

WHITTIER UNION HIGH SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
(MEASURE W, NOVEMBER 2008)
PERFORMANCE AUDIT

Fiscal Year Ending June 30, 2012

**WHITTIER UNION HIGH SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
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June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

The Board of Education
The Citizens' Oversight Committee
Whittier Union High School District

We have conducted a performance audit of the Whittier Union High School District (the "District"), Measure W, General Obligation Bond funds for the year ended June 30, 2012.

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 conclusion based on our audit objectives.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the Whittier Union High School District's compliance with the performance requirements for the Proposition 39 Measure W, General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the Whittier Union High School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of Whittier Union High School 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 the internal control.

The results of our tests indicated that, in all significant respects, Whittier Union High School District expended Measure W, General Obligation Bond funds for the year ended June 30, 2012 only for the specific projects developed by the District's Board of Trustees 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.

Vicenti, Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP

December 4, 2012

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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. On November 4, 2008, a general obligation bond proposition (Measure W) of the Whittier Union High School District was approved by the voters of the District. Measure W authorized the District to issue up to \$75,000,000 of general obligation bonds to finance various capital projects, and related costs, as specified in the bond measure provisions of Measure W.

Pursuant to the requirements of Proposition 39, and related state legislation, the Board of Education of the District established a Citizens' Oversight Committee and appointed its members. The principal purpose of the Citizens' 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 W bond authorization. The Citizens' 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 W Bond Building Fund have been expended only for the authorized bond projects.

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OBJECTIVES

The objectives of our Performance Audit were to:

- Document the expenditures charged to the Whittier Union High School District Measure W Bond Building Fund.
- Determine whether expenditures charged to the Measure W Bond Building Fund, have been made in accordance with the bond project list approved by the voters through the approval of Measure W on November 4, 2008.
- Note incongruities, system weaknesses, or non-compliance with specific Education Code Sections (15278-15282) related to oversight of fund expenditures.
- Provide the District Board and the Citizens' 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 fiscal period from July 1, 2011 to June 30, 2012. The expenditures tested included a sample of expenditures from all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other state or local funding sources, other than the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2012, were not reviewed or included within the scope of our audit or in this report.

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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, 2012, for the Measure W Bond Building Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure W with regards to the approved bond projects list and performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure W election documents.
- We selected a sample of expenditures and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.

The District expended \$7,862,715 of Measure W funds for the fiscal year ended June 30, 2012. We selected a sample of expenditures totaling \$6,123,916 which is 77.89% of expenditures.

| <u>Project No.</u> | <u>Project Name</u> | <u>Amount Tested</u> | <u>Description of Expenditures Tested</u> |
|--------------------|--|----------------------|--|
| 91152 | Whittier High School Classroom Projector Installation - Phase 2 (Pole Vault) | \$ 120,358 | Architectural service costs and construction costs |
| 91229 | Whittier High School Play Field Equipment and Modernization Project | 195,416 | Architectural service costs |
| 91630 | Whittier High School Phase II - Hardscape and Landscape Project | 109,972 | Construction costs |
| 91900 | Whittier High School Security Cameras & Safety Lighting Project | 9,957 | Construction costs |
| 91924 | Whittier High School Athletic Fields | 16,264 | Construction costs |
| 93001 | California High School ADA/Bathrooms & Classroom Modernization Project | 424,640 | Construction costs |
| 93152 | California High School - Pole Vault Installation | 22,972 | Construction costs |
| 93423 | California High School Vocational/Technical Classrooms Project | 78 | Construction costs |
| 93432 | California High School New Construction Stadium | 233,153 | Architectural services costs, construction cost, design development and construction management services costs |

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| <u>Project No.</u> | <u>Project Name</u> | <u>Amount Tested</u> | <u>Description of Expenditures Tested</u> |
|----------------------------|--|----------------------------|---|
| 93900 | California High School Security Cameras & Safety Lighting Project | 10,188 | Construction costs |
| 94152 | Santa Fe High School Classroom Projector Installation Project - Phase 2 (Pole Vault) | 133,096 | Construction costs |
| 94229 | Santa Fe High School Athletic Fields - Landscape | 2,455,043 | Architectural service costs |
| 94602 | Pioneer High School New Construction Science Building | 1,850,880 | Architectural service costs and construction costs |
| 94900 | Santa Fe High School Security Cameras & Safety Lighting Project | 9,437 | Architectural service costs |
| 96142 | Pioneer High School Solar Power Project | 341,086 | Architectural service costs |
| 96152 | Pioneer High School Classroom Projector Installation Project - Phase 1 (Pole Vault) | 33,361 | Architectural service costs |
| 96432 | Pioneer High School New Construction Stadium | 37,116 | Architectural services costs, professional engineering services, management services and surveying services costs |
| 96900 | Pioneer High School Security Cameras & Safety Lighting Project | 9,339 | Construction costs |
| 97109 | La Serna High School Solar Power Generation Project | 22,667 | Construction costs |
| 97433 | La Serna High School New Athletic Field Classroom Building Project | 42,506 | Architectural service costs |
| 97900 | La Serna High School Security Cameras & Safety Lighting Project | 8,687 | Architectural service costs |
| 99001 | Santa Fe High School New Field Restrooms Project | 7,087 | Architectural service costs |
| 99152 | Santa Fe High School Classroom Projector Installation Project - Phase 2 (Pole Vault) | 21,121 | Architectural service costs |
| 99900 | Santa Fe High School Security Cameras & Safety Lighting Project | <u>9,492</u> | Architectural service costs |
| Total Amount Tested | | <u>\$ 6,123,916</u> | |

- We verified that funds from the Measure W Bond Building Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects and we verified that funds held in the Measure W Bond Building Fund 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 Whittier Union High School District has properly accounted for the expenditures of the funds held in the Measure W Bond Building Fund and that such expenditures were made on authorized bond projects. Further, it was noted that the funds held in the Measure W Bond Building Fund and expended by the District were not expended for salaries of school administrators or other operating expenditures.