000	7,820,000	-	7,595,000	225,000
CFD 05-1, Ser. 2016	9/7/2016	9/1/2046	2.0% - 4.0%	12,575,000	12,285,000	-	105,000	12,180,000
CFD 05-1, Ser. 2021A	11/16/2021	9/1/2043	2.40%	1,446,624	-	1,446,624	-	1,446,624
CFD 05-1, Ser. 2021B	11/16/2021	9/1/2043	3.00%	8,366,147	-	8,366,147	-	8,366,147
					<u>\$ 191,283,863</u>	<u>\$ 9,812,771</u>	<u>\$ 18,545,000</u>	<u>\$ 182,551,634</u>

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES  
DISTRICTS**

*Notes to Financial Statements*

*June 30, 2022*

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**NOTE 5 – NON-OBLIGATORY DEBT (continued)**

Future payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-2023	\$ 11,508,166	\$ 6,581,522	\$ 18,089,688
2023-2024	10,451,791	6,114,669	16,566,460
2024-2025	11,215,928	5,248,799	16,464,727
2025-2026	12,065,215	4,731,093	16,796,308
2026-2027	12,950,951	4,172,451	17,123,402
2027-2032	70,692,919	23,095,798	93,788,717
2032-2037	24,749,645	17,033,176	41,782,821
2037-2042	12,490,028	3,864,364	16,354,392
2042-2047	13,761,991	1,529,394	15,291,385
2047-2051	<u>2,665,000</u>	<u>140,328</u>	<u>2,805,328</u>
Totals	<u>\$ 182,551,634</u>	<u>\$ 72,511,594</u>	<u>\$ 255,063,228</u>



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*Supplementary Information*

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**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS**

*Combining Balance Sheet – Governmental Funds*

*June 30, 2022*

	<u>CFD 90-2</u>	<u>CFD 92-1</u>	<u>CFD 98-1A</u>	<u>CFD 98-1B</u>	<u>CFD 98-2</u>	<u>CFD 04-1</u>	<u>CFD 05-1</u>	<u>TOTAL</u>
<b>ASSETS</b>								
Deposits and investments	\$ 261,694	\$ 1,277,829	\$ 930,190	\$ 3,167,568	\$ 875,106	\$ 1,400,003	\$ 3,325,501	\$ 11,237,891
Accounts receivable	143	719	509	1,726	537	763	1,824	6,221
<b>Total assets</b>	<u>\$ 261,837</u>	<u>\$ 1,278,548</u>	<u>\$ 930,699</u>	<u>\$ 3,169,294</u>	<u>\$ 875,643</u>	<u>\$ 1,400,766</u>	<u>\$ 3,327,325</u>	<u>\$ 11,244,112</u>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities</b>								
Accounts payable	\$ -	\$ 307,424	\$ 12,290	\$ -	\$ 318,888	\$ -	\$ 30,765	\$ 669,367
<b>Fund Balance</b>								
Restricted for capital projects	261,837	971,124	918,409	3,169,294	556,755	1,400,766	3,296,560	10,574,745
<b>Total liabilities and fund balance</b>	<u>\$ 261,837</u>	<u>\$ 1,278,548</u>	<u>\$ 930,699</u>	<u>\$ 3,169,294</u>	<u>\$ 875,643</u>	<u>\$ 1,400,766</u>	<u>\$ 3,327,325</u>	<u>\$ 11,244,112</u>

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS**  
*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*  
*For the Fiscal Year Ended June 30, 2022*

