

**MOUNT DIABLO UNIFIED SCHOOL DISTRICT**  
**MEASURE C GENERAL OBLIGATION BONDS**  
**PERFORMANCE AUDIT**  
June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Mount Diablo Unified School District  
Concord, California

We have conducted a performance audit of the Mount Diablo Unified School District (the "District") Measure C General Obligation Bond funds for the year ended June 30, 2022.

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 C 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 Mount Diablo 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 Mount Diablo 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, Mount Diablo Unified School District expended Measure C General Obligation Bond funds for the year ended June 30, 2022 only for the specific projects 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.

  
Crowe LLP

Sacramento, California  
December 14, 2022

MOUNT DIABLO UNIFIED SCHOOL DISTRICT  
MEASURE C GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION

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**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.

**MOUNT DIABLO UNIFIED SCHOOL DISTRICT MEASURE C GENERAL OBLIGATION BONDS**

On June 8, 2010, the electorate of Mount Diablo Unified School District approved the \$348 million "Measure C" General Obligation Bonds with greater than 55% of the qualified votes in favor. The summarized text of the ballot language was as follows:

*"To support quality education and safety for local students, and reduce impacts of State budget cuts by improving science, career and technical education facilities; upgrading classroom instructional technology; repairing leaky roofs; improving safety; maximizing energy efficiency including adding solar panels and modern air conditioning; and repairing, replacing, equipping or modernizing other school facilities; shall Mount Diablo Unified School District issue \$348,000,000 of bonds at legal interest rates, with independent citizen oversight, audits, and no money for administrator salaries?"*

The following is a summary of issuances under the Measure C authorization:

<u>Issuance Series</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Amount of Issuance</u>
Series A	5.10 - 12.00%	9/30/2010	\$ 50,456,475
Series B	1.24 - 5.55%	9/30/2010	59,540,000
Series C	2.00 - 5.40%	4/12/2011	3,865,000
Series D	5.00 - 11.99%	4/12/2011	7,133,582
Series E	0.30 - 5.00%	6/20/2012	149,995,000
Series F	4.00 - 5.00%	7/15/2015	38,500,000
Series G	2.00 - 3.00%	11/16/2016	38,500,000
			<u>\$ 347,990,057</u>

As of June 30, 2022, all of the bonds authorized by the Measure C proposition have been issued. Financial activity related to the Measure C General Obligation Bonds is recorded in the District's Fund 21 (Building Fund), which is included with the District's audited financial statements for the year ended June 30, 2022.

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MOUNT DIABLO UNIFIED SCHOOL DISTRICT  
MEASURE C GENERAL OBLIGATION BONDS  
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

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**OBJECTIVES**

The objective of our performance audit was to determine whether the District expended Measure C General Obligation Bond funds for the year ended June 30, 2022 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Education, 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 C General Obligation Bond project expenditures for the year ended June 30, 2022 ("the List"). A total of \$5,804,217 in expenditures were identified for the fiscal year ended June 30, 2022.

**METHODOLOGY**

We performed the following procedures to the List of Measure C General Obligation Bond project expenditures for the year ended June 30, 2022:

- Verified the mathematical accuracy of the List.
- Agreed the List to total bond expenditures as reported by the District in the District's Measure C General Obligation Bonds audited financial statements for the year ended June 30, 2022.
- Selected a sample of 48 expenditures totaling \$5,226,099 which included 22 non-payroll expenditures and 25 payroll expenditures. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 90% 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. Verified that the funds which were used to pay for salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

**CONCLUSION**

The results of our procedures indicated that, in all significant respects, Mount Diablo Unified School District expended Measure C General Obligation Bond funds for the fiscal year ended June 30, 2022 only for the purposes approved by the voters and only on the specific projects developed by the District's Governing Board, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.