

8/24/2021
REVISION

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHOOL FACILITY PROGRAM BOND FUND AUDIT REPORT

School Name – Horace Mann Elementary School
Application Number – 51/64311-00-005

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHOOL FACILITY PROGRAM BOND FUND AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

The Board of Education
Beverly Hills Unified School District
Beverly Hills, California

We have audited the Beverly Hills Unified School District's (the "District") compliance with the performance audits required in the Education Code Section 41024 pursuant to the Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1 of the Education Code).

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

We conducted this performance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *2018-2019 Audit Guide Appendix B*, published by the Education Audit Appeals Panel. 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. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. However, our audit does not provide a legal determination of the District's compliance.

Our audit was limited to the objectives and scope listed within the report.

In our opinion, the District complied with the compliance requirements referred to above in all material respects except described in the accompanying summary of audit findings as finding 01

The District's response to the compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 13, 2019

Non-Financial Hardship Projects

Objective of the Audit

Determine whether expenditures reported and charged have been made in accordance with the School Facilities Program Bond Fund requirements.

Scope of the Audit

The scope of our performance audit covered the period reported under the final form SAB 50-06 and Detailed Listing of Project Expenditures (DLOPE) obtained on the OPSC website.

Procedures Performed

We performed the procedure listed on the *2018-2019 Audit Guide* Appendix B of the School Facility Program Bond Fund Audit - Section I – Initial Steps – Steps A thru D.

Section I. Initial Steps

Step A1a – We reviewed the “SFP Expenditure Audit Workload” refreshable report on the OPSC website for a list of completed project and noted that the project was completed and ready for audit.

Step A2 – We noted no projects failed substantial progress, projects that LEA requested a reduction to costs incurred, or projects that reported saving.

Step B1 – We obtained the following documents from OPSC closeout document – Application of Funding (Form SAB 50-04), Project Transaction Detail and Summary, SAB approval item(s), Final Form SAB 50-06 Expenditure Report and Detailed Listing of Project Expenditures (DLOPE).

Step C – We verify the project with OPSC closeout document and noted that the project is not financial hardship.

Step D – We review the OPSC closeout document and noted that there is no change to project scope.

We also performed the procedure listed on the *2018-2019 Audit Guide* Appendix B of the School Facility Program Bond Fund Audit - Section II – Non-Financial Hardship Projects – Steps A Close Out Audit.

Section II. Non Financial Hardship Projects

Step A1 – We examined the District’s general ledger and noted that the District has maintained over the course of the project a general ledger that reflects expenditures at a Project-specific level that includes fund, resource, project year, goal, function, and object codes for all expenditures for the Project, including furniture and equipment, as they are described in the California School Accounting Manual, Procedure 301: Overview of the Standardized Accounting Code Structure and Procedure 345: Illustrations Using Account Code Structure.

Step A2 – We examined the District’s accounting records and noted that the required matching fund is \$6,547,668 and the matching fund was deposited and spent under District’s fund 21.2 building fund prior to the “Notice of Completion”.

Step A3 – We select 35 samples of the total project expenditures reported on the final form SAB 50-06 and Detailed Listing of Project Expenditures (DLOPE) and perform the following procedures:

Total amounts tested \$5,751,415 out of \$27,622,171 from the DLOPE.

- a. For each sample selected, agree and trace expenditures reported on the Final form SAB 50-06 and the DLOPE to the supporting documentation (invoices, contract or purchase order, warrant and posting to the general ledger). No exception noted.
- b. For each sample selected determine if the type of project expenditures reported are eligible in accordance with the laws and regulations of the SFP. No exception noted

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
MEASURE E BOND BUILDING FUND
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2018

Step A4a&b – We review all expenditure dates listed in the DLOPE and noted that the project is complete three years from the final fund release. Expenditures made after the completion date were under contract prior to the completion date.

Step A5 – We verify the final Detailed Listing of Project Expenditures (DLOPE) grand total for the project reconciles back to the district's general ledger grand total for the project. **We noted that the expenditures on DLOPE is \$59,303 less than the District's general ledger detail. Total expenditures on DLOPE \$27,622,171 and District's GL \$27,681,474. Please see the Schedule of School Facility Program Summary of Audit Findings Finding 01.**

Step A6 – We select 16 samples of the Architect/Design contracts. Total amounts tested \$771,955 out of \$1,610,695 total planning costs. We traced the final contracted amount to the final billed amount and traced the expenditures reported for an Architect/Design contract on the Final Form SAB 50-06 and DLOPE were paid to the architect by agreeing to the LEA's General Ledger and final billed amount. No exception noted.

Step A7 - We select 15 samples of the construction contracts, including change order amounts, and associated final billed amount. Total amounts tested \$25,482,377 out of \$26,011,476 total construction costs. We traced the expenditures and dollar amounts authorized in the contract (after addendums and change orders) to the final billed amounts and trace the expenditures reported on the Detailed Listing of Project Expenditures (DLOPE) and General Ledger to the final billed amounts to ensure the expenditures were not over reported. No exception noted.

