

*Report of Independent Auditors
Performance Audit*

**Measure I Bond Building Fund of
Alameda Unified School District**

For the Year Ended June 30, 2020

Table of Contents

REPORT ON INDEPENDENT AUDITORS1

 Audit Procedures and Results.....2

Report on Independent Auditors

Governing Board and Measure I Citizens' Bond Oversight Committee
Alameda, California

We have conducted a performance audit of Alameda Unified School District (the "District") Measure I General Obligation Bonds fund for the year ended June 30, 2020.

We conducted our performance audit in accordance with generally accepted *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 evidenced obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Objectives

Our audit was limited to objectives listed on pages 2 to 3 of this report which includes determining compliance with the performance requirements of Measure I General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and the requirements Proposition 39 as they apply to the bonds and net proceeds thereof. Management is responsible for Alameda 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 Alameda 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 tests indicate that, in all significant respects, Alameda Unified School District expended Measure I General Obligation Bonds funds for the year ended June 30, 2020 only for the specific projected 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.

San Francisco, California
February 23, 2021

**Measure I Bond Building Fund of
Alameda Unified School District
Audit Procedures and Results
For the Year Ended June 30, 2020**

SECTION I - FINANCIAL AUDIT PROCEDURES AND RESULTS

Financial Statements

We have issued an unmodified opinion over the financial statements of the Measure I Bond Building Fund as of and for the year ended June 30, 2020.

Internal Control Evaluation

We tested internal controls over financial reporting and compliance with laws, regulations, or provisions of contracts or agreements and have determined through our inquiry of management and our evaluation of Alameda Unified School District's (the "District") processes that no significant deficiencies were noted.

SECTION II - PERFORMANCE AUDIT PROCEDURES AND RESULTS

Facility Project Expenditures

We selected a representative sample of expenditures charged to the Measure I Bond Building Fund and reviewed supporting documentation to ensure funds were properly expended on specific project(s) listed in the text of the Measure I ballot.

We tested approximately \$21.7 million of non-personnel expenditures or 64% of total 2019-20 Measure I Bond Building Fund expenditures for validity, allowability, and accuracy and concluded that the sampled expenditures were in compliance with the terms of Measure I ballot language, the District approved facilities plan, and applicable state laws and regulations.

Personnel Expenditures

We reviewed salaries and benefits charged to the Measure I Bond Building Fund to verify that the personnel expenditures were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General, which concluded that "a school district may use Proposition 39 school bond proceeds to pay the salaries of district employees to the extent they perform administrative oversight work on construction projects authorized by a voter approved bond measure."

We reviewed a listing of all employees charged to the Measure I Bond Building Fund and found that all employees held positions applicable to the local school construction bond. Further, we selected a sample of two of the nine employees charged to review personnel files and personnel action reports for proper allocation of salaries and benefits. Based on our testing, salary transactions were not used for general administration operations. Personnel costs charged to the Measure I Bond Building Fund appeared allowable.

Contract and Bid Procedures

We reviewed a listing of contracts awarded during the fiscal year ended June 30, 2020 and selected a sample to ensure that contracts for public projects followed appropriate bidding procedures per applicable Public Contract Code. Additionally, we reviewed overall expenditures by vendor in order to determine if multiple projects under the applicable bidding threshold were identified to suggest any possible bid-splitting.

Measure I Bond Building Fund of Alameda Unified School District Audit Procedures and Results For the Year Ended June 30, 2020

The following contracts were tested:

- Project: Encinal Modernization, Lathrop Construction Associates, \$2,155,118
- Project: Love Elementary School (formerly Haight) Modernization, \$746,446
- Project: Franklin Elementary School Modernization, \$2,064,442

Based on our review of overall expenditures and projects by vendor, no instances or possible indications of bid-splitting were identified. The District appears to be properly reviewing projects and applying appropriate procedures over contract and bidding procedures.

Contracts and Change Orders

We reviewed a listing of contracts and change orders during the fiscal year ended June 30, 2020 and selected a sample to ensure that change orders were properly approved and in accordance with District policies. Additionally, cumulative change orders for any given contract were reviewed to ensure that total change orders did not exceed ten percent of the total original contract.

We reviewed one change order for each of the projects below:

- Earhart ES Fencing
- Encinal HS New CR Bldg. & Campus Modernization – Phase 2
- Lincoln Modernization

We verified that the total aggregate amount of the change orders did not exceed ten percent of the total original contract. All change orders were properly reviewed and approved by management and the governing board in accordance with District policy.