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	<u>CFD 90-2</u>	<u>CFD 92-1</u>	<u>CFD 98-1A</u>	<u>CFD 98-1B</u>	<u>CFD 98-2</u>	<u>CFD 04-1</u>	<u>CFD 05-1</u>	<u>TOTAL</u>
<b>REVENUES</b>								
Other local revenue sources	\$ 238	\$ 1,155	\$ 841	\$ 2,675	\$ 930	\$ 1,183	\$ 2,818	\$ 9,840
<b>EXPENDITURES</b>								
Current:								
General administration	255,727	82,705	181,484	17,912	300,388	15,037	80,075	933,328
Capital outlay	319,890	512,947	870,449	-	726,818	-	333,461	2,763,565
Total Expenditures	575,617	595,652	1,051,933	17,912	1,027,206	15,037	413,536	3,696,893
Excess (Deficiency) of Revenues Over (Under) Expenditures	(575,379)	(594,497)	(1,051,092)	(15,237)	(1,026,276)	(13,854)	(410,718)	(3,687,053)
<b>OTHER FINANCING SOURCES (USES)</b>								
Interfund transfers in	145,000	50,000	54,112	57,222	165,612	20,000	160,670	652,616
Proceeds from non-obligatory debt	-	-	-	-	-	-	1,373,124	1,373,124
Net Change in Fund Balance	(430,379)	(544,497)	(996,980)	41,985	(860,664)	6,146	1,123,076	(1,661,313)
Fund Balance, July 1, 2021	692,216	1,515,621	1,915,389	3,127,309	1,417,419	1,394,620	2,173,484	12,236,058
Fund Balance, June 30, 2022	\$ 261,837	\$ 971,124	\$ 918,409	\$ 3,169,294	\$ 556,755	\$ 1,400,766	\$ 3,296,560	\$ 10,574,745

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS**

*Combining Statement of Fiduciary Net Position*

*June 30, 2022*

	<u>CFD 90-2</u>	<u>CFD 92-1</u>	<u>CFD 98-1A</u>	<u>CFD 98-1B</u>	<u>CFD 98-2</u>	<u>CFD 04-1</u>	<u>CFD 05-1</u>	<u>TOTAL</u>
<b>ASSETS</b>								
Deposits and investments	\$ 5,527,182	\$ 1,865,245	\$ 1,803,474	\$ 644,803	\$ 9,592,467	\$ 392,681	\$ 2,674,452	\$ 22,500,304
Accounts receivable	3,012	1,016	983	351	5,227	214	1,450	12,253
<b>Total assets</b>	<u>\$ 5,530,194</u>	<u>\$ 1,866,261</u>	<u>\$ 1,804,457</u>	<u>\$ 645,154</u>	<u>\$ 9,597,694</u>	<u>\$ 392,895</u>	<u>\$ 2,675,902</u>	<u>\$ 22,512,557</u>
<b>NET POSITION</b>								
Restricted for debt service	<u>\$ 5,530,194</u>	<u>\$ 1,866,261</u>	<u>\$ 1,804,457</u>	<u>\$ 645,154</u>	<u>\$ 9,597,694</u>	<u>\$ 392,895</u>	<u>\$ 2,675,902</u>	<u>\$ 22,512,557</u>

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS**

*Schedule of Changes in Fiduciary Net Position*

*For the Fiscal Year Ended June 30, 2022*

	Debt Service Agency Funds Beginning Balance	Additions				Deductions			Transfer to Escrow Agent for Defeased Debt	Debt Service Agency Funds Ending Net Position
		Special Tax Collections	Interest Earnings	Issuance of Non-Obligatory Debt	Contributions to Capital Projects	Debt Service Principal	Debt Service Interest	Other		
Community Facilities District:										
90-2	\$ 5,332,829	\$ 6,135,950	\$ 4,526	\$ -	\$ 145,000	\$ 3,585,000	\$ 2,213,111	\$ -	\$ -	\$ 5,530,194
92-1	2,071,130	1,735,651	1,530	-	50,000	1,765,000	127,050	-	-	1,866,261
98-1A	2,098,947	850,108	1,515	-	54,112	535,000	555,826	1,175	-	1,804,457
98-1B	836,205	409,966	541	-	57,222	205,000	339,336	-	-	645,154
98-2	9,203,641	7,603,897	7,918	-	165,612	4,520,000	2,532,150	-	-	9,597,694
04-1	380,214	441,329	321	-	20,000	235,000	173,969	-	-	392,895
05-1	2,497,683	1,264,592	2,225	8,439,647	160,670	195,000	746,130	174,553	8,251,892	2,675,902
Totals	\$ 22,420,649	\$ 18,441,493	\$ 18,576	\$ 8,439,647	\$ 652,616	\$ 11,040,000	\$ 6,687,572	\$ 175,728	\$ 8,251,892	\$ 22,512,557

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES  
DISTRICTS**

*Note to the Supplementary Information  
June 30, 2022*

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**Combining Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances**

The Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances are included to provide information regarding the individual CFDs that have been included in the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

**Combining Statement of Net Position**

The Combining Statement of Net Position is included to provide information regarding the individual CFDs that have been included in the Fiduciary Funds Statement of Net Position.

