

# Pacific Grove Unified School District

## MEASURE D GENERAL OBLIGATION BOND PERFORMANCE AUDIT

Audit Period

*July 1, 2006*

*through*

*June 30, 2007*



*Prepared November 6, 2007 by:*

**Capital Program Management, Inc.**



## PERFORMANCE AUDIT REPORT

Board of Education  
Measure D Citizens Oversight Committee  
Pacific Grove Unified School District  
555 Sinex Avenue  
Pacific Grove, CA 93950

Capital Program Management, Inc. was engaged by the Pacific Grove Unified School District to conduct an Independent Performance Audit of the District's Measure D General Obligation Bond in accordance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution. Capital Program Management, Inc. audited the Measure D project expenditure reports for the period of July 1, 2006 through June 30, 2007 and has issued our report thereon dated November 6, 2007.

Based on our audit, it is the opinion of Capital Program Management, Inc. that Measure D funds were expended only on the specific projects identified on the Measure D project list approved by the Pacific Grove Unified School District Board of Education.

This report is intended solely for the information and use of the Pacific Grove Unified School District, Board of Education, and the Measure D Citizen's Oversight Committee, is not intended to be, and should not be used by anyone other than those specified parties.

Al Frangione, Principal

Capital Program Management, Inc.  
November 6, 2007



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## Section I: Background

### 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, community college districts, or county offices of education, “for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities”, upon approval by 55% of the electorate.

In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b) (3) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizen’s oversight committee.
4. Requires the school district to conduct an annual independent financial audit of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

### Pacific Grove Unified School District Measure D General Obligation Bond

On June 6, 2006, the electorate of the Pacific Grove Unified School District approved the \$42 million Measure D general obligation bond with 65.6% of the votes in favor. The text of the ballot language was as follows:

*To repair and renovate classrooms, schools and educational facilities throughout the District and build new classrooms and educational facilities, including science labs and music rooms, shall Pacific Grove Unified School District issue \$42 million of bonds at the lowest possible interest rates so long as spending is annually reviewed by an independent citizens' oversight committee and all funds are spent locally and cannot be transferred to the State.*

As required by Article XIII A, Section 1(b) (3) of the California Constitution, a specific project list was identified and provided in the full ballot language. This specific project list is provided below.

## PACIFIC GROVE UNIFIED SCHOOL DISTRICT

**Bond proceeds will be used on projects at the following sites:**

- Forest Grove School
- Robert Down School
- David Avenue School
- Pacific Grove Middle School
- Pacific Grove High School
- Lighthouse School
- Community High School
- Maintenance Facility
- District Administrative Offices
- Transportation Facility

**Projects at each site shall include, as appropriate, but not be limited to, items such as the following:**

- Repair and refurbish classrooms and other areas serving student needs
- Install and replace equipment and furniture in areas serving student needs
- Install, repair and/or replace and upgrade heating and ventilation systems
- Remove asbestos and lead where necessary
- Install, repair and/or replace plumbing systems, including water, sewer & gas
- Install, repair and/or replace underground infrastructure and pipes due to deterioration
- Install new technology upgrades, including infrastructure
- Install, repair and/or replace and upgrade electrical power systems
- Install, repair and/or replace electrical and lighting systems including energy saving upgrades
- Install repair and/or replace phones, data, bells, public address, intercom, cable & fiber optic systems
- Provide furniture and equipment upgrades for classroom, auditoriums, gymnasiums, multi-purpose buildings and conference rooms — including audio visual and Internet access
- Install exterior safety lighting on walkways and in parking lots
- Install, repair and/or replace and upgrade security systems including hardware and electronic systems
- Install, repair and/or replace and upgrade science and computer labs and classrooms
- Install, repair and/or replace science classroom fixtures
- Improve earthquake resistance systems
- Install insulation and weather-stripping
- Install, repair and/or replace flooring
- Install, repair and/or replace doors and door hardware
- Install, repair and/or replace ceilings

### Projects (Continued)

- Install, repair and/or replace interior and exterior finishes
- Install, repair and/or replace roofing & gutters
- Install, energy management systems
- Install, new windows
- Improve site storm drainage
- Install, repair and/or replace and upgrade irrigation systems
- Install, repair and/or replace sidewalks, walkways, asphalt pavement, parking lots, driveways, playground surfaces, playfields and tennis courts
- Install, repair and/or replace fencing
- Install, repair and refurbish restrooms and shower areas
- Install, repair and/or replace lockers
- Install safety lighting in gymnasiums and shower and lockers areas
- Install new stadium bleachers, lighting and turf
- Install, repair or replace track surfaces
- Install, replace and/or repair gym floors
- Install, repair and/or renovate auditoriums
- Install, repair and/or renovate gymnasiums
- Install, repair and/or renovate kitchens and cafeterias
- Repair and/or renovate home economics classrooms
- Install, repair and/or renovate industrial arts classrooms
- Install, repair and/or renovate libraries
- Install, replace, repair and/or renovate stadium buildings
- Repair, replace and/or renovate swimming pool
- Repair, renovate or replace administrative offices at schools and central office
- Install, repair and renovate student stores
- Install, repair and renovate shop buildings
- Install, repair, renovate or replace music rooms and performance arts facilities
- Install, repair and renovate athletic stadium access
- Install, repair or renovate student activity areas
- Install, repair and renovate fire alarm systems
- Install, repair, renovate and replace modular classrooms and permanent facilities

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The first issuance of \$6,000,000 of the \$42 Million Dollar Measure D bonds were issued April 4 2007.



## Section II: Performance Audit

Article XIII A of the California Constitution requires school districts that have passed general obligation bonds under the provision of Proposition 39 to conduct an annual performance audit to ensure that the funds have been expended only on the specific projects approved by the voters and specified by the Board of Education.

### Methodology

Capital Program Management, Inc. performed the agreed upon procedures in the course of completing the performance audit:

1. We reviewed the Measure D ballot language and specific project list.
2. We selected the Measure D project expenditures for the period starting July 1, 2006 and ending June 30, 2007. We reviewed the supporting documentation and compared the expenditures to the specific projects listed in the ballot text.

### Expenditures Audited

The Pacific Grove Unified School District provided a list of all Measure D project expenditures to Capital Program Management, Inc. A total of 20 warrants were identified representing \$231,176.35 in expenditures from July 1, 2006 through June 30, 2007. Capital Program Management Inc. reviewed all of the expenditures for this performance audit.

Capital Program Management, Inc. reviewed each warrant and the supporting documentation at an October 25, 2007 on-site audit. The supporting documentation included:

1. Project Proposals
2. Professional Services Contracts
3. Purchase Orders
4. Invoices



### **Audit Conclusion**

The audit performed by Capital Program Management, Inc. concludes the Pacific Grove Unified School District maintained an appropriate accounting system to verify the bond funds were spent only for the purposes listed in the Measure D ballot language and the Board approved project list during the audit period.

**All audited expenditures met the performance audit accountability requirements of Proposition 39; therefore, no exceptions are identified.**