Step A8 – Of the construction contracts selected for Step A7 above and if the construction contracts were required to follow competitive bidding, we inspect documentation substantiating compliance with provisions of the PCC concerning competitive bidding. No exception noted.

Step A9 – We traced the construction manager contract to the amounts indicated as paid on the final billed amounts. No exception noted.

Step A10 – The following table display at least 60 percent of the project funding be spent on hard construction costs.

Total Grant and District Contribution	\$ 13,095,336	
	Amount	Percentage
60% of Total Grant	\$ 7,857,202	
Reported Hard Costs & Percentage	\$ 26,011,476	199%
Audited Hard Costs & Percentage	\$ 26,011,476	199%
Difference	\$ -	0%

Step A11 – No transfers of SFP funds out of Fund 35 (School Facility Fund) to other LEA Funds noted.

Step A12 – N/A. No interest reported.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
MEASURE E BOND BUILDING FUND
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2018

Step A13 - Verify the LEA has (1) established a "Restricted Maintenance Account" for the exclusive purpose of providing ongoing and major maintenance of school buildings, (2) commencing fiscal year 2018-19 has deposited into the account a minimum of three percent of the LEA's total general fund expenditures for the most recent fiscal year and prior fiscal years after receipt of funds including the fiscal year that it received funds, and (3) has developed an ongoing major maintenance plan that complies with and is implemented under the provisions of Education Code Sections 17070.75 and 17070.77, and Grant Agreement Section D, Paragraph 3.

School fiscal year	18-19	17-18
Total general fund expenditures	71,984,758	68,469,812
Total amount deposit to restricted maintained fund	2,490,896	2,196,396
% of total amount deposit to RMF over GF Exp	3.46%	3.21%
Result	Over 3%	Over 3%

The district has established a restricted maintenance account under resources 81500 within District's general fund. It also deposited a minimum of 3% of the district's total general fund expenditures for the fiscal year 18-19 and 17-18.

We also review ongoing major maintenance plan and noted that the plan is done for FY 19-20 and ongoing plan for FY 21-25 will be submit for board approval.

Conclusion

The results of our tests indicated that, in all significant respects, the Beverly Hills Unified School District has properly accounted for the expenditures in accordance with the school facilities program bond fund requirement and that such expenditures were made for authorized projects except described in the accompanying summary of audit findings as finding 01.

“Schedule of School Facility Program (SFP)
Summary of Audit Findings”

District: Beverly Hills Unified School District					
Project Number: 51/64311-00-005					
School Name: Horace Mann Elementary					
Section	Procedure	Objective	Finding/Outcome	Site Related Amount (OPSC Action)	All other Ineligible Expenditures (CDE Action)
II	5	Verify the final Detailed Listing of Project Expenditures (DLOPE) grand total for the project reconciles back to the district's general ledger grand total for the project.	Finding 01 - The expenditures on DLOPE is \$59,303 less than the District's general ledger detail. Total expenditures on DLOPE \$27,622,171 and District's GL \$27,681,474. Since total expenditures on GL is more than DLOPE, no questioned costs.	N/A	N/A
		Views of responsible officials	District concurs with the finding. The expenditures report under District's general ledger should have been reclassified and report under other District's fund. The expenditures report under DLOPE is accurate. We will ensure in the future the amount report between the GL and DLOPE agreed with each other.	\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -
			Total:	\$ -	\$ -

Instructions:

If the performance of any of the required audit procedures results in an audit finding, then the finding should be presented in the “Schedule of School Facility Program (SFP) Summary of Audit Findings (See Section VII of the audit instructions). Finding amounts should be categorized and displayed as a “Site Related Amount (OPSC Action)” or “All Other Ineligible Expenditures (CDE Action)”.

SCHEDULE OF SCHOOL FACILITY PROGRAM (SFP) – SITE GRANT ADJUSTMENTS SUMMARY

District: Beverly Hills Unified School District

Project Number: 51/64311-00-005

School Name: Horace Mann Elementary School

		A	B	C	D	E	F
	Site Grant Types	Grant Amount (Approved by SAB)	Reported Expenditures	Audited Expenditures	Audited Difference (B-C=D)	Grant Adjustment (C-A=E)	Final Grant Amount (A+E=F)
1.	Site Purchase	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2.	Site Relocation	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
3.	Site Hazardous Waste Removal	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
4.	Dept. of Toxic Substance Control	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Instructions:

From the tables prepared from performing audit procedures for the four site grant types ((1) Site Purchase; (2) Site Relocation; (3) Site Hazardous Waste Removal Costs; and (4) Department of Toxic Substance Control Costs), prepare the “Schedule of School Facility Program (SFP) – Site Grant Adjustments Summary”.

