

FULLERTON JOINT UNION HIGH SCHOOL DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS

MEASURE I

PERFORMANCE AUDIT

Fiscal Year Ending June 30, 2015

FULLERTON JOINT UNION HIGH SCHOOL DISTRICT

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June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

The Governing Board
The Citizens' Bond Oversight Committee
Fullerton Joint Union High School District

We have conducted a performance audit of the Fullerton Joint Union High School District's (the District) expenditures incurred during the fiscal year ended June 30, 2015 and identified by management of the District to be reimbursed from Measure I General Obligation Bond funds.

We conducted our performance audit in accordance with *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 on page three of this report which includes determining the District's compliance with the performance requirements of Proposition 39 Measure I General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution as they relate to the expenditures to be reimbursed from those funds as identified above. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of the District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, in all significant respects, the District's expenditures incurred during the fiscal year ended June 30, 2015 as identified by the District's management to be reimbursed from Measure I general obligation bond proceeds were used only for the specific projects developed by the District's Governing Board, and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

A handwritten signature in black ink that reads 'Vicenti, Lloyd & Stutzman LLP'.

VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
March 31, 2016

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BACKGROUND INFORMATION

In November 2000 the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges, under certain circumstances and subject to certain conditions. In November 2014, a general obligation bond proposition (Measure I) of the Fullerton Joint Union High School District was approved by the voters of the District. Measure I authorized the District to issue up to \$175 million of general obligation bonds to finance various capital projects, and related costs, as specified in the bond measure provisions of Measure I. In anticipation of the bond measure and issuance, the District expended funds during the fiscal year ended June 30, 2015 with the intent of reimbursing expenditures from Measure I bond funds.

Pursuant to the requirements of Proposition 39, and related state legislation, the Governing Board of the District established a Citizens' Bond Oversight Committee and appointed its initial members. The principal purpose of the Citizens' Bond Oversight Committee, as set out in state law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Measure I bond authorization. The Citizens' Bond Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Measure I bond fund have been expended only for the authorized bond projects.

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OBJECTIVES

The objectives of our performance audit were to:

- Determine whether the expenditures selected by management to be reimbursement from Measure I general obligation bond funds have been made in accordance with the bond project list approved by the voters through the approval of Measure I in November 2014.
- Provide the Governing Board and the Citizens' Bond Oversight Committee with a performance audit as required under the requirements of the California Constitution and Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the specific expenditures identified by District management that will be reimbursed from Measure I general obligation bond funds. The expenditures occurred in the fiscal period from July 1, 2014 to June 30, 2015. The sample of expenditures tested were selected from all object and project codes associated with the planned reimbursement. Expenditures incurred subsequent to June 30, 2015, were not reviewed or included within the scope of our audit or in this report.

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PROCEDURES PERFORMED

We obtained the support prepared by District management of the fiscal year ended June 30, 2015 expenditures to be reimbursed with Measure I general obligation bond funds. We obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure I with regards to the approved bond projects list. We performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure I election documents.
- We selected a sample of the expenditures to be reimbursed and reviewed supporting documentation to verify that the expenditures are for authorized bond projects. Our sample included 13 transactions totaling \$131,430.
- In addition, we verified that amounts expended on salaries and benefits were only to the extent employees perform work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General. Our sample of expenditures for salaries and benefits included \$112,073 in payroll expenses.
- Total expenditures, including salaries and benefits, tested were \$243,503. This represents 72% of total expenditures to be reimbursed of \$336,680.
- We verified on a sample basis that expenditures were not used for salaries of school administrators or other operating expenses of the District.

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CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures to be reimbursed from Measure I general obligation bond funds and that such expenditures were made on authorized bond projects. Further, it was noted that expenditures for salaries were only included in the amount to be reimbursed to the extent that employees performed work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.