**Schedule of Changes in Fiduciary Net Position**

This schedule discloses the receipt of special taxes and other revenues along with the payment of non-obligatory debt and other uses of the individual CFDs that have been included in the Fiduciary Funds Statement of Net Position.

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*Other Independent Auditors' Reports*

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**INDEPENDENT AUDITORS' 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  
Capistrano Unified School District  
San Juan Capistrano, 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 Capistrano Unified School District (the District) Capital Projects Fund for Blended Component Units and the related fiduciary funds as of and for the year ending June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated January 3, 2023.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

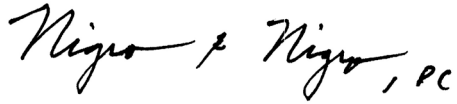
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Capistrano 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.

Handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California  
January 3, 2023



## INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board  
Capistrano Unified School District  
San Juan Capistrano, California

We were engaged to conduct a performance audit of the Community Facilities Districts (CFDs) No. 90-2, 92-1, 98-1A, 98-1B, 98-2, 2004-1, and 2005-1 of Capistrano Unified School District for the year ended June 30, 2022.

We conducted this performance audit in accordance with the 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 conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the permitted uses as authorized by CFD voters. 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 permitted uses as authorized by CFD voters. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Community Facilities Districts No. 90-2, 92-1, 98-1A, 98-1B, 98-2, 2004-1, and 2005-1 funds only on authorized projects as approved by the voters of the community facilities districts.

Murrieta, California  
January 3, 2023

# **CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS**

*For the Fiscal Year Ended June 30, 2022*

*Performance Audit*

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## **AUTHORITY FOR ISSUANCE**

The bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Section 53311 et seq. of the California Government Code. The laws were enacted by the State Legislature to provide an alternative method of financing certain public capital facilities and services. Only established by the legislative board of a local agency, a community facilities district is a legally constituted governmental entity with defined boundaries, with the governing board or legislative body of the local agency acting on its behalf. Subject to approval by a two thirds vote of qualified electors and compliance with the provisions of the laws, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

## **PURPOSE OF ISSUANCE**

The CFDs may use its special taxes proportionally on the school facilities, including modernization and rehabilitation that serve the project students, including the facilities and central support and administrative facilities, interim housing, transportation and lease payments for financings.

## **OBJECTIVES OF THE AUDIT**

Determine whether expenditures charged to the CFDs have been made only on authorized projects as approved by the voters of the Community Facilities Districts.

## **SCOPE OF THE AUDIT**

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

# CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS

*For the Fiscal Year Ended June 30, 2022*

*Performance Audit*

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## 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 Community Facilities Districts No. 90-2, 92-1, 98-1A, 98-1B, 98-2, 2004-1, and 2005-1 of Capistrano Unified School District. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the permitted uses as authorized by CFD voters. We performed the following procedures:

1. We selected from each CFD a sample of expenditures for the period starting July 1, 2021, and ending June 30, 2022, and reviewed supporting documentation to ensure that such funds were properly expended on the authorized projects.
2. Our sample included 36 transactions totaling \$2,112,290. This represents 57 percent of the total expenditures of \$3,696,893 (not including funds expended for debt service activities from Fiduciary Funds).
3. Based on our testing, we verified that funds from the Community Facilities Districts No. 90-2, 92-1, 98-1A, 98-1B, 98-2, 2004-1, and 2005-1 of Capistrano Unified School District were expended on the school facilities, including modernization and rehabilitation that serve the project students, including the facilities and central support and administrative facilities, interim housing, transportation and lease payments for financings.

## CONCLUSION

The results of our tests indicated that, in all significant respects, the Capistrano Unified School District has properly accounted for the expenditures held in the Community Facilities Districts No. 90-2, 92-1, 98-1A, 98-1B, 98-2, 2004-1, and 2005-1 and that such expenditures were made for authorized voter approved projects.

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## *Findings and Recommendations*

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**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES  
DISTRICTS**

*Schedule of Audit Findings and Recommendations  
For the Fiscal Year Ended June 30, 2022*

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**FINANCIAL STATEMENT FINDINGS**

*There were no findings in 2021-22.*

**CAPISTRANO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES  
DISTRICTS**

*Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2022*

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*There were no findings in 2020-21.*