

GLENDALE UNIFIED SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE S
PERFORMANCE AUDIT

Fiscal Year Ended June 30, 2017

GLENDALE UNIFIED SCHOOL DISTRICT

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June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Glendale Unified School District
Glendale, California 91206

We have conducted a performance audit of the Glendale Unified School District (the District), Measure S General Obligation Bond funds for the fiscal year ended June 30, 2017.

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. 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 for the Proposition 39 Measure S General Obligation Bond funds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution. 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 control 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 expended Measure S General Obligation Bond funds for the fiscal year ended June 30, 2017, only for the specific projects developed by the District's Board of Education, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 28, 2017

GLENDALE UNIFIED SCHOOL DISTRICT

PERFORMANCE AUDIT OF MEASURE S GENERAL OBLIGATION BOND FUNDS

June 30, 2017

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 April 2011, a general obligation bond proposition (Measure S) of the District was approved by the voters of the District. Measure S authorized the District to issue up to \$270,000,000 of general obligation bonds to finance various capital projects, and related costs, as specified in the bond measure provisions of Measure S.

Pursuant to the requirements of Proposition 39, and related state legislation, the Board of Education of the District established a Citizens' Bond Oversight Committee and appointed its 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 S 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 S bond funds have been expended only for the authorized bond projects.

OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged against the Measure S General Obligation Bond funds.
- Determine whether expenditures charged against Measure S funds have been made in accordance with the bond project list developed by the District's Board of Education, and approved by the voters, through the approval of Measure S in April 2011.
- Determine that amounts expended on salaries and benefits were only to the extent employees are assigned to perform work associated with the Measure S projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

GLENDALE UNIFIED SCHOOL DISTRICT

PERFORMANCE AUDIT OF MEASURE S GENERAL OBLIGATION BOND FUNDS June 30, 2017

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 1, 2016 to June 30, 2017. 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, 2017, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

- We identified the expenditures charged to the general obligation bond proceeds by obtaining the general ledger and identified the authorized projects by obtaining the Measure S election documents.
- We selected a judgmental sample of expenditures for supplies, services, and capital outlay considering all projects for the year ended June 30, 2017. Our sample included 60 transactions totaling \$29,514,384. This represents 51% of total expenditures of \$57,765,853.
 - We reviewed the actual invoices and supporting documentation to determine that expenditures charged to projects were:
 - Supported by invoices with evidence of proper approval and documentation of receipt of goods or services;
 - Supported by proper bid documentation, as applicable;
 - Were properly expended on the authorized bond projects as listed on the voter-approved bond project list.
- We selected a judgmental sample of salaries and benefits for the year ended June 30, 2017. Our sample of expenditures for salaries and benefits included \$1,451,573 in payroll expenses.
 - We obtained the Allocation of Personnel Costs and reconciled salaries and benefits to the expenditures recorded in the general ledger. For individuals allocated at less than 100% we obtained monthly time studies to verify the percentage charged to bond funds was supported. We obtained job descriptions to determine that the amounts expended were only to the extent employees were assigned to perform work associated with the authorized bond projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

GLENDALE UNIFIED SCHOOL DISTRICT

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June 30, 2017

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures made from Measure S funds and that such expenditures were made for authorized bond projects. Further, it was noted that Measure S funds were used for salaries only to the extent allowable.