

FRESNO UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Fresno Unified School District
Fresno, California

We have conducted a performance audit of the Fresno Unified School District (the "District") Measure M General Obligation Bond funds for the year ended June 30, 2023.

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 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 compliance with the performance requirements for the Measure M 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 Fresno 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 Fresno 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 indicated that, in all significant respects, Fresno Unified School District expended Measure M General Obligation Bond funds for year ended June 30, 2023 only for the specific projects developed by the District's Board of Education 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
November 13, 2023

FRESNO UNIFIED SCHOOL DISTRICT
MEASURE M 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.

FRESNO UNIFIED SCHOOL DISTRICT MEASURE M GENERAL OBLIGATION BONDS

On March 3, 2020, the electorate of the Fresno Unified School District approved the issuance of up to \$325,000,000 in general obligation bonds with greater than 55% of the votes in favor. The abbreviated text of the ballot language was as follows:

"To provide quality schools; increase safety/security; attract/retain teachers; improve career education, technology, science classrooms; remove lead/asbestos; upgrade heating/air conditioning; renovate, repair, construct, acquire, equip facilities; shall Fresno Unified School District's measure authorizing \$325 million in bonds requiring audits/oversight, legal rates, all funds for local schools, projected levy of \$60 per \$100,000 of assessed valuation, \$24.1 million annually while bonds are outstanding, be approved?"

The project list identified in the ballot language was specified in greater detail by the District's Board of Education.

On June 16, 2021, the District issued Measure M General Obligation Bonds, Series A, in the amount of \$80,000,000.

On August 30, 2022, the District issued Measure M General Obligation Bonds, Series B, in the amount of \$125,000,000.

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

The financial activity related to the Measure M General Obligation Bonds is recorded within the District's Financial Activity Report for the Building Fund and County School Facilities Fund.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure M General Obligation Bond funds for the period July 1, 2022 to June 30, 2023 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 M General Obligation Bond project expenditures for period July 1, 2022 to June 30, 2023 (the "List"). An approximate total of 6,366 transactions were identified, representing \$30,181,571 in expenditures and transfers out, from July 1, 2022 through June 30, 2023.

METHODOLOGY

We performed the following procedures to the List of Measure M General Obligation Bond project expenditures for the period July 1, 2022 to June 30, 2023:

- Verified the mathematical accuracy of the List.
- Reconciled the list to total bond expenditures as reported by the District in the District's audited Measure M General Obligation Bonds financial statements for the period July 1, 2022 to June 30, 2023.
- Selected a sample of 100 expenditures out totaling \$28,938,987. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented approximately 96% of the total dollar value of expenditures and transfers. Verified that the expenditures properly charged to the location indicated, were properly coded as to the nature of the expenditure and were made for the acquisition and construction of school facilities, including the furnishing and equipping of school facilities. We also verified that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November by the State of California Attorney General.

CONCLUSION

The results of our tests indicated that, in all significant respects, Fresno Unified School District expended Measure M General Obligation Bond funds for the period July 1, 2022 to June 30, 2023 only for the specific projects developed by the District's Board of Education 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.