

**GALT JOINT UNION HIGH
SCHOOL DISTRICT**
Galt, California

**MEASURE E GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**
June 30, 2021

GALT JOINT UNION HIGH SCHOOL DISTRICT
Galt, California

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Citizens' Bond Oversight Committee
Galt Joint Union High School District
Galt, California

We have conducted a performance audit of the Galt Joint Union High School District (the "District") Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bond funds for the year ended June 30, 2021.

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 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure E Election of 2016, Series 2017 and Series 2018 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 Galt Joint Union High 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 Galt Joint Union High 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, Galt Joint Union High School District expended Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bond funds for the year ended June 30, 2021 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
January 26, 2022

GALT JOINT UNION HIGH SCHOOL DISTRICT
MEASURE E GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

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.

GALT JOINT UNION HIGH SCHOOL DISTRICT MEASURE E GENERAL OBLIGATION BONDS

On November 8, 2016, the electorate of the Galt Joint Union High School District approved the \$36,000,000 Measure E general obligation bonds with greater than 55% of the votes in favor. The summarized text of the ballot language was as follows:

"To improve the quality of education at local high schools; modernize/renovate outdated classrooms, restrooms and school facilities; replace leaky roofs; provide career technical education classrooms for job training; renovate deteriorating plumbing/sewer systems; upgrade inadequate electrical systems; and make health, safety and handicapped accessibility improvements shall Galt Joint Union High School District issue \$36,000,000 of bonds at legal rates, with an independent oversight committee, NO money for administrative salaries, all funds locally-controlled and not taken by the State?"

Unless otherwise noted, the projects in the Bond Project List are authorized to be completed at each or any of the District's sites, as shall be approved by the Board of Trustees:

School Renovation, Repair, Upgrade, and Construction Projects

- Repair or replace leaky roofs.
- Provide updated career technical education classrooms for job training.
- Renovate deteriorating plumbing and sewer systems.
- Upgrade inadequate electrical systems.
- Construct new science labs.
- Replace outdated or provide new heating, ventilation and air-conditioning systems.
- Improve student access to computers and modern technology, including providing necessary infrastructure, hardware, software, computers, devices and other modern instructional equipment.
- Modernize or renovate 50-year old and older classrooms and school facilities including flooring, ceilings, walls, doors, etc.
- Make health, safety and handicapped accessibility improvements, such as installing necessary seismic reinforcements and replacing aging building materials, removal of hazardous materials identified either prior to or during construction, and mold and/or asbestos abatement.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
MEASURE E GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

GALT JOINT UNION HIGH SCHOOL DISTRICT MEASURE E GENERAL OBLIGATION BONDS
(Continued)

School Renovation, Repair, Upgrade, and Construction Projects (Continued)

- Make energy efficiency upgrades and improvements, such as outdated windows, doors, lighting and lighting control systems, roofing, insulation, and floor coverings.
- Construct new classrooms and school facilities.
- Acquire, install and/or upgrade campus security systems, including fire alarms, sprinkler systems, school communication systems, fencing, bell systems, security cameras, surveillance systems, lighting and fencing.
- Improve student safety at drop-off and pick-up areas.
- Modernize, renovate, construct and/or expand aging and outdated classrooms, restrooms, libraries, computer and science labs, music and art rooms, and other school and student support facilities including a library/media center at Galt High School to provide students to access to information and technology.
- Replace deteriorating and aging portable classrooms.
- Upgrade and improve P.E./athletic fields, unsafe bleachers, and facilities for both school and community use including completing the stadium at Liberty Ranch High School.
- Implement water conservation methods, such as irrigation systems and irrigation control systems, and installation of efficient, drought-resistant landscaping.

Miscellaneous District-wide Projects

- Federal and State-mandated Occupational Safety & Health Administration (OSHA) safety upgrades.
- Ensure and upgrade federal and state-mandated Americans with Disabilities Act (ADA) accessibility to schools, including upgrades to site access, parking, staff and student restrooms, relocation of certain existing electrical devices, drinking fountains, equipment, and other necessary improvements.
- Upgrade, repair and/or expand school site parking, roadways, grounds and other infrastructure such as utility systems, including installing exterior lighting, repairing pathways, walkways, ADA access ramps, shade structures and related landscaping and drainage.
- Repair, replace and/or upgrade paved surfaces, turf, and other grounds to eliminate safety hazards and to improve/construct outside instructional areas.
- Acquire land, rights of ways, or other interests in real property, including the leasing of real property, to provide adequate school and related facilities.

All bond expenditures are subject to review by a Citizens' Bond Oversight Committee which reports to the public, as provided in Education Code Section 15278 *et seq.*

On May 31, 2017, the District issued Election of 2016, Series 2017 General Obligation Bonds in the amount of \$16,000,000 to construct finance school facilities, properties, and equipment. The Bond accrues interest at rates between 3.25% - 5.00% per annum from the date of the issuance and is payable annually on August 1 of each year through August 2046.

On November 6, 2018, the District issued Election of 2016, Series 2018 General Obligation Bonds in the amount of \$20,000,000 to construct finance school facilities, properties, and equipment. The Bond accrues interest at 4.00% per annum from the date of the issuance and is payable annually on February 1 and August 1 of each year through February 2048.

The financial activity related to the Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bonds is recorded in the Fund 21 (Building Fund) in the District's audited financial statements.

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GALT JOINT UNION HIGH SCHOOL DISTRICT
MEASURE E GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bond funds for the year ended June 30, 2021 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 E Election of 2016, Series 2017 and Series 2018 General Obligation Bond project expenditures for the year ended June 30, 2021 (the "List"). Approximately 118 transactions were identified, representing \$2,591,564 in expenditures from July 1, 2020 through June 30, 2021.

METHODOLOGY

We performed the following procedures to the List of Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bond project expenditures for the year ended June 30, 2021:

- Verified the mathematical accuracy of the List.
- Reconciled the list to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2021, presented as the Building Fund.
- Selected a sample of 12 expenditures totaling \$2,105,529. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 81% 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 were not used to pay the salaries of district employees or other administrative expenses.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Galt Joint Union High School District expended Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bond funds for the year ended June 30, 2021 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.