**“SCHEDULE OF SCHOOL FACILITY
PROGRAM (SFP) DETERMINATION
OF PROJECT SAVINGS”
(LEA to report with SAB 50-06 for
each SFP project)**

District: Beverly Hills Unified School District

Project Number: 51/64311-00-005

School Name: Horace Mann Elementary School

	Reported	Audited	Difference
A. State Share: Grant Amount (do not include site acquisition, relocation assistance, hazardous waste removal, or DTSC grants in this figure)	\$ 6,547,668.00	\$ 6,547,668.00	\$ 0.00
B. Plus District Contribution	\$ 6,547,668.00	\$ 6,547,668.00	\$ 0.00
C. Plus Financial Hardship Apportionment	\$ 0.00	\$ 0.00	\$ 0.00
D. District Share: (B + C)	\$ 6,547,668.00	\$ 6,547,668.00	\$ 0.00
E. Plus Interest Earned on State Funds	\$ 0.00	\$ 0.00	\$ 0.00
F. Amounts Financed (A+D+E=F)	\$ 13,095,336.00	\$ 13,095,336.00	\$ 13,095,336.00
G. Reported Expenditures to Office of Public School Construction (do not include expenditures related to site acquisition, relocation assistance, hazardous waste removal, or DTSC grants in this figure):	\$ 27,622,171.00	\$ 27,622,171.00	\$ 0.00
H. Amount Overspent (if reported expenditures more than amounts financed) (F-G=H)	\$ 14,526,835.00	\$ 14,526,835.00	\$ 0.00
I. Amount of Savings (if reported expenditures less than amounts financed) (F-G=I)	\$ 0.00	\$ 0.00	\$ 0.00

**“SCHEDULE OF SCHOOL FACILITY PROGRAM (SFP) SUMMARY
OF FINAL PROJECT FUNDING
(For Non-Financial Hardship Closeout Audits and Financial
Hardship Closeout Audit)**

District: Beverly Hills Unified School District

Project Number: 51/64311-00-005

School Name: Horace Mann Elementary School

	Non-Hardship	Hardship	Dept.
A. State Share: Grants Received (do not include site purchase, relocation assistance, hazardous waste removal, or DTSC grants in this figure)	\$ 6,547,668.00	\$ 0.00	
B. Plus District Contribution	\$ 6,547,668.00	\$ 0.00	
C. Plus Financial Hardship Apportionment	N/A	\$ 0.00	
D. District Share (B + C = D)	\$ 13,095,336.00	\$ 0.00	
E. Plus Audited Interest Earned on State Funds	\$ 0.00	\$ 0.00	
F. Total Project Financing (A + D + E = F)	\$ 13,095,336.00	\$ 0.00	
G. Reported Expenditures to Office of Public School Construction (do not include expenditures related to site purchase, relocation assistance, hazardous waste removal, or DTSC grants in this figure)	\$ 27,622,171.00	\$ 0.00	
H. Amount Overspent (if reported expenditures more than project financing) (G - F = H)	\$ 14,526,835.00	\$ 0.00	
I. Amount of Audited Savings (if reported expenditures less than project financing) (F - G = I; also Audited Savings amount on SFP Project Savings Schedule)	\$ 0.00	\$ 0.00	OPSC
J. Ineligible Expenditures – Audit Findings from SFP Summary of Audit Findings	\$ 0.00	\$ 0.00	CDE
K. Financial Hardship Grant Adjustment - Expenditures Prior to Fund Release that exceeded District Contribution – Audit Finding from SFP Summary of Audit Findings	N/A	\$ 0.00	OPSC
L. Site Grant Adjustments – from Schedule of Site Grant Adjustments Summary	\$ 0.00	\$ 0.00	OPSC
M. Total Amount to be returned to the State (Non-Financial Hardship For Audit Findings and Site Grant Adjustments) (J + K + L= M)	\$ 0.00	N/A	
N. Total Amount to be returned to the State - Financial Hardship District (I + J+K+L = N)	N/A	\$ 0.00	



BETTY T. YEE
California State Controller

December 23, 2021

Superintendent
Beverly Hills Unified
255 South Lasky Drive
Beverly Hills, CA 90212-3697

Re: Certification Letter for Beverly Hills Unified, Horace Mann Elementary, Facility Hardship 51/64311-00-005

The State Controller's Office (SCO) has completed its desk review of the referenced entity's audit report dated December 13, 2019. As a result of the review, we certify that the audit report conforms to the reporting standards contained in the audit guide, *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, Appendix B, prescribed in Title 5, California Code of Regulations, section 19810.

If you have any questions regarding this letter, please contact a member of my LEA staff by telephone at (916) 324-6442, or by email at audsfp@sco.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. James", is located below the "Sincerely," text.

JOEL JAMES, Chief
Financial Audits Bureau
Division of Audits