

MOUNT DIABLO UNIFIED SCHOOL DISTRICT

**SUN TERRACE ELEMENTARY SCHOOL
APPLICATION #57/61754-00-095
SCHOOL FACILITY PROGRAM
PERFORMANCE AUDIT**

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
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SCHOOL FACILITY PROGRAM PERFORMANCE AUDIT

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Board of Education
Mount Diablo Unified School District
Concord, California

We have conducted a performance audit of the Sun Terrace Elementary School Application #57/61754-00-095 project ("the Project"), for Mount Diablo Unified School District ("the District"), covering the period from October 25, 2012 ("Application Approval Date") to May 30, 2019 ("100% Completion Date").

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 3 of this report, which includes determining the Project's compliance with the requirements of applicable provisions of the Leroy F. Greene School Facilities Act of 1998 ("the Greene Act") as they apply to the Project, the types of compliance requirements described in Appendix B of the State of California's *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide Appendix B"), and the reported expenditures thereof. 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 the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with requirements of the Leroy F. Green School Facilities Act of 1998 and the Audit Guide Appendix B 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 controls.

The results of our procedures indicated that, in all significant respects, the District complied with the applicable requirements of the Leroy F. Greene School Facilities Act of 1998 and the Audit Guide Appendix B, for Sun Terrace Elementary School Application #57/61754-00-095 project covering the period from October 25, 2012 to May 30, 2019.


Crowe LLP

Sacramento, California
August 23, 2021

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
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SCHOOL FACILITY PROGRAM PERFORMANCE AUDIT
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

On August 27, 1998, the Leroy F. Greene School Facilities Act of 1998 (“the Greene Act”) was enacted into law. The requirements of the Greene Act are outlined in the California Education Code as part of Title 1, Division 1, Part 10 beginning with Section 17070.10. The Greene Act established a program in which the California State Allocation Board provided state per-pupil funding, including hardship funding, for new school facilities construction and school facilities modernization for applicant school districts.

On June 27, 2018, the California legislature approved Assembly Bill 1808 (AB 1808), which amended California Education Code Section 41024. AB 1808 requires all local education agencies that receive funds pursuant to the Greene Act, must submit a detailed listing of project expenditures to support that the funds have been expended with all applicable requirements. AB1808 also requires that each completed project funded through the Greene Act be subjected to an independent performance audit.

Funding for projects approved under the Greene Act is administered through the State of California’s Office of Public School Construction (OPSC) School Facility Program. Project expenditures are reported to the OPSC through the Detailed Listing of Project Expenditures.

SUMMARY PROJECT DESCRIPTION

The District applied to receive funding for a School Facility Program project which met the requirements of the Greene Act. The details of the Project covered by this performance audit are listed below:

District School Name:	Sun Terrace Elementary School
District County:	Contra Costa
Project Application Number:	57/61754-00-095
Program Type:	Modernization
Project Classification/Type:	Non-Financial Hardship
Grant Award Amount:	\$ 563,675
Application Approval Date:	October 25, 2012
Notice of Completion Date:	October 2, 2012
Funding Release Date:	June 1, 2018
100% Completion Date:	May 30, 2019

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OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVE

The objective of our performance audit was to determine whether the District complied with the applicable requirements of the Leroy F. Greene School Facilities Act of 1998 and the Audit Guide Appendix B, for Sun Terrace Elementary School Application #57/61754-00-095 project covering the period from October 25, 2012 to May 30, 2019.

SCOPE

The scope of this audit includes all closeout documents reported to the Office of Public School Construction in connection with Sun Terrace Elementary School Application #57/61754-00-095, as submitted for the School Facility Program funding under the Greene Act ("School Facility Program").

For the purposes of our performance audit, we gained an understanding of the District's internal control over financial reporting, including entity level controls. In regard to the entity level control components, only the control environment, control activities, and monitoring were deemed significant to the audit objectives. We considered whether those control components were properly designed and implemented for the purposes of Application #57/61754-00-095, related to Sun Terrace Elementary. However, we did not evaluate, and were not required to evaluate, the operating effectiveness of entity level controls.

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OBJECTIVES, SCOPE, AND METHODOLOGY

METHODOLOGY

We performed the following procedures to Sun Terrace Elementary School Application #57/61754-00-095 project covering the period from October 25, 2012 to May 30, 2019:

