

DUBLIN UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Dublin Unified School District
Dublin, California

We have conducted a performance audit of the Dublin Unified School District (the "District") Measure H General Obligation Bond funds for the 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 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 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure H 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 Dublin Unified 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 controls of Dublin Unified School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on 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, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Dublin Unified School District expended Measure H General Obligation Bond funds for the year ended June 30, 2017 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.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
March 30, 2018

DUBLIN UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
June 30, 2017

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

DUBLIN UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, MEASURE H

The Dublin Unified School District, Alameda County, California Election of 2016 General Obligation Bonds, Measure H were authorized at an election of the registered voters of the Dublin Unified School District held on June 7, 2016 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$283,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. The summarized text of the ballot language was as follows:

"To protect quality education with funding that cannot be taken by the State, construct schools to prevent overcrowding; update aging classrooms/science labs; continue providing 21st century technology; ensure classrooms meet fire/safety codes, and improve energy/operational efficiency, utilizing savings for instruction shall Dublin Unified School District issue \$283 million in bonds at legal rates, with annual audits, citizens oversight, no money for administrators, and all funds staying in Dublin?"

On November 23, 2016, the District issued 2016 General Obligation Bonds, Election of 2016 Series "A" totaling \$60,000,000. Repayment of the Bonds were to be made from the special parcel tax revenues levied in connection with the bond issue. The Bonds were to bear interest at rates ranging from 3.125% to 5.000% and are scheduled to mature through August 1, 2046.

DUBLIN UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION
June 30, 2017

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure H General Obligation Bond funds for the year ended June 30, 2017 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure H General Obligation Bond project expenditures for the year ended June 30, 2017 (the "List"). A total of \$912,021 in expenditures from July 1, 2016 through June 30, 2017 were identified.

METHODOLOGY

We performed the following procedures to the List of Measure H General Obligation Bond project expenditures for the year ended June 30, 2017:

- Verified the mathematical accuracy of the expenditures list.
- Vouched the List to total bond expenditures as reported by the District in the District's Measure H General Obligation Bond financial statements for the year ended June 30, 2017.
- Selected a sample of 1 expenditures totaling \$343,594 from Measure H expenditures. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 37% of the total expenditure value. Verified that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Dublin Unified School District expended Measure H General Obligation Bond funds for the year ended June 30, 2017 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.