1. Verified the District maintained a general ledger reflecting project-specific expenditures including fund, resource, project year, goal, function, and object codes.
2. Verified District matching funds were either deposited to the County School Facility Fund or expended prior to the "Notice of Completion", by inspecting the State Allocation Board's approval document for the Project.
3. Tested a representative sample of 8 expenditures totaling \$1,526,619 to determine if amounts were expended in accordance with the laws and regulations governing the School Facility Program, and expended prior to the Notice of Completion date. The sample represented approximately 74% of total project expenditures reported on the Project's Detailed Listing of Project Expenditures. Sampled items included both planning and construction costs incurred for the Project.
4. Reconciled total Project expenditures from the general ledger to the final Detailed Listing of Project expenditures.
5. Agreed the final contracted amount of architect and design contracts to the final billed amount for the Project and determined the final billed amounts agreed to the general ledger.
6. Selected a representative sample of 1 construction contract as there was only one such contract for the Project, and performed the following:
 - o Agreed the final authorized amount of the sampled construction contracts to the final billed amounts for the Project, and determined the final billed amounts agreed to the general ledger.
 - o Inspected contractor bidding and other vendor approval documents to determine compliance with applicable provisions of the Public Contract Code, with respect to competitive bidding.
7. Determined, through inquiries of management and a review of the Project's Detailed Listing of Project Expenditures, that the District did not use a construction manager for this project.
8. Obtained and reviewed the application approval document from the Office of Public School Construction website, which indicated that at least 60% of the Project's costs were estimated to be for hard construction costs. Recalculated the hard construction cost percentage to verify the requirement was met.
9. Determined, through a review of general ledger activity in the County School Facility Fund during the period from October 25, 2012 to May 30, 2019, that the District did not transfer School Facility Program grant proceeds to other District governmental funds.
10. Determined that the District did not report any interest on the final form SAB 50-06.
11. Verified, through a review of general ledger reporting in the District's financial accounting system, that the District has established a "Restricted Maintenance Account" including required reserves.
12. Reviewed the closeout documents reported to the Office of Public School Construction in connection with Sun Terrace Elementary School Application #57/61754-00-095, noting that the District had \$0 in total project savings.

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AUDIT RESULTS AND VIEWS OF RESPONSIBLE OFFICIALS

CONCLUSION

The results of our tests indicated that, in all significant respects, the District complied with all applicable requirements of the Leroy F. Greene School Facilities Act of 1998 and the Audit Guide Appendix B, for Application #57/61754-00-095, related to Sun Terrace Elementary School covering the period from October 25, 2012 to May 30, 2019.

FINDINGS

No matters were reported.

RECOMMENDATIONS

No matters were reported.

SUMMARY OF VIEWS OF RESPONSIBLE OFFICIALS

There were no matters to report from responsible officials of the District.

REQUIRED SCHEDULES

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
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INTEREST REPORTED

The following schedule presents the reported interest from the Project's final State Allocation Board (SAB) Form 50-06, if applicable, as well as the audited interest. Differences between the reported and audited amounts are also presented:

Interest – Reported*	\$ -
Interest – Audited*	<u>-</u>
Difference	<u><u>\$ -</u></u>

* Per the SAB Form 50-06 there was no interest reported for the Project. As such, interest reported is not applicable and there were no audit procedures performed.

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SUMMARY OF AUDIT FINDINGS

Not applicable. There were no findings to report related to Application #57/61754-00-095, related to Sun Terrace Elementary School.

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SITE GRANT ADJUSTMENTS SUMMARY

Not applicable. There were no site grant adjustments reported in Application #57/61754-00-095, related to Sun Terrace Elementary School.

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 DETERMINATION OF PROJECT SAVINGS

District: **Mount Diablo Unified School District**
Project Number: **57/61754-00-095**
School Name: **Sun Terrace Elementary School**

	<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Difference</u>
A. State Share: Grants Amount	\$ 563,675	\$ 563,675	\$ -
B. District Contribution	\$ 1,507,265	\$ 1,507,265	\$ -
C. Financial Hardship Apportionment	-	-	-
D. District Share (B + C)	<u>1,507,265</u>	<u>1,507,265</u>	-
E. Interest Earned on State Funds	-	-	-
F. Amounts Financed (A + D + E)	<u>\$ 2,070,940</u>	<u>\$ 2,070,940</u>	<u>\$ -</u>
G. Reported Expenditures to OPSC	<u>\$ 2,070,940</u>	<u>\$ 2,070,940</u>	<u>\$ -</u>
H. Amount Overspent (Savings)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 SUMMARY OF FINAL PROJECT FUNDING

District: **Mount Diablo Unified School District**
Project Number: **57/61754-00-095**
School Name: **Sun Terrace Elementary School**

	Amount
Total State Grants Received (Grant Award Amount)	\$ 563,675
Add: District Contributions	1,507,265
Total Project Financing:	2,070,940
Reported Expenditures to Office of Public School Construction:	2,070,940
Amount Overspent (Underspent)	\$ -
Amount of Audited Savings (from Schedule of Determination of Project Savings)	\$ -
Ineligible Expenditures (from Schedule of Summary of Audit Findings)	\$ -
Site Grant Adjustments (from Site Grant Adjustments)	\$ -
Total Amount to be returned to the State	